

ZOHO NORTH AMERICA

EXPENSE POLICY

January 2023

Most companies spend between 6%-12% of their total annual budget on expenses related to travel. Given that most companies have profit margins smaller than this, you can see why this is important enough for us to pay close attention to. Prudence here puts more money to work for our business and for all of us.

As a Zoho employee, please take this as a collective responsibility so that we continue to run our company the way we'd like to — based on trust, common sense, and the sound judgment of individuals and decentralized decision-making. If you have any doubts about any aspect of the policy, please consult HR or your manager.

In the past, Zoho's US expense policies have focused on credit card transactions. Going forward, Zoho's North America operations will be making a concerted effort to shift non-travel-related expenses to ACH payments whenever possible.

OBJECTIVES

- Ensure that we track all major expenses and properly attribute them so we know *where* and *how* we spend our money
- Avoid unnecessary processes and bureaucracy, leaving employees to focus on their core responsibilities
- Make sure that newer employees know how things work and their responsibilities in this area
- Avoid expenses that are unnecessary, or have questionable returns
- Make sure employees get reimbursed promptly
- Reduce the administrative burden (huge now) through more standardized processes and individual accountability
- Meet timelines for financial reporting and auditing
- Use invoicing and ACH rather than credit cards wherever possible
- If credit card payments are necessary, use corporate cards rather than personal cards wherever possible
- Decrease the overall number of Zoho-issued credit cards in the US by reserving them for managers/operations, as well as employees who travel regularly
- Encourage employees who don't have a corporate card to complete purchases through their managers

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We need and expect your help and cooperation.

YOUR RESPONSIBILITIES

- Submit expense reports each month, one for each month. Do not submit expense reports for individual amounts, like a one-off purchase. This creates more work for approvers and processors.
- Submit your expense reports on time, and always online, using Zoho Expense. This must be done once a month, after credit card statements have been posted so you can tally (or reconcile) the expenses yourself and not leave this work for others. All expenses against your corporate card for that month must be tallied.
- Make sure you know how Zoho Expense works and how you are expected to use it. There are some guidelines below. We will also try and arrange some internal webinars.
- Document things properly. This includes report titles, purpose, and individual expenses and items to allow for quick processing and approvals. See examples later in this document.
- Do not delay report submission by more than 60 days after the end of the month. This means a May report must be submitted no later than July 31th. This gives everyone enough time.
- Do not use a personal credit card unless there is no other way to pay, like a vendor not accepting American Express.
- Zoho reserves the right to cancel corporate cards if an employee consistently submits reports that are late or out of policy.
- Set up ACH invoicing whenever possible.

POLICIES

Please see a separate policy document, Zoho US Travel Policy Guidelines, for details on air travel, accommodations, and other areas. All employees and managers must be familiar with these guidelines. All policies are available under the Zoho People portal for US employees.

- All items above \$25 MUST have receipts attached. It's easy enough to scan them, so you may include them wherever possible for even smaller amounts. If not, expenses less than this amount must look reasonable.

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- Please use only one corporate credit card. This is an Amex card issued by Zoho under your name. If you have more than one corporate card, you will need a good reason, or must turn it in.
- You are allowed to use your personal card for expenses, but don't expect the approval processes to be accelerated so you can make your payments on the dates you need to.
- **Actual receipts need to be submitted; credit card statements are not valid. For accounting purposes, the finance team needs to see a breakdown of what was submitted.**
- Reasonable tips are allowed. Use your judgment and do whatever you would do if this had been a personal expense. The tip counts toward the daily limit.
- Zoho will pay for foreign visas, as well as vaccinations and inoculations necessary for travel, since we already cover health insurance for employees.
- The approval process for every employee goes to their US manager and then to another level of approval. As an employee, please clear major expenses with your manager before you undertake them. As a manager, please be aware of major expenses (of your reports) before they occur. Both are expected to be in the know.
- Large expenses without proper approvals and documentation will be subject to investigation.

ACH PROCESS

Submitting expenses as ACH invoices is simple once you're accustomed to the process. To get started, contact Christian Blood (blood@zohocorp.com) for assistance, but overall, these are the steps to follow:

- First, confirm with the merchant/vendor whether they accept ACH payments. Most do, and they will supply you with the necessary information (ie, bank account number and routing number).
- If the total payments are equal to or greater than \$600, request a W9 from the vendor.
- If the expense is related to US marketing, you'll need to be onboarded onto the Expense Team's CreatorApp for marketing invoices.
- If the expense is not related to US marketing, send an email to ap.us@zohocorp.com, cc'ing your manager or the approver, with all relevant ACH information (ie, the invoice, ACH transfer information, and W9).
- ACH invoices do not need to be expensed.

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THINGS TO AVOID

- Avoid submitting expenses for other employees, especially if this is on your personal card. This does not look good. Mixing up other employee's expenses also comes in the way of proper accounting and attribution. Exceptions will certainly be allowed for the right reasons.
- Do not mix up Capital expenses on your expense report. Example: If you are buying furniture or other assets for the company, do not add this to your monthly report. Submit a separate report. Office supplies, lunch food, etc. and other regular expenses come under this category. If you do this for the office, you will need to submit this separately.
- You need to scan the itemized merchant receipt, not just the credit card receipt (especially when there are no details), so accounting has the item details they need.
- Zoho will not pay for alcoholic drinks. Some exceptions will be considered (for example, a dinner for industry analysts is OK provide you get this pre-approved). Please do not include alcohol in your reports. If this is on the same receipt, you will need to explain this and take the appropriate deduction. Zoho's alcohol policy is one reason we require itemized receipts.

SUBMITTING EXPENSES

The best way you can help yourself is to submit on time, else you will find catching up becomes an arduous chore, as memory of details fade. Zoho Expense makes things quite easy and we will continue to improve it. If you don't know how to use Zoho Expense, please learn it.

1. When incurring an expense, take a picture of your receipt with your phone and upload it directly to Zoho Expense, or use this nifty [Chrome Extension](#) to capture screenshots on your laptop.
2. Navigate to the *Expenses* module, select the receipt you've uploaded, and complete the required fields. Even if you use the Autoscan feature, certain fields will still need to be filled out or verified.
 - *Date*
 - *Merchant Name*
 - *Itemize* — Select this option if you do not want to expense the full total on the receipt. For example, if you got a glass of wine with dinner, itemize the

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- receipt and deduct the cost of the wine.
- *Category* — Select the business purpose that most closely matches this expense. Expenses marked as *Uncategorized* will be rejected.
 - *Currency* — If you're traveling abroad, verify that the Autoscan feature has chosen the correct currency.
 - *Description* — Provide as many details as possible so approvers can quickly verify that the expense is reasonable. For more, see below:
Expense descriptions
 - *Claim reimbursement* — Enable this option only if you're paying on a personal card.
 - *Add to Report* — If you haven't created a report yet, click the + icon and fill out the fields provided.
 - *Other Fields* — Other fields are optional, but more information is always appreciated.
3. Click Save and verify that the information in the expense is correct.
 4. If your expense is against your corporate card, navigate to the *Cards* module and select the card the purchase was made on, then select the expense. What you are doing here is “matching” the credit card expense against your expense item. *Alternatively, you can create the expense item directly FROM the credit card listing, and add the necessary receipts. This will ensure a match.*
 5. Go to the *Reports* module, select the report you would like to submit, and review all of the expenses you've included. Note: All reimbursable expenses should have a red circle next to them and all expenses on your corporate card should have a credit card icon next to them, indicating that the expense has been matched with a credit card transaction.
 6. Check your entire expense report for compliance, so others do not have to do this.
 7. Click Submit to send your report for approval. Reimbursements generally show up within 1-2 pay cycles, depending on when you submit your report and how quickly your report moves up the approval chain.
 8. If you need to make a change to a report that has already been submitted, navigate back to the Reports module and click Recall Report. This will pull it out of the approval chain, and put it back in your *Unsubmitted Reports* list.

INFORMATION TO INCLUDE IN EVERY REPORT

Make reports easy to approve. Add details as suggested below.

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Report Title

Expense reports should include the month, the year, and whether expenses are on a corporate Amex or personal credit card: "Vijay Sundaram January 2023 Corporate Card" or "Vijay Sundaram January 2023 Personal Card". It is best to separate out personal expenses for ease of reimbursement.

Business Purpose

Describe the main purpose(s). Example:

- Chicago trip for CRM Field Marketing
- Customer visit to Denver

Capturing the Receipt

Try and keep a copy of physical receipts until your report has been fully approved and you have been reimbursed. Mistakes happen and things do get lost.

Best Practice: Take a picture of the receipt as soon as you get it, even if you're still sitting at the restaurant table. Embracing this habit will help you stay on top of your expense reporting.

Expense Description

When listing individual expenses, include specific information. Examples:

- # nights in hotel, so the approver does not have to open the receipt and count up the number of nights.
- # people in the meal expensed (eg, a \$120 meal looks unreasonable without explanation)
- # people in an airfare expense, or # legs, etc. (eg, \$3,500 airfare for a domestic trip looks unreasonable without explanation)

In general, allow approvers to get easy visibility into expenses without having to pour through receipts.

DELAYS

You have 60 days to take care of your reports. Those who are routinely late may face consequences and the issue will be taken up with your manager. Please save yourself and them the hassle. If expense reports are not submitted on time, even after a grace period, Zoho may have to suspend your corporate credit card. Please

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take this seriously. Our accounting and finance teams have jobs to do as well. We will take a firm stance on this.