

Palo Alto Networks, Inc.

Travel and Business Expense Policy version 3.0

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Approval: Steffan Tomlinson, SVP/Chief Financial Officer



Palo Alto Networks

Travel and Business Expense Policy

I. Purpose

This document establishes guidelines for incurring and reporting travel and entertainment expenses during the conduct of Company business. These guidelines are established to help ensure the following:

- Expenses are incurred in a reasonable and prudent manner
- Information and documentation is properly retained to meet local laws and requirements
- Expense volume is captured to take advantage of discounts or to negotiate future discounts
- Travel itineraries are available for travel risk management

This policy is not intended to be all encompassing and employees, contractors and candidates are expected to exercise judgment to ensure the Company funds are utilized prudently.

The following additional resources can be found on the [Travel and Expense intranet](#):

- Company travel agency reservation information
- Company preferred car rental and road safety procedures
- Corporate credit card application instructions
- Expense report submission cut-off and payment dates

For all other T&E related questions/inquiries, please email expensereport@paloaltonetworks.com

II. Responsibilities

Employees, contractors and potential candidates who incur travel and entertainment expenses are required to read, understand, and comply with this policy and any other related guidelines established by his/her specific department or location.

Managers are responsible for ensuring that all policies detailed herein have been adhered to prior to approving employee expense reports.

Accounting is responsible for monitoring compliance with this policy. Exceptions to this policy must be approved by the Corporate Controller in advance of reimbursement.

Violations of this policy and/or submission of inaccurate or fraudulent expense reports will result in disciplinary action, up to and including termination of employment, in accordance with local law, for both the employee and the approving manager.

III. Business Travel

Designated Travel Agency

Employees should book travel with the company designated travel agency to achieve cost savings and effective travel risk management. Refer to the intranet for the designated travel agencies by location.

Corporate Credit Card

For locations with an available corporate travel and entertainment credit card program, employees are required to use their corporate card when charging travel and entertainment related expenses wherever it is accepted. Refer to the intranet for the availability of corporate credit cards by location.

Employees may earn and retain reward points generated from use of their Corporate T&E cards. The enrollment fee for the reward point programs is a personal expense to the employee that will not be reimbursed by the company.

Air Transportation

Airline tickets need to be booked as far in advance as possible to take advantage of discounted fares. Tickets should be purchased at least two weeks in advance of travel date for domestic flights and three weeks for international flights.

The lowest logical airfare consistent with business needs should be selected based on the following criteria:

- Select non-refundable ticket, and use any prior unused ticket credit on the next eligible flight
- Flight departure or arrival time within two hours of requested departure or arrival time
- Coach/economy class is required for all air travel unless the air travel meets the following criteria:
 1. Premium economy class on international flights of 14 hours or more with total air time from original departure city to final destination city, excluding layover hours, is permitted. Individual Vice Presidents may choose to limit travel in his/her department to economy class
 2. Vice Presidents may fly premium economy or business class on transatlantic or transpacific flights
 3. Exceptions of any kind on flight class of service requires functional SVP or TVP approval

Employees may retain frequent flyer program benefits for personal use, but such benefits may not result in any incremental cost to the Company beyond lowest logical airfare as defined above. Any taxation consequences from frequent flyer benefits are the responsibility of the employee.

Under no circumstances should an aircraft that is owned, rented or piloted by an employee be used for Company business.

Ground Transportation

Employees are expected to select the most reasonable mode of transportation consistent with time requirements and distance to be traveled. Rental cars may be used when it is not practical to use more economical public transportation and should be selected based on the following criteria:

- Select company designated car rental companies or the cheapest major vendor as provided by the designated travel agency
- Select intermediate or smaller size cars unless three or more employees and/or customers, vendors or consultants will be traveling together
- Return rental cars with a full tank of gas to avoid excessive gas consumption charges
- Do not purchase any Loss Damage waiver (LDW) or Collision Damage Waiver (CDW) for U.S. rentals as coverage is provided by company's commercial auto policy. If an employee has an accident while renting a car, it must be reported to both the rental agency and to our insurance agent immediately. Be sure to follow the Car Rental Safety Procedures posted on the intranet. Employees should purchase full coverage when renting outside of the U.S.
- Cancel car rental reservations within established guidelines in order to avoid "no show" charges. Reimbursement for "no show" charges requires VP approval

Employees may use personal cars for business travel when other transportation is unavailable or impractical. The use of personal cars for business purposes will be reimbursed at the standard mileage rate allowed by the IRS or other local authority as applicable. Gasoline, costs for repairs or damage, insurance, and depreciation for personal cars are not reimbursable.

The costs of taxicabs to and from places of business, hotels, airports or railroad stations in connection with Company business are reimbursable. Taxicabs may be used only when more economical services (personal cars, hotel vans, airport shuttles, etc.) are not available.

Parking fees while using a personal car for Company business are reimbursable. Long-term parking lots should be used for trips over three days.

Lodging

Hotels and hotel rooms should be selected based on the following criteria:

- Always use the company approved hotel when visiting the corporate headquarters in Santa Clara, CA
- Select company preferred hotels where possible. The preferred hotel listing can be found in the Travel and Expense intranet site. Otherwise, select moderately priced business hotels offering an acceptable degree of comfort, security and convenience
- Standard rooms should be always chosen, and the cost per night should not be overly excessive
- Rooms are to be guaranteed for late arrival with employee-held charge cards
- Cancel room reservations within established guidelines in order to avoid “no show” charges
Reimbursement for “no show” charges requires VP approval
- Obtain an itemized hotel receipt and check for billing errors upon check-out

Personal and Companion Travel

An employee may combine personal travel with Company business travel; however, any additional costs incurred for personal travel are the responsibility of the employee. A copy of the itinerary showing the related personal expense must be attached to the expense report, and any personal portion of the expense must be deducted in the expense report.

An employee traveling on Company business may be accompanied by a companion provided the companion’s presence does not interfere with accomplishing the business objective. The employee is responsible for any additional companion costs for airfare, “double occupancy” lodging or meals. All such expenses must be deducted in the expense report.

If the spouse or guest of an employee is required by the Company to participate in a business activity, expenses of the spouse or guest can be reimbursed with thorough documentation in the expense report and with advance department VP approval.

Employees Traveling Together

In order to contain the potential loss and disruption associated with a catastrophic accident, it is Company policy to limit the number of employees who travel together. Any exception to this policy requires functional SVP approval:

- No more than three Vice Presidents or Directors may travel together
- No more than three immediate subordinates may travel with a Vice President or Director
- No more than ten employees may travel on any one flight or conveyance

IV. Meals and Entertainment

In general, meals will be reimbursed based on the following criteria:

- Individual meal expenses incurred by employees when dining alone on an out-of-town business trip will be reimbursed up to USD \$20 for breakfast, USD \$30 for lunch, and USD \$50 for dinner. Meals with only other employees should not exceed USD \$50 per attendee, and the most senior ranking employee is required to pay and submit the expense report.
- Employee morale function meals may exceed \$50 per attendee with manager approval.
- Individual meal expenses may not be reimbursable at Company hosted events when meals are provided unless approved by functional SVP. Employees with special diet needs should contact the Company event team, and their individual meal expenses may be reimbursed with advance approval from the event team.
- Meals with business guests (e.g. customers or prospects) during which business discussions take place require manager approval for cost per attendee exceeding USD \$100.

- Entertainment expenses or gifts for business guests such as sports tickets over USD \$50 per recipient or USD \$500 per event from one department require advance manager approval. Employees should obtain management approval in company expense reporting system prior to the event or gift purchase.
- Events held at gentlemen's clubs are prohibited.

IV. Telecommunication and Home Office Expenses

Telecommunication and home office expenses must meet a valid business need to qualify for reimbursement. Mobile device, tablet, equipment rentals and accessories are not reimbursable expenses. Cellular phone/data service reimbursements may be classified into the following categories:

- Executive staff, sales, sales engineering and international marketing, support teams and remote employees worldwide will be reimbursed for reasonable cellular phone/data and home internet services
- Other employees working in a corporate office with a valid business need will be reimbursed up to a maximum amount of USD \$125 per month in total for cellular phone/data and home internet service

Cellular phone/data service expenses should meet the following criteria to qualify for reimbursement:

- Include only the portion relating to the employee's cell phone if he/she is part of a family plan
- The most cost effective service plan based on the business need should be selected
- Service plans should take advantage of corporate discounts
- Itemized cell/phone/internet statements should be provided in expense report
- Telecommunication services must be paid for out-of-pocket not as recurring expenses on employee corporate card(s)

Home office expenses for employees based outside of corporate office locations are based on the following criteria:

- May not include purchases of laptop computers or furniture
- May include one-time purchases of a desk telephone, if needed, and a fax/printer/scanner combination/monitor up to USD \$500 in total

V. Gifts and Awards

Gifts and awards include but are not limited to gift cards, raffle prize, event giveaways, clothing, and anything else of value. Under no circumstances may gifts or awards be in the form of cash. Proper receipts, names of recipients and the required pre-approvals must be submitted at the time of request for reimbursement. Employees may obtain pre-approval(s) via email or utilize the pre-approval automated workflow in the expense reporting system.

Gifts and awards to employee over \$50 per recipient require advance manager approval for reimbursement. Gifts and awards to employees are considered taxable income in the U.S. and will be reported through payroll as income.

Customer policy, and all federal, state, and local regulations on accepting and giving gifts must be followed. Gifts and awards to non-employees over USD \$50 per recipient or USD \$500 per event require advance manager approval for reimbursement. In addition, employee must obtain pre-approval in company expense reporting system from the Legal department prior to incurring the gift expenses, if any of the gift recipients is a government employee, political official, or employee of a government-owned or partially owned entity.

Incentive and Sales Promotion program: please refer to the [SPIF policy in the intranet](#).

VI. Reimbursable and Non-Reimbursable Expenses

The following expenses are reimbursable through an expense report:

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| <ul style="list-style-type: none">• In-flight internet access• Parking fees and tolls• Hotel room internet access• Laundry/valet for trips in excess of three days• Porter charges up to USD \$1.00 per bag• Telephone expenses (business calls and a reasonable number of personal calls when away from home)• Computer software of USD \$100 or less | <ul style="list-style-type: none">• Conference/Seminar/Training fees of USD \$500 or less/• Non-meal/beverage entertainment expenses of USD \$500 or less. Ex: sports tickets• Overnight delivery/postage• Visa and passport fees• Professional dues and services• Currency conversion fees |
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Other non-travel related expenses should be charged through Company purchasing card or purchase order process. Please refer to the Purchasing Card and General Purchasing policies on the intranet.

The following is a partial list of items that are not reimbursable. In general, if this policy does not explicitly identify an item as a covered expense, the employee should assume that it is not reimbursable:

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| <ul style="list-style-type: none">• Annual fees or enrollment fees for personal charge/credit cards or rewards programs• Corporate card late fees• Airline club membership dues/airline guides• Air phone usage (except for emergency)• In-flight movies/refreshments• Lost or damaged baggage• Excessive baggage charges• Luggage or briefcases• Optional travel or baggage insurance• Rental car upgrades• Rental car toll convenience fees• Parking tickets or traffic violations• In-room movies, alcohol from the mini-bar, spa, and health club fees | <ul style="list-style-type: none">• Tips in excess of 20% at restaurants• Electronic devices including laptops, cellular phones and tablet or related accessories• Cellular phone related contract/activation fees• Office supplies for corporate office employees• Physical inventory, lab equipment, and capital equipment• Babysitter fees/pet care• Barber/hairstylist• Magazines, books, newspapers or other personal reading materials• Donations to charities and organizations• Personal articles (i.e., cigarettes, makeup, toiletries, etc.) |
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VII. Submitting Expense Reports

Travel and entertainment expenses of all direct hire employees must be submitted through the Company expense reporting system. The following documentation must be included in support of all business meal and entertainment expense reports:

- Amount and date of expense
- Name, title and company of all attendees
- Name and location of the establishment where the event took place
- Specific business topic discussed and in the case of entertainment expenses, the specific time the business discussion took place (i.e., before, during or after the event)

The following is additional required documentation for travel and entertainment expense reports:

- Itemize expenses (e.g. instead of combining hotel bills into one line on expense reports, separate your room charges, taxes, meals, internet, and parking)
- Indicate the location in which the expenses were incurred
- Ensure amounts are in the currency in which the expense was transacted and manually update exchange rates as needed
- Receipts where the employee writes in the amount of the expense are not acceptable as documentation

- Mileage reimbursement does not require a receipt, but mileage claims must include starting and ending destinations and business purpose
- Document reasons for any non-compliance with this policy in the expense report
- Reimbursement requests with lost receipts must include a signed missing receipt affidavit form
- Airfare purchased with corporate T&E card can be expensed prior to the flight departure date
- Out-of-pocket airfare is only reimbursable after the trip with proof of travel (e.g. boarding passes)

The following are other expense report guidelines:

- The most senior or highest ranking employee by department must pay and submit the expense report when employees are dining together
- Use one expense report per business trip
- For less frequent travelers, group expense reports to the extent reasonable
- Submit expense reports in a timely fashion (e.g. on a weekly basis). Expenses submitted for reimbursement older than 30 days will be reported to the employee's functional VP and may be considered taxable income
- Employees submitting expense reports on behalf of other employees must do so by proxy of the employee incurring the expenses

VIII. Approving and Paying Expense Reports

Expense reports must be approved by the employee's immediate manager. If the immediate manager is unavailable due to travel or vacation, they should set approval delegation rules within the company expense reporting system. A manager may not approve a subordinate's expense report that includes any expense in which the manager participated (the next higher authority must approve the expense report).

Fully approved expenses charged on the corporate T&E card will be paid directly by the Company to the employee corporate card account. Fully approved expenses not charged on the corporate T&E card will be paid by the Company to the employee's personal bank account. Employees should charge expenses to their own credit card and expense under their name in the expense reporting system.

U.S. Employee Specific Policies and Practices

Receipts are not required for most travel and entertainment-related expenses paid with the corporate T&E card. Receipts are required for all expenses in excess of USD \$25 not paid with the corporate T&E card. The following expense items still require receipts regardless of the payment means:

- All non-travel related expenses such as telecom, conference, subscriptions, office supplies, postage, etc.
- Air tickets not booked through the approved company travel agency and not paid with a corporate card requires detailed itinerary receipt
- Hotel itemized receipt
- Rental car detailed receipt
- Non-meal and non-beverage entertainment related expenses
- Gift expenses regardless of the expense amount

Failure to comply with these requirements may result in a potential tax liability to the employee.

International Employee Specific Policies and Practices

Original receipts are required for all expenditures due to local tax regulatory requirements and should be stored on-site at the local corporate office.