

**Philips Global Travel Policy
for Suppliers**

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PHILIPS GLOBAL TRAVEL POLICY FOR SUPPLIERS

1. **Statement of purpose and scope**

Provided that it is declared applicable in the contractual relationship between Philips and the Supplier, this Philips Global Travel Policy For Suppliers (hereinafter “Policy”) provides the framework for Suppliers traveling for Philips related business purposes whilst incurring related travel costs and expenses and Philips’ compensation thereof.

Philips spends considerable sums with providers of travel services such as airlines, hotels and car rental firms in support of its business activities. Philips’ policy is to reimburse reasonable and necessary expenses incurred while travelling on authorised business activities, provided these expenses remain within the applicable Philips guidelines. All travel must be consistent with an approved business objective and accomplished in a timely, cost-effective manner.

Meetings should, where possible, be conducted using telephone conference calling or Skype. Only when these methods cannot satisfy the business objectives, a business trip may be taken.

The basic tenet is that individuals travelling on business on behalf of Philips should do so in a safe and secure manner while utilising good business judgement.

2. **Responsibility**

This Policy applies the generic principles of the internal Philips Global Travel Policy.

Philips Procurement (IMS Travel) is responsible for maintenance of this Policy and for the strategy, sourcing and negotiations with travel suppliers.

The authorized Philips Business Owner, being Supplier’s primary contact person for a specific assignment, shall be the source of contact for individuals traveling on Philips’ behalf. The Philips Business Owner has to pre-approve travel costs and expenses and shall monitor Supplier’s compliance with this Policy.

Deviations from this Policy could be considered a violation of the [Philips General Business Principles](#).

It is the Supplier’s and its travelers’ joint responsibility to abide by this Policy. Philips assumes no obligation to reimburse costs and expenses that are not in compliance with this Policy.

The traveler is responsible for procuring and carrying valid travel documents, such as passports and visas.

3. General Policy Rules

- Use the right booking channel
- Accept the lowest offer available
- Book your travel (air/hotel/car) in one reservation
- Conduct meetings via Skype/phone where possible
- Book your trips at least 14 days in advance (if possible)
- Use the cheapest means of local transportation
- Limit the number of team members traveling for the same purpose

TRAVEL GUIDELINES

1. Booking Channel

All reservations for air, rail, hotel and car rental are to be made through the designated travel provider. The Philips Business Owner can advise on the contact details of the designated travel provider.

Technology developed to continuously search for lower hotel rates and air fares, may be applied to all existing reservations. This might cause a rebooking to a cheaper option at Philips' sole discretion. In such case a new itinerary will be generated.

The designated travel provider will strictly apply this Policy when a booking is made. No exceptions are allowed.

Reservations and any subsequent changes thereof are to be made through the designated travel provider of the traveler's base country (being the country from which the travel originates). Travel arrangements made outside of the preferred channel or outside these rules will be subject to non-reimbursement.

2. Air Travel

2.1 Class of service

On a worldwide basis Economy class.

2.2 Restricted Tickets

Philips' designated travel provider has been instructed to offer non flexible/non-refundable tickets, which must be accepted. Philips' designated travel providers can advise whether tickets can be either re-used or refunded.

2.3 Lowest Airfare

Travelers must accept the lowest airfare as determined by Philips' designated travel provider.

When a city-pair cap has been established on a particular route, the cap is the maximum airfare allowed for air travel between a specific origin and destination. The designated travel provider can advise on the caps in place on specific routes. Travelers must accept alternative flight options in order to adhere to the caps. Alternative flight options include:

- Indirect flights (max. 1 flight change) as an alternative to non-stop flights
- Alternative airports of departure and/or arrival
- Alternative dates of travel

2.4 Time Window

Travelers are obliged to accept alternative flight schedules resulting in a fare saving, based on the following maximum deviations from intended departure/arrival time:

- 1 hour - for country/domestic flights of up to 2 hours
- 2 hours - for 2-6 hours flights

- 4 hours - for intercontinental flights of over 6 hours

2.5 Advance Purchase Travel

Travelers are required to book their travel arrangements well in advance (minimum of 14 days, if possible) to secure availability and optimal access to the lowest fares. Options may become more restrictive closer to the day of departure.

2.6 Airline Ancillary Fees

Any additional cost for booking a specific seat on board of a plane, upgrades to economy comfort, priority boarding, in-flight entertainment, phone and alcoholic beverages, will not be reimbursed.

2.7 Cancellations

The traveler is responsible for the cancellation of existing air reservations. Cancellations have to be done through the designated travel provider. The traveler will not be reimbursed for any potential cancellation fees which might result from failing to cancel the reservation in due time. The designated travel provider can inform the traveler of the cancellation policy at the time of booking.

3. Accommodation

3.1 Hotel Selection

Travelers are required to make all hotel reservations via the designated travel provider in their base country. The designated travel provider has been instructed to provide a standard type room at the best rate available for any overnight trip. Possible caps represent a maximum allowed daily room rate. Where available, hotels within a commuting distance of 3 km (2 mi) of the visiting address must be accepted by the traveler.

3.2 Room Guarantee

Room reservations must be guaranteed with the traveler's individual credit card.

3.3 Cancellations

The traveler is responsible for the cancellation of existing reservations. Cancellations can be done through the designated travel provider. The traveler will not be reimbursed for cancellation fees, such as hotel no-show charges, if failing to cancel the reservation in due time. The designated travel provider can inform the traveler of the cancellation policy at the time of booking.

4. Ground transportation

Travelers should always choose the most cost effective means of transportation. Public transportation is to be considered the preferred option.

4.1 Car Rental

Car rental is only allowed if no public transportation is available, or in case such public transportation is more expensive.

Guidelines related to car rental:

- All reservations are to be made via the designated travel provider
- All reservations are to be paid for by individual credit card
- Travelers are responsible to check the car for damage and review the in-car-damage form prior to departing
- Travelers are to refuel the car prior to returning it
- Philips will not reimburse fines incurred during the rental (e.g. speeding, parking)

Travelers are obliged to carry a valid driving license. Neither Philips nor the car rental company shall be responsible or liable for any legal action, resulting from the traveler not obeying to this requirement.

4.1.2 Car rental categories

Compact size cars (C category) should be rented in all countries, except in North America where intermediate-size cars (I category) are permitted.

4.1.3 Car rental insurance

As a general rule, Philips' negotiated rates include Collision Damage Waiver (CDW) and Theft Protection (TP), in the USA both are combined as Loss Damage Waiver (LDW). These insurances need to be accepted by the traveler. Travelers renting a car in the USA also need to accept Liability Insurance Supplement (LIS).

It is the traveler's responsibility to take notice of the terms and conditions of the above mentioned insurances. The designated travel provider can inform the traveler thereof at the time of booking.

4.1.4 Cancellations

The traveler is responsible for the cancellation of car reservations. Cancellations have to be done through the designated travel provider. The traveler will not be reimbursed for any potential cancellation or no show fees which might result from failing to cancel the car rental reservation in due time. The designated travel provider can inform the traveler of the cancellation policy at the time of booking.

4.2 Transportation to and from airports

Whenever possible, travelers traveling to the same location should share ground transportation to and from the airport. Traveling to and from airports should be done in the most cost effective way. Long-term parking facilities are mandatory to be used for business trips over 2 days.

4.3 Rail

Rail travel for 2 hours or less (one way) will be at standard class. Travelers should accept the lowest fare offered, which may include advance purchase penalty fares. In some instances rail is considered to be a viable alternative to air travel, considering related cost and transportation time.

5. Liability and insurance

Philips shall not be liable for injuries and/or damages incurred by or to Supplier's travelers in connection with business trips undertaken by them for the execution of the Services and Supplier shall defend (if Philips so directs), indemnify and hold Philips harmless against such liability.

Philips assumes no responsibility for insurances for Suppliers traveling for business on Philips behalf. It is the responsibility of the Supplier to ensure its travelers have sufficient insurance coverage (travel, personal, medical etc.) at all times.

6. Meals and beverages

Travelers will be reimbursed for personal meals and beverages, provided their expenses are reasonable and necessary and supported by respective receipts. Philips reserves the right to withhold any reimbursement not having sufficient proof of actual expenditures and/or a valid reason.

7. Payment and reimbursement

7.1 Payment

Travelers must use their individual credit card for payment of all business travel related expenses.

7.2 Reimbursement

Processes and guidelines related to reimbursement are as per agreement with the respective Philips Business Owner (e.g. in a(n) Engagement Letter / Statement of Work).

Philips will reimburse Supplier's reasonable travel expenses, in accordance with this Policy for travel undertaken in the performance of the Services, provided that any such travel has been pre-approved by Philips.

Addendum I to this Policy entails a not exhaustive list of non-reimbursable expenses. Time spent on commuting that is not explicitly part of the Services will not be reimbursed either.

If, for whatever reason, no specific arrangement for reimbursement has been agreed upon with the Philips Business Owner, the following shall apply:

- Supplier shall submit invoices at the end of each month and each invoice shall contain a sufficiently detailed breakdown of all travel expenses, together with original receipts.
- Philips will reimburse approved travel expenses within 60 days from the date of receipt of the invoice to the bank account indicated by Supplier.

ADDENDUM I – NON REIMBURSABLE EXPENSES

Below are a few examples of miscellaneous expenses that will not be reimbursed:

- Airline club memberships
- Airline seat upgrade/priority boarding
- Alcoholic beverages
- Annual fees for personal charge or credit cards
- Baby-sitting/Day Care
- Barbers and hairdressers
- Car rental upgrades
- Car washes
- Clothing
- Corporate charge/credit card delinquency fees/finance charges
- Expenses related to vacation or personal days while on a business trip
- Golf fees (when not part of customer entertainment)
- Health club facilities, saunas, massages
- Helicopter services for airport transfers
- Laundry services (if travel is less than or equal to 5 working days)
- Loss/theft of cash advance money or company-paid airline tickets
- Loss/theft of personal funds or property
- Lost baggage (travelers should seek compensation from respective travel provider/individual corporate card provider)
- Luggage and briefcases
- Magazines, books, newspapers, subscriptions
- Medical bills incurred during travel
- Mini-bar (Alcohol)
- Movies (including in-flight and hotel in-house movies)
- Non-compulsory insurance coverage (annual fee)
- “No show” charges for hotel or car service
- Optional travel or baggage insurance
- Parking or traffic tickets/fines
- Personal accident insurance
- Personal entertainment, including sports events
- Personal property insurance
- Personal toiletries
- Pet care
- Snacks or other meals outside of breakfast, lunch or dinner
- Souvenirs/personal gifts
- Spouse/companion/family travel expenses (unless approved by ExCo member)
- Tobacco products, sweets
- Valet services