

ESSEX

PROPERTY TRUST, INC.

Employee Travel & Entertainment Policy and Guidelines

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PROCESS OWNER: Human Resources

INTRODUCTION

Policy

The CEO and CFO are authorized to implement and enforce guidelines for planning, ticketing and documenting business expenses and the process to receive reimbursement for Company business travel, and/or business entertainment activities. The CEO and CFO are further authorized to make exceptions to these guidelines.

This policy does not cover relocation expenses. See Relocation Policy.

Guidelines

Essex Property Trust, Inc. (“Essex” or the “Company”) appreciates the efforts of those who travel on the Company’s behalf. It is the Company’s objective to ensure that when traveling on Company business, employees are comfortable and safe, that they understand all travel related policies, and obtain reimbursement for travel expenses quickly. At the same time, it is necessary to keep the costs of business travel within budgeted limits and to follow consistent reimbursement procedures.

The Company will reimburse employees for actual, reasonable, necessary and proper expenditures incurred while conducting business. Expenses will be considered proper in that the nature and purpose of the expense conforms to the sound ethical and legal standards of conduct that are expected of all employees of the Company.

Scope of Guidelines

This policy applies to any employee who incurs travel or entertainment expenses (“T&E”), which are to be paid or reimbursed by the Company.

Exceptions

Only the Chief Executive Office (the “CEO”) or Chief Financial Officer (“CFO”) can make exceptions to the policy. Exceptions will only be made in the event of extenuating circumstances. If an exception is being requested, an email of explanation should be addressed to the appropriate executive. Departments, functions and teams may elect to impose stricter controls over travel expenditures than those covered by this policy. Exceptions must be requested and approved before the cost has been incurred.

EMPLOYEE RESPONSIBILITIES

Essex employees have the primary responsibility for compliance with this policy and are expected to spend Company funds prudently. Business travel expenses will be reimbursed by the Company if they are reasonable, appropriately documented, properly authorized, and within the guidelines of this policy. Individuals who incur business travel expenses should not gain or lose personal funds as a result of their business travel.

Travelers must ensure expenses meet the following criteria:

- Reimbursements must be for business expenses only.
- Balances due to the Company or the employee are to be settled with each report. No balance is to be carried forward.
- Foreign travel—expense items denominated in another currency and charged on a credit card should be translated to the currency in which the report is to be submitted on the basis of the exchange rate in effect on the day of the charge.
- Employees who are authorized to utilize a P-Card are **required** to use the P Card to record their expenses.

Disciplinary action including discharge may be taken with respect to any Essex employee who:

- Engages in conduct while traveling on Company business that is detrimental to the good character of the Company.
- Uses funds paid to him/her for improper, illegal, or personal purposes or,
- Makes a fraudulent entry in his/her expense reports.

Inappropriate expenses or expenses that do not conform to this policy will not be reimbursable.

RESPONSIBILITY OF AUTHORIZED SIGNER

Any Company reimbursement for travel requires approval prior to any travel for managers and below.

Authorized signers are managers who:

- Have staff reporting directly to them.
- Have the responsibility for ensuring compliance with this policy.
- Are responsible for approving the traveler's expenses on the P-Card statement.

Authorized signers are required to ensure that expense reports meet the following criteria:

- The travel expense was incurred while conducting Company business.
- The information contained on the expense report and in the attached documentation is accurate and in accordance with this policy.
- The travel expense meets applicable guidelines.
- The expenditure is charged to the proper cost center(s) by utilizing the proper description(s).

Direct supervisors, who encourage, condone or knowingly permit conduct that is not in compliance with this policy through negligence in their responsibility will also be subject to appropriate disciplinary action.

AIR TRANSPORTATION

All Airfare must be booked as a non-refundable ticket with **advanced notice** to take advantage of the most economical airfare. Southwest airlines services virtually all of the Company's markets and traditionally holds the lowest airfare and on-time record. Associates should utilize Southwest as their first priority airline. Whenever possible a minimum, seven (7) day advance fare is recommended. All air travel is to be coach class. If Southwest Airlines is not available, the least expensive carrier is to be used without regard to frequent flyer mileage programs. Round trips must be booked at all times; open returns are not permitted. Any airfare booked in excess of **\$800** must be **pre-approved** by a member of Senior Management.

The Company will reimburse the employee for assessed fees for luggage and to make any reasonable flight changes because of flight delays and cancellations in getting to your destination.

It is against policy for employees to choose flights with specific airlines for the sole purpose of obtaining mileage credits or other personal reasons when alternate, less expensive seating is available on another airline.

In addition, the traveling employee must always consider the most cost-effective airport alternative when making travel arrangements. This would be the case in the Bay area, for example, Oakland-OAK, San Jose-SJC or San Francisco-SFO. As always, exercise good business judgment to determine which airport is the most time-efficient and practical.

Business Continuity Restriction

Executives and officers are discouraged from traveling on the same flights. No more than three company officers will be permitted to travel on the same flight.

Domestic Flights

All employees should fly coach or economy class for all domestic flights. Employees with certain physical conditions/disabilities who may require special accommodations according to ADA regulations should seek exception to the policy. (Note: This policy also applies to train travel.)

International Flights

An employee traveling internationally may book a Business Class flight for any flight leg over 6 hours. Foreign travel expense items denominated in another currency and charged on the P Card should be translated to U.S. currency on the basis of the exchange rate in effect on the day of the charge.

Upgrades for Domestic Air Travel

Upgrades at the expense of the Company are generally **not permitted**. Upgrades are allowed at the traveler's personal expense or with the use of personal frequent flyer miles. If traveling cross-country or for five hours or more, the Company will reimburse for the cost of an upgrade for additional leg room within coach seating if available.

Downgrades

Downgrading a business class ticket on flights greater than five (6) hours in exchange for two coach/economy tickets in order that an employee may bring a companion, or pocket the difference is prohibited.

Unused/Voided Airline Tickets

If your trip plans change you must cancel your airline reservation prior to the departure of the flight to ensure that the funds can be reused.

Non-Refundable Tickets

Whenever possible, employees should book tickets at least seven (7) days in advance to obtain the lowest airfare. However, note that these advance purchases often come with restrictions. If an employee must cancel a trip after a non-refundable ticket is purchased, the employee must use the ticket for subsequent business travel. It is the employee's responsibility to contact the individual airline or travel agent regarding re-use of the purchase credit.

Personal Travel

Personal travel that is tagged onto business travel is at the employee's expense. Employees attaching personal travel onto business trips should provide clear documentation separating business-related expenses from personal expenses. In addition, the Company will not pay for family members to accompany the employee on business travel, including weekend stays or entertainment, unless specifically pre-authorized.

Group and Meeting Travel Services

Any department, function or team that plans for a group of five (5) or more people to travel to the same destination for a common purpose must:

- Obtain pre-approval, if appropriate, by the proper executive or Corporate Department head.
- Make best efforts to arrange travel as far in advance (14-21 days) as possible to take advantage of the most favorable travel discounts.

Frequent Traveler Points and Awards

Employees may retain credit from frequent traveler programs. However, travel plans, routing requirements, etc. must not result in additional expense to the Company or require an increase in travel time during regularly assigned working hours.

Chartered or Personal Aircraft

Because costs are generally excessive, the use of personally owned or chartered aircraft for business travel is prohibited except in rare and unusual situations where feasible alternatives do not exist. In the event that personal or chartered aircraft are used, the advance approval of the CEO or CFO must be obtained to properly protect the Company and employees with respect to insurance coverage.

GROUND TRANSPORTATION

Ground transportation guidelines to and from the airline and train terminals

The most economical and reliable mode of transportation should be used to and from the air and rail terminals. Public transportation and shuttle services should be used when practical. Car, limo and sedan services should generally be avoided, unless the cost is less than standard taxi services. Employees traveling to the same location should share ground transportation whenever possible.

Do not leave your car at the airport for excessive periods of time, if parking costs will exceed the cost of taxi fare or airport shuttle services.

Airport Parking

The least expensive and most reasonable available option (economy vs. daily/valet/hourly) should be utilized when parking. The Company will not reimburse employees for valet or hourly parking unless it is more practical.

Personal Vehicle

Sometimes you may need to use your personal automobile for Company business. It is the responsibility of the employee to carry adequate insurance coverage for his/her protection and for the protection of any passengers. Travelers will be reimbursed for business usage of personal cars.

If you use your own automobile for business, you are required to carry, at your cost, minimum limits of liability and physical damage insurance on your car. The minimum limits of liability are \$100,000 per person and \$300,000 per occurrence of bodily injury and \$50,000 in property damage or minimum state requirements.

The use of personal automobiles for business travel will be reimbursable at the per mile rate in accordance with IRS guidelines. This is intended to cover the use of the vehicle, depreciation, insurance and gasoline. Should the IRS change the rate, the new rate will be used for reimbursement purposes. Tolls and reasonable parking fees incurred while traveling are reimbursable. The employee is responsible for all personal vehicle operating costs including, but not limited to, insurance costs for collision, fire and theft. Employees will not be reimbursed for any maintenance repairs to their personal car even if those costs result from business travel.

Reimbursement of expenses rests solely with the employee by properly filling out the Out of Pocket charges on the P Card statement or a T&E report with the appropriate information:

- a) Purpose of the trip
- b) Date and location
- c) Receipts for tolls and parking
- d) Total miles driven

Car Rental

Hertz and Avis rental agencies are the preferred vehicle rental supplier for the Company business travel. Employees are advised to rent from Hertz and Avis as Essex is given a discounted corporate rate on vehicle rental. When booking a rental car, employees should inquire of any promotional rates or the lowest rate available. Essex employees can sign-up free for Hertz #1 Club Gold by going to the Hertz website. The Corporate Discount Program (the "CDP") number is #94738, and Pin Code is #bapgold. Additionally, you can download the Hertz app for iPhone/Android users.

The Avis corporate discount program number is AWD #: Q132957, you can make a reservation by calling 1-800-222-2847 or by going to the Avis website. Additionally, you can download the AVIS app for iPhone/Android users.

Car rentals and car services should be based on actual need and not used when the cost exceeds other suitable transportation such as shuttles or taxis. When traveling on Company business, employees are instructed to request mid-size or smaller vehicles from the Company-preferred rental car agency whenever possible, unless rates for a larger vehicle are less expensive. A larger vehicle may be rented when three (3) or more employees or other passengers travel together. Other considerations include:

- a) To reduce fuel costs, rental cars are to be refueled before returning the rental car, or if you feel you will be consuming more than a tank full of gas, you could prepay for the gas which will eliminate the need to fill the car upon return.
- b) The Company maintains insurance for all business travel; therefore, optional insurance offered by the rental company (e.g., collision insurance) must be waived. The Wells Fargo P-Card also carries primary car insurance and should always be used when reserving a rental car. Please contact PCard Admin with questions.
- c) Fines or other expenses incurred for motor vehicle violations are not considered a business expense even if the violation occurred while performing Company business and will not be reimbursed.
- d) Travelers are responsible for canceling rental car reservations. Travelers should request and record the cancellation number in case of billing disputes.
- e) Travelers that get into an accident should immediately contact:
 - The rental car Company
 - Local authorities, as required
 - Immediate manager or supervisor
 - Department Vice President
 - Shannon Carroll at (650) 655-7974 for the Company's insurance carrier's contact information.

Automobile Allowance

Employees who receive an auto allowance issued per pay period are required to carry adequate insurance coverage for his/her protection and for the protection of any passengers. At a minimum they are required to maintain the minimum limits of liability and physical damage insurance on their vehicles. The minimum limits of liability are \$100,000 per person and \$300,000 per occurrence of bodily injury and \$50,000 in property damage or minimum state requirements.

LODGING

The company understands that accommodation costs vary by region. The following list represents approved corporate expense ranges for each region. The least expensive option is to be booked without regard to frequent flyer mileage programs.

| City or Region | State | Acceptable Rate Range |
|------------------------|------------|-----------------------|
| San Francisco/Bay Area | California | \$230-\$270 |
| Southern California | California | \$175-\$250 |
| PNW | Washington | \$175-\$230 |

Hotel Reservation

- Please keep in mind when there are large events taking place in the Bay Area, hotels sell out. Below is a list of the Black Out Dates for 2018. During these events it is impossible to find a room within 50 miles of our office at a reasonable rate and it is advised to not travel to San Mateo on and around the following dates.

September 25 - 28 Salesforce Dreamforce
October 28 – Nov. 1 Oracle Open World

- Employees are expected to stay in a standard room. In most cases, room rates should not exceed \$250.00 per night. In certain cities where traveling is very expensive and conference accommodation rates exceed this limit, this may not be possible.
- It is the traveler's responsibility to notify the hotel with whom the reservation was made to cancel a room reservation. Failure to cancel could lead to a charge back that is a non-reimbursable expense.

Hotel Personal Expenses

Hotel charges for personal expenses will not be reimbursed. These include but are not limited to:

- In-room movies and video rentals
- In-room alcoholic beverages
- Laundering/dry cleaning for trips less than 5 business days
- Recreational activities (e.g. – fitness center, golf, massages, etc.) and shoe shines
- Reading materials; e.g. newspapers, magazines, etc.
- Toiletries or any other personal care expenses

Telephone, internet and air-phone expenses

Business communication expenses (e.g., telephone, fax, internet connection, postage, etc.) incurred while traveling on Company business or conducting Company-authorized business activities are reimbursable. Whenever possible, employees should use cell phones, rather than hotel phones, for placing long-distance calls. Exceptions would be for 800 numbers, or local calls that do not incur surcharges. If you do incur a phone expense while traveling, an original copy must be attached to the expense report.

Hotel Frequent Guest Programs

Employees are permitted to retain guestroom benefits. However, employees are expected to select hotels based on lowest pricing not on their frequent guest memberships. Membership fees employed with joining these programs are not reimbursable.

When you stay with relatives or friends

Sometimes it is possible to stay with relatives or friends while traveling on business. In this case, employees can receive reimbursement for the cost of a small gift or meal expense provided to the relative or friend in lieu of the hotel expense. You will need to identify these expenses on your expense report explaining what they were incurred for in lieu of hotel costs. This expense should not exceed \$100 and requires a receipt for reimbursement.

MEALS AND ENTERTAINMENT


Personal Meal Expenses

Personal meals are defined as meal expenses incurred by the traveler when dining alone on a business trip and are reimbursable.

Per Diem Amount: Should not exceed \$75 for all meals per day including alcohol.

Business Meal Expenses


Business meals are taken with clients, prospects, or employees during which a specific business discussion takes place.

a) Employees will be reimbursed for expenses incurred while entertaining individuals when such entertainment is necessary and directly related Company business. All instances of employee entertainment of external parties must be done in accordance with the Company's Code of Business Conduct and Ethics . The date, amount spent, name of restaurant, names of persons present together with their titles, a statement that the occasion was a business meal, and the business reason should be reported on your travel expense report.

- c) Employees are expected to exercise discretion and good judgment when entertaining customers. It is required that the most senior employee present incurs the cost of all customer entertainment or business meetings and request reimbursement. The expense report must individually identify all other Company employees and/or customers entertained.
- d) Large scale meetings or other Company business functions involving guests, recreational activities and team building events require the prior approval of the department's Senior Vice President (the "SVP") or EVP.
- e) Generally, the entertaining of one employee by another is not reimbursable; however, problem resolution and effective communication may require periodic meetings between employees outside of their regular office environment. In these instances, reasonable meeting expenses (e.g., lunch) will be reimbursed. Again, the most senior employee present should pay the expenses.
- f) Alcoholic Beverages – the Company does not encourage the use of alcoholic beverages during normal business hours. It is not the intention of the Company to prevent employees from exercising their rights pertaining to their own use of alcohol; however, they must do so at their own risk. The use of alcohol for entertainment purposes should be held to an absolute minimum and employees are cautioned against placing themselves or the Company in a position of legal exposure from the use of or consequences arising from purchasing alcohol for others.
- g) The IRS requires an original receipt (cash register receipt or credit card receipt) be submitted with the expense report for any individual meal or entertainment expense. Tipping should not be greater than 20%.

EXPENSE REPORTING

The Company requires travelers to file an expense within fifteen (15) days after trip completion on a T& E report or settled within the monthly P Card statement.

For all expenses a required receipt must be provided which substantiates the amount, date, and business purpose of expenses (see expense report documentation). Original receipts or an explanation that the original receipt was lost, must be attached to the expense statement. Those employees who have a Wells Fargo Corporate Credit Card ("P Card") must use their cards for Company business expenses wherever the P Card is accepted. Please note that the P Card should be used solely for business related expenses and not for personal use. Please refer to the Wells Fargo Cardholder User Agreement  outlining the usage and reporting responsibilities.

Approval/ Authorization Process

The authorized signer is the person to whom you report.

EXPENSE REPORT DOCUMENTATION

The following information is required for reimbursement:

1. The traveler must obtain the authorized signer's approval prior to submitting a T&E report or P Card statement for processing and reimbursement, and must have pre-approval to incur the travel expense.
2. Traveler's signature:
 - The traveler must sign T&E report or P Card statement report for reimbursement.
 - Signing or initialing another person's name is strictly prohibited.
3. Individual items of expense must be listed separately by each expense date, not combined for the entire trip.
4. Under no circumstance should an expense be described as "incidental" or "miscellaneous". A complete description is required for all expenditures.

The Company requires travelers to provide the following documentation to substantiate all expense report forms-the P Card must be used where accepted:

- Air/Rail – original ticket receipt or e-Ticket
- Hotel – hotel invoice and/or proof of payment
- Car Rental – car rental invoice and/or proof of payment
- Personal car usage – receipt for tolls and parking and daily mileage log- Reimbursement will be for miles traveled on behalf of Essex from your normal place of business. Reimbursement amounts are subject to change.
- Meals

No receipts are required to be submitted for the following if paid by P-Card:

Meals/taxi/UBER under \$200.00.

Flights and car rentals under \$400.00.

In these cases, Employees are required to personally retain the receipts for 12 months in the event of spot audits.

In all other cases, Employees must:

- Submit and attach the proper expense documentation.
- Provide the amount of each separate expenditure with an original or scanned receipt; lodging, car rental and any miscellaneous receipts pertaining to the business expense.
- The dates of departure and return for each trip.
- The destination or location (name of city or town) of travel
- The business reason for the travel.
- All Hotel bills must be submitted.

When a required receipt is not available, a full explanation of the expense for the missing receipt is required.


Original required receipts must include the name of the vendor, location, date and dollar amount and be affixed to an 8 ½ x 11 sheet of paper so that copies of the receipts can be processed for reimbursement.

MISCELLANEOUS ALLOWABLE EXPENSES

Travelers will be reimbursed for the following miscellaneous expenses incurred while on Company business:

- Business office expenses (fax, copy services, telegrams/telexes, etc.).
- Conference fees (include registration form with expense report).
- Reasonable tips and gratuities paid in accordance with local customs to waiters/waitresses, taxi drivers, bellhops, etc. are reimbursable while on Company business. Gratuities exceeding 20% need to be explained.
- Overnight delivery/postage for business correspondence.
- Parking and tolls for business purposes.
- Any business expense incurred during personal travel.

TRAVEL RELATED TO VENDOR-SPONSORED EVENTS

Vendors/suppliers may offer invitations to you to attend a business function or entertainment event. Before accepting the invitation, please refer to the Company's Code of Business Conduct and Ethics  on Gifts & Gratuities, and discuss the event with your functional group head to determine what travel expenses, if any, would be covered.

The employee's expense statement will be reviewed by their direct supervisor, which will provide for an additional level of approval and authorization.

HOSPITAL AND MEDICAL EXPENSES

Hospital and medical expenses incurred at or away from the home location should be covered by your regular medical insurance coverage. However, when employees are confined to their hotel rooms because of illness, the cost of the room and meals are allowable expenses. The employee should exercise good judgment after 3 days, and move to a medical facility to remedy the illness.

EXPENSES NOT REIMBURSABLE

- Travelers will not be reimbursed for the following miscellaneous expenses:
- Annual fees for personal credit cards
- Airline club membership fees
- Personal auto repairs
- Barbers and hairdressers
- Clothing and toiletry items
- Country club dues

EMPLOYEE FAMILY TRAVEL

Costs incurred with members of an employee's family traveling with him/her, except in instances where their presence serves a bona fide business purpose is not reimbursable. Reimbursement for this expense requires one over one approval prior to incurring this expense.

BUSINESS BEST PRACTICES

- Sufficient prior planning and scheduling to capitalize on any travel discount fares.
- Always inquire about the possibility of hotel discounts with local personnel at time of check in-i.e. AAA, AARP, Manager Specials, etc.
- Daily recording of expenses as you travel and isolate receipts by date.