

**Philips Global Travel Policy  
Supplier version**

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## **PHILIPS GLOBAL TRAVEL POLICY**

### **1.1. Statement of Purpose**

This document provides the framework for employees traveling for business purposes and incurring business travel and entertainment expenses on Philips' behalf. The Philips policy is intended to provide employees with a high level of safety and an acceptable level of service and comfort.

The Philips global travel policy applies to all employees of Royal Philips and all consolidated Philips companies.

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

Business meetings should be conducted using telephone conference calling, Microsoft Lync or video conferencing (Connect Meeting). Only when these methods cannot satisfy the business objectives, a business trip may be taken.

Philips negotiates volume based discounts with hotels, airlines and car rental companies. Employees are to use the Philips preferred suppliers as this allows the company to manage its travel program for the purpose of future volume driven negotiations worldwide.

The basic tenet is that employees travelling on company business should do so in a safe and secure manner while utilizing good business judgement in the manner of such travel. The Global Travel Policy has been developed within the context of Philips' on-going expense management initiatives as endorsed by Executive Committee.

### **1.2. Responsibility**

Philips Procurement (IMS Travel) is responsible for maintenance of the Philips Global Travel Policy and for the strategy, sourcing and negotiations with travel suppliers (airlines, hotels, car rental, travel agency, online booking tool, meetings and travel charge card providers). All relationships with these suppliers reside with IMS Travel.

Line Management is responsible for the full adherence to this policy in its Businesses and operating units, taking into account complementary procedures and supporting infrastructure provided by Country management and in full compliance with the Philips GBP.



Internal Audit is responsible for auditing compliance to this policy.

Deviations from the regulations in this policy could be considered to be a breach of the Philips General Business Principles. Violation of policy will lead to disciplinary action from management. Deviations require Line Management approval. Non-compliance will be reported on a monthly basis and reported to Line Management and quarterly to Executive Committee.

It is the travelers' responsibility to abide by the Philips Global Travel Policy and the related Travel expense and entertainment procedures. Failure to comply with this policy will lead to non-reimbursement of expenses.

### **1.3. Scope**

This policy is applicable to all Philips employees and all non-Philips employees, who incur, authorize, and/or approve travel and entertainment expenditures in the conduct of business relating to Philips.

Where it relates to non-Philips employees that travel on Philips behalf all bookings are to be made via the designated Travel Agency in their country of origin. All Travel costs are to be paid with an individual credit card.

#### **Travel Provider (Travel Agency)**

All reservations for air, rail, hotel and car rental (if combined with any of the previous) are to be made through the online booking tool or designated travel provider (travel agency) via email or phone in the country where the employee is situated.

Car rental only reservations – not packaged with air etc., must be conducted directly with the designated car rental provider via their website

#### **Payment**

Wherever accepted, an individual T&E charge card must be used for payment of all business travel, meals and entertainment expenses

### **1.4. Air Travel – class of service**

On a worldwide basis, throughout the Philips organization: Economy class

Exceptions will only be allowed for:

1. Executives level 1 and above when travelling:
  - Intercontinental flights (Including South America to/from North America) and



- Flying time per flight sector (one-way) exceeds 6 hours
  - within the Asia/Pacific region, have the option to travel in business class.
2. Executive Committee members, when traveling within the U.S., have the option to travel first class.
  3. Philips travelers that have exceeded a minimum of 100 hours of air time within the running calendar year (frequent traveler) qualify to travel in business class on all flights when the flying time per flight sector (one-way) exceeds 6 hours. Formalization of the frequent traveler status requires Line Management endorsement and approval on a per trip basis.

Exceptions to the above require authorization of Line Management. The reason for granting the exception should be listed in the request for approval.

### **1.4.1 Air Travel Definitions & Practical Instructions**

#### **Upgrading using frequent flyer points**

When flying intra-country/domestic sectors the use of personal frequent flyer points to upgrade to a higher class of service is only permitted when by doing so it can be applied to the lowest economy fare offered.

#### **Contracted Airlines**

The employee must use the options provided by the Philips designated travel provider based on Philips Lowest Airfare Definition.

#### **Employees Traveling Together**

Unless specifically approved by Line Management, no more than four key employees of the same sector/ business may travel together on the same flight.

#### **Restricted Tickets**

Philips designated travel providers and the e-booking tools have been instructed/configured to offer restricted tickets to Philips employees and must be accepted. Whenever arrangements are changed/ cancelled, penalties may apply. Philips designated travel providers can advise whether tickets can be either re-used or refunded

#### **Lowest Airfare Definition**

Employees must accept the lowest logical airfare as determined by the Philips' designated travel provider or Philips designated Online booking tool (Concur).

For our main air routes Philips has established Air Route Caps. The Air Route Cap is the maximum airfare Philips travelers are entitled to book for air travel between a specific origin and destination.

In case the lowest logical fare is higher than the Air Route Cap – then employees (with the help of the travel counsellor) have to find alternatives thru alternative date or time of flight, use of a layover flight, or use of alternative airport.

Deviations require Line Management approval.



All booked Airfares over 5k euros will be raised for validation prior to ticketing.

### **Booking Channel**

Where a Company authorized e-booking tool is available, for domestic and international travel city-to-city trips (point to point), employees must use the company designated e-booking tool for travel reservations. For all other reservations that involve complex multi-leg itineraries, employees are required to arrange the trip using the services of the designated travel provider.

### **Time Window**

Employees are obliged to accept alternative flight schedules resulting in a fare savings as described above based on maximum deviation from intended departure/arrival time, which does not exceed the Air Route Cap:

- 1 hour - for country/domestic flight duration of up to 2
- hours 2 hours - for 2-6 hours' flight durations
- 4 hours - for intercontinental travel over 6 hours

### **Advance Purchase Travel**

Travelers are required to book their travel arrangements well in advance (minimum 14 days) to secure availability and optimal access to the lowest fares.

This may sometimes result in having no other option but to accept alternative airports/day of departure/connecting flights etc. in order to stay under the Air Route Cap.

### **Airline Ancillary Fees**

Any additional cost for booking a seat on board of a plane, upgrades to economy comfort, speeding boarding, in-flight entertainment, phone, alcoholic beverages, is out of policy and will not be reimbursed by the company.

### **Alternative Flights**

Employees must accept alternative flight options as an integrated part of the Lowest Airfare Definition and adherence to the Air Route Cap. Alternative flight options are inclusive of:

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

### **Risk Policy**

Employees travelling are expected to comply with Philips Travel Risk Policy.

## **1.5. Accommodation**

### **Hotel Selection**

Employees are required to make all hotel reservation via the self-booking too or mobile app and, if not available, with the designated travel counselor in their country of origin.

### **1.5.1 Accommodation Definitions & Practical Instructions**

#### **Hotel Selection**

The travel agency and Philips e-booking tools have been instructed/ configured to provide a standard type room at the best rate available for any overnight trips. This



recommendation has to be used.

In destinations where a hotel city cap has been established, the City Cap represents the maximum allowed daily room rate employees are entitled to book. For all other destinations the maximum allowed hotel rate is 200 euro.

Deviations require Line Management approval. All booked daily room rates over 200 euros will be raised for validation prior to departure.

EL1 and above may reserve a higher class hotel (4\*+) in cases that require appropriate company representation

Employees are required to reserve their hotel accommodations at the same time when making their airline reservations.

Where accepted, payment for hotel accommodations must be made using the Corporate American Express card.

The travel agency has been instructed to follow the above processes rigidly and any deviations to the above require Line Management approval.

Both employee and line manager are alerted via email notification, if hotel rates have exceeded the caps.

### **Room Guarantee**

Room reservations must be guaranteed with the employee's "corporate credit card". You must have a credit card to book hotels (See Appendix 4). Employees are responsible for cancelling hotel rooms in time. Employees will be held responsible and, in case of proven negligence, will not be reimbursed for "no-show" charges.

### **Hotel Documentation Requirements**

When checking into a hotel, ensure that the VAT invoice includes the Philips address and shows the name of the employee. Employees must submit original hotel, meal and car rental invoices, as well as invoices regarding miscellaneous expenses, whenever possible. Along with their expense report forms, as Value Added Taxes may be "reclaimed" for certain business expenses incurred in EU member states, employees employed in the EU countries and the U.S., must submit original invoices for all business expenses including: accommodation, entertainment, fuel, meals, car rental, rail travel, conferences, trade shows and training courses. Photocopies will not be acceptable for VAT reclaim purposes. A duplicate invoice should be obtained from the vendor if the original has been lost.

### **Long stays**

In case of long-term stays (7 nights or more) reduced rates may apply. Information can be obtained from the designated travel provider.

### **Conferences and Meetings**

In order to facilitate the planning and procuring of off-premises meetings, the Philips Meeting Policy was created to utilize approved properties, leverage volume, reduce cost, limit liability, ensure companies' compliance to regulations such as the Sunshine Act and to provide employees with a high level of safety and an acceptable level of service and comfort. Philips employees are not allowed to negotiate directly with the hotels for group business, events or meetings and must utilize the services of the designated meeting



management company.

## **1.6. Car Rental**

### **Car Rental Guidelines**

Car rental is only allowed in case no other means of public transport are available, or in case such transport is more expensive.

For short domestic trips: the use of personal car compensated by mileage/km allowance may be used when less expensive than renting a car.

### **1.6.1 Car Rental Definitions & Practical Instructions**

#### **Car rental selection**

When available, employees must use Philips designated car rental providers (See Appendix 3)

#### **Car Rental Categories**

Compact size cars (CCMN/CCMR/CDMN/CDMR) should be rented in all countries except North America where intermediate-size cars (ICAR/IDAR) are permitted. Use of a higher car category requires approval by Line Management. Use of a higher car category for reasons like transporting several passengers/customers is allowed.

Employees are obliged to carry a valid driving license. Neither Philips, nor the car rental company can be held responsible or liable for any legal action, which will result from not obeying this requirement.

Employees with a company car are not allowed to rent a car or use a taxi for travel to destinations, for which the company car can be used, unless there is a business justification.

Rental car insurance is, to a certain extent, included in the Philips-negotiated rates, or Philips is taking responsibility for this.

As a general rule Philips rates do already include Collision Damage Waiver (CDW) and Theft Protection (TP), in the USA both are combined as Loss Damage Waver (LDW). These insurances need to be ACCEPTED by the renter, but there will be no additional charge for it as they are included in the Philips negotiated corporate rates, except at a limited number of franchisee operated Hertz stations.

Non US Philips employees renting a car in the USA also need to ACCEPT Liability Insurance Supplement (LIS). Philips US employees are insured for this via the national PENAC organization. All other insurances and other services offered at point of sale need to be DECLINED. For private rentals in the USA, LDW is NOT included in the rates.

#### **Guidelines related to car rental**

- Employees are to refuel the car prior to returning it
- Employees are responsible to check the car for damage and review the in-car-damage form
- Philips will not reimburse fines incurred during the rental (speeding, parking)
- All car only reservations are to be made via the supplier website or the online booking tool where available
- All car rental reservations are to be paid by Company issued Corporate Charge Card





- Employees are requested to apply for a supplier membership card

## **1.7. Rail**

Rail travel for one hour or less one way will be at standard class.

### **1.7.1 Air Travel Definitions & Practical Instructions**

Employees 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. For identified routes in EMEA the Travel agency and e- booking tool are configured not to offer air travel anymore where rail is considered to be more effective; Exceptions require Line Management approval.