

## 2022–2023 U.S. Leave of Absence Employee Guide

Palo Alto Networks knows that employees sometimes need time away from work for health, family, or other personal reasons. We consider our Leave of Absence (LOA) policies to be an important component of our benefit programs and provide several types of leave to accommodate varying needs.

We generally define a leave of absence as any approved time off from work that exceeds five consecutive work days and is not approved Paid or Flexible Time Off (PTO or FTO) taken for a vacation.

Where applicable, our leave of absence policies comply with all state, federal, and local laws. And to the extent that we provide employees with leaves that are not required by law, we provide these leaves on a discretionary basis. We also offer a Paid Leave program (i.e., “wage continuation”) for certain leave types as outlined in detail later in this document.

This Employee Guide is meant to provide an overview of the Palo Alto Networks leave of absence programs in the U.S. and to address common questions and concerns related to the process. It does not take precedence over any formal leave of absence policies contained in the Employee Handbook or other similar documents.

### **General Information**

Palo Alto Networks grants leaves of absence to U.S. employees in certain circumstances, either at its discretion or as required by law. You may request to take a leave of absence for a variety of reasons, such as:

- Your own serious health condition
- The need to care for a family member with a serious health condition
- Your pregnancy, childbirth, or a related condition
- To bond with a newborn or newly adopted child
- Your own military service
- A family member’s call to active duty military service
- Other personal reasons not included in the categories above

You can think of a leave of absence as having two separate components; the first is your ability to take time off for a specific reason, and the second is your ability to receive pay for that time off. The period you’re approved to be on leave vs. how long

you can be paid won't always align, which means that depending on the details of your leave request, you may be taking a leave that is wholly or partially unpaid.

You may be eligible for a protected leave of absence under local, state, or federal law. Below we have listed the most common leave protections extended to Palo Alto Networks employees, though the list included here is not exhaustive and does not include all eligibility requirements or other aspects of each type of leave.

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### **The Family & Medical Leave Act (FMLA)**

Federal law that provides up to 12 weeks of time off and continuation of health benefits in any rolling 12-month period for one's own serious health condition, to bond with a new child, to care for a family member with a serious health condition, or to address a qualifying exigency related to a spouse, son, or daughter's active military duty assignment. *Employees must have been employed with Palo Alto Networks for at least 12 months to qualify.*

- Provides time off & job protection for up to 12 weeks in any rolling 12-month period
- Provides health benefit protection for up to 12 weeks
- Provides reinstatement rights to the same or equivalent role upon return to work

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### **The California Family Rights Act (CFRA) – CA Only**

California's state-specific version of the FMLA. Provides up to 12 weeks of time off and continuation of health benefits in any rolling 12-month period for one's own serious health condition, to bond with a new child, or to care for a family member with a serious health condition. Family member includes a child of any age, spouse, domestic partner, parent, grandparent, grandchild, sibling, and Parent-in-law with a serious health condition. *Employees must have been employed with Palo Alto Networks for at least 12 months to qualify.*

- Provides time off & job protection for up to 12 weeks in any rolling 12-month period
- Provides health benefit protection for up to 12 weeks
- Provides reinstatement rights to the same or equivalent role upon return to work
- Does not include coverage for pregnancy – see Pregnancy Disability Leave (PDL)

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### **Pregnancy Disability Leave (PDL) – CA Only**

California's state-specific protections for pregnancy leave. Provides up to 17.33 weeks of time off and continuation of health benefits in any rolling 12-month period for disability related specifically to pregnancy (running concurrently with FMLA). *Available to all CA employees, regardless of tenure with Palo Alto Networks.*

- May begin in advance of the birth of your child upon your doctor's orders
  - Provides time off & job protection for up to 17.33 weeks
  - Provides health benefit protection for up to 17.33 weeks
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- Provides reinstatement rights to the same or comparable role upon return to work

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### **Uniformed Services Employment & Reemployment Rights Act (USERRA)**

Federal law that provides military servicemembers with rights related to employment reinstatement during and following military assignments. *Available to all U.S. employees, regardless of tenure with Palo Alto Networks.*

- Provides time off & job protection for up to five (5) years (cumulatively, with that employer)
  - Provides health benefit protection for up to 24 months
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When you request a leave of absence, our leave of absence administrator The Larkin Company will explain what options are available to you. They will describe any protections that apply based on the information you provide to them and provide guidance on what documentation you'll need to provide to substantiate your leave request. Even if you're not eligible for a legally protected leave, you may still be eligible to take an approved leave of absence under certain circumstances.

### **Wage Continuation while on Leave**

In certain situations, Palo Alto Networks provides a wage continuation benefit to supplement pay while an employee is on an approved leave of absence and unable to work. Wage continuation payments are coordinated with all other forms of compensation received on regularly scheduled workdays during the leave period to ensure that no payments in excess of 100% of an employee's regular base salary (from all sources combined) are ever made. Employees paid on an hourly basis will receive the same benefit but based on weekly wages calculated as the Employee's hourly rate multiplied by the Employee's standard weekly scheduled hours.

Payments for qualified employees are calculated by The Larkin Company and then fed back to the Palo Alto Networks payroll team for payment through payroll direct deposit. Please note that wage continuation payments are limited to a maximum of 12 weeks in any 12-month period, regardless of the number or types of leaves taken, except in the case of Military Leaves where continuation can last up to 26 weeks.

The Larkin Company will send pay vouchers to eligible employees during their leave confirming the type of pay they're receiving, as well as the amounts and days the pay pertains to.

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Eligible employees may receive wage continuation payments as listed in the chart on the next page.

Leave Type	Leave For	Pay Duration
Medical/Pregnancy	Your own serious health condition	Up to 12 weeks
Parental	Bonding with a new child	Up to 6 weeks
Family Care	A family member's serious health condition	Up to 6 weeks
Military	Your own military assignment	Up to 26 weeks
Qualifying Exigency Leave	A family member's active duty call	No wage continuation
Personal	Other personal reasons	No wage continuation

If an employee exhausts wage continuation during a leave of absence but will be out for additional approved time off, they may elect to use up to two (2) weeks of Paid Time Off (PTO) or Flexible Time Off (FTO) to supplement any *unpaid* time within their approved leave period. The request for two weeks of PTO or FTO usage during a leave of absence is limited to a maximum of two (2) weeks of extension in any 12-month period regardless of the number or type of leaves taken and must be requested and approved in Workday.

To request FTO or PTO usage during an unpaid leave period, please submit your time off request in Workday, ensure that your Manager approves the request, and then notify the U.S. Benefits alias ([usbenefits@paloaltonetworks.com](mailto:usbenefits@paloaltonetworks.com)) in writing so that the payment can be properly coordinated with payroll. If an FTO/PTO request is not recorded in Workday and/or the Benefits alias is not notified timely, payment may be delayed.

### **Incentive Pay while on Leave**

Incentive-eligible employees will continue to earn incentive pay according to the terms of their existing compensation plan for the first eight (8) weeks of any approved leave of absence other than a personal leave that is always unpaid. If an employee's leave of absence will extend beyond eight (8) weeks, they will no longer earn incentive pay under their compensation plan but will be paid an average of the prior six (6) months of incentive payments for weeks 9-12, bringing them up to twelve (12) weeks total of incentive continuation during their leave.

For additional details regarding the calculations for Sales Incentive payments, please contact the Sales Compensation Help Desk ([salescomphelp@paloaltonetworks.com](mailto:salescomphelp@paloaltonetworks.com)).

### **VIP Bonus Pay while on Leave**

VIP Bonus payments will continue normally, based on performance ratings, for all leave types except personal leaves in excess of sixty (60) days. Bonus target(s) will not be prorated for any time off taken for leave types other than personal leaves, and any payment(s) owed will be received on the same regular pay dates in March & October as other regular employees.

VIP Bonus payments will be prorated for all approved personal leaves in excess of sixty (60) days. *Personal leaves in excess of sixty (60) days are not generally allowed unless approval has been obtained from Legal department.*

### **Timing of Pay while on Leave**

Wage continuation payments, if applicable, will be issued by The Larkin Company on Palo Alto Networks' regular semi-monthly pay schedule through direct deposit on the 15<sup>th</sup> and last day of every month. In most situations you can expect your wage continuation payments to arrive timely, however there may be certain limited situations where they are delayed.

Certain leave of absence types require us to validate claim information before payment can be issued – such as when the birth of a child hasn't been confirmed (for parental leave), or medical leave paperwork hasn't been fully completed (for a medical leave). In these situations, if the information required to process your wage continuation claim isn't received before the payroll cut-off for the corresponding pay period, which is generally on the 6<sup>th</sup> and 22<sup>nd</sup> of every month, you may not receive your wage continuation payment(s) in the pay period expected.

In all situations though, once the required information for your wage continuation claim is completed and confirmed by The Larkin Company, we will “make up” any delayed payments in the next available pay period.

#### **Example:**

John contacts The Larkin Company in September to request a 4-week parental leave of absence from 11/10 to 12/10 because he is expecting a baby on 11/10. John's regular pay is stopped from 11/10 forward once his leave of absence is recorded in Workday, but the baby doesn't arrive until the morning of 11/14.

John follows up with The Larkin Company on 11/14 to confirm the arrival of the baby and change his leave start date to 11/14, but by this point payroll for 11/15 has already been processed.

On 11/15 John will receive regular pay for 11/1–11/9, but no pay of any type for any date after 11/10 since the birth of the baby wasn't confirmed before the payroll cutoff. On the 11/30 payroll cycle John's pay will be adjusted so that he's paid regular time worked for 11/10–11/13 as a result of his baby's late arrival, as well as two days of wage continuation pay from the prior period (11/14 & 11/15), and wage continuation for 11/16–11/30.

### **Timing of Pay Upon Return from Leave**

Given our payroll cut-offs of the 6<sup>th</sup> and 22<sup>nd</sup> of every month, some employees may also experience a delay in regular pay if they return from leave late in a pay period. In this situation, just as in a delayed leave pay situation outlined above, we will “make up” any delayed regular pay in the next available pay period.

#### **Example:**

John from our example above returns from leave as expected on 12/10 after his parental leave of absence is complete. He works normally from 12/10–12/15, but since the payroll cut-off for 12/15 was on 12/6 and his return from leave was not yet confirmed, John will not receive regular pay for 12/10–12/15 in his 12/15 paycheck. His pay for those dates will instead be “made up” in his next paycheck on 12/31 alongside his regular pay for that period.

### **Health Benefits, ESPP, & 401(k) while on Leave**

Employees may continue active coverage under the Palo Alto Networks health & welfare plans for up to six (6) months while on an approved leave of absence, regardless of leave type. Employees receiving wage continuation payments will continue to have their normal benefit premiums deducted on a semi-monthly basis for all coverages *except* Dependent Care FSA, ESPP, and 401(k) loans.

For the Dependent Care FSA, if you'd like to have your payroll contributions increased upon your return to active status so that you are still able to reach your annual goal, you may email the U.S. Benefits Team ([usbenefits@paloaltonetworks.com](mailto:usbenefits@paloaltonetworks.com)) to request a recalculation. Otherwise, you will not have contributions for the time that you are on leave.

If you have an outstanding 401(k) loan payment that is stopped due to your leave of absence, it will be automatically reinstated upon your return to active status.

Regarding ESPP contributions, unfortunately there are no “catch-up” contributions allowed. Your ESPP deductions will resume automatically upon the first pay period following your return to active status.

Employees who are still on leave after the six (6) month mark will be removed from the active healthcare plans and given the option to continue medical, dental, vision, and healthcare FSA coverage at their own expense under COBRA continuation. Upon their return to active status later, they’ll be automatically reinstated onto the active plans and all payroll deductions will resume accordingly.

### **Equity Vesting while on Leave**

Equity vesting will continue for up to six (6) months for employees on an approved, salary continuation eligible leave of absence. In the U.S. this includes medical/pregnancy, parental, family care, military, and qualifying exigency leaves.

Equity vesting will be suspended for all approved personal leaves in excess of sixty (60) days. *Personal leaves in excess of sixty (60) days are not generally allowed unless approval has been obtained from Legal department.*

### **Leave Request Process**

Palo Alto Networks’ third-party leave of absence administrator The Larkin Company is responsible for managing employee leave of absence requests in all cases except Personal Leaves, which are managed in-house by the U.S. Benefits Team. In their capacity as our administrator, Larkin manages all medical, pregnancy, parental, family care, military, and qualifying exigency leaves for Palo Alto Networks employees in the U.S.

If you require a leave of absence, you should submit a request to The Larkin Company. Upon receipt of a leave of absence request that falls into a protected leave category, The Larkin Company will advise you of your eligibility to take time off, review all time off, job, and benefit protections available to you, and brief you on what documentation will be required to substantiate your request. They will also email your direct manager and People Business Partner(s) to advise them of the expected start and end dates of your leave, as well as let them know when you’re expected to return to work, to enable better workforce planning for your team. If you require time off



from work but are not eligible for a protected leave, you may request a personal leave of absence which may or may not be approved by the Company.

When possible, we ask that you provide no less than thirty (30) days' notice to Larkin where your need for leave is foreseeable and can be planned. We also ask that you let your manager know of your intent to take leave, although you do not need to provide any detail around the reason for your leave unless you feel comfortable doing so.

To request a leave of absence via The Larkin Company or the U.S. Benefits Team, please use the contact information below.

All Leave Types Except Personal	Personal Leaves Only
<p>Email The Larkin Company alias  <a href="mailto:PANWleaves@thelarkincompany.com">PANWleaves@thelarkincompany.com</a>            Phone (866) 923-3336</p>	<p>Email the U.S. Benefits alias  <a href="mailto:usbenefits@paloaltonetworks.com">usbenefits@paloaltonetworks.com</a>            for Personal Leave Requests.</p> <p><u>Note:</u> Manager approval required</p>

## Leave & Pay Examples

### Example 1:

Chris lives in California and has been with Palo Alto Networks for three years. He finds out in February that he needs knee surgery, and his wife is also expecting a baby in June. In February he takes eight (8) weeks off for his knee surgery (a medical leave), and in June he takes an additional four (4) weeks off to bond with his new baby (a parental leave).

	Time Off Protection	Pay Protection
Part 1 of Chris' Leave (8 wks – Medical)	FMLA, 8 weeks CFRA, 8 weeks	Wage continuation, 8 weeks
Part 2 of Chris' Leave (4 wks – Parental)	FMLA, 4 weeks CFRA, 4 weeks	Wage continuation, 4 weeks
	<b>12 weeks total</b> (12 weeks protected)	<b>12 weeks total</b> (12 weeks paid)



### Example 2:

Mary lives in Texas and has been with Palo Alto Networks for two years. She is due to have a baby in August and is working to plan her time off.

Her doctor advised her that she should stop working a few weeks before her due date to ensure that she gets an appropriate amount of rest before the baby arrives. She decides based on that to start her leave in July, three weeks ahead of her due date, and then plans to take eight weeks off following the birth to recover from the delivery. Beyond that Mary also requests an additional six (6) weeks of leave to bond with her new baby after she's recovered from her disability, bringing her total weeks of leave up to 17 (3 + 8 + 6).

	Time Off Protection	Pay Protection
Part 1 of Mary's Leave (3 wks - Medical)	FMLA, 3 weeks	Wage continuation, 3 weeks
Part 2 of Mary's Leave (8 wks - Medical)	FMLA, 8 weeks	Wage continuation, 8 weeks
Part 3 of Mary's Leave (6 wks - Parental)	FMLA, 1 week Unprotected, 5 weeks	Wage continuation, 1 week Unpaid, 5 weeks
	<b>17 weeks total</b> (12 weeks protected)	<b>17 weeks total</b> (12 weeks paid)