

Philips Code of Conduct For Interactions with United States Health Care Providers and Professionals ("Philips Code of Conduct")

December 2018

Please Note: This Code of Conduct is revised from time to time. Always refer to the **Philips North America LLC Compliance Program** website for the most current version of this Code at: <https://intranet.philips.com/Pages/United-States-Legal-Compliance.aspx>



Dear Colleague:

We are Philips. We represent Philips in everything we do. Each of us reflects what we stand for as a company and as a global community committed to making the world a better place through meaningful innovation. Our reputation is a critical factor that distinguishes us in the marketplace. Compliance is a foundational building block of our reputation.

This “Philips Code of Conduct For Interactions with U.S. Health Care Providers and Professionals” builds upon the Philips General Business Principles (GBP). It builds upon our GBP by adding specificity in a user friendly way to the laws and rules applicable to dealing with U.S. Health Care Providers and Professionals when you are interacting with them in the United States or outside of the United States. It provides guidance on important business principles and ethical standards. It reflects our values. It exists to protect you, our customers, and our company. Read it carefully. Consider what this Code means to you in your role. Each of us is expected to live by this Code. Indeed, each of us must be a role model.

In the spirit of doing the right thing, if you are aware of any actions that may violate this Code or put you, a colleague, a customer, or Philips at risk, speak up. We prohibit retaliation against anyone who makes a good faith report of known or suspected misconduct. See our “[whistleblower policy](#)”. We depend on you to let us know where we need to change or improve. If you ever have a question about the Philips Code of Conduct For Interactions with U.S. Health Care Providers and Professionals, the Philips General Business Principles, or their applicability to your role, ask! Ask your manager, ask a Philips lawyer or ask a GBP compliance officer, or use the Ethics Hot Line.

Compliance is a competitive advantage and ensures sustainable growth. Thank you for always acting with integrity.

Kind Regards,

Frans van Houten



Vitor Rocha



Practical Tip

Useful links

- Philips North America LLC Compliance Program: <https://intranet.philips.com/Pages/United-States-Legal-Compliance.aspx>
- Philips General Business Principles: <https://intranet.philips.com/Pages/General-Business-Principles.aspx>
- Compliance officers: <https://share-intra.philips.com/sites/STS20130612143045/Lists/GBP%20Compliance%20Officer%20database/Overview.aspx>
- Ethics Hot Line: <https://secure.ethicspoint.eu/domain/media/en/gui/100518/phone.html>

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A. Preamble: Goal and Scope

As part of its commitment to legal compliance, professionalism and ethics, Philips abides by a number of ethical codes established by medical device industry trade associations. For interactions with U.S.-licensed Health Care Providers, Philips has condensed various industry codes into a single Philips Code of Conduct For Interactions with United States Health Care Providers and Professionals (“Philips Code of Conduct”). Wherever possible, the requirements have been put into the context of Philips’ businesses to make it simpler for Philips employees and contractors to comply.



The Philips Code of Conduct is part of the overall Philips Ethics and Business Conduct Program. The Philips Code of Conduct supplements, and does not replace, the General Business Principles (GBP) and related guidance, applicable laws and regulations such as the Physician Payment Sunshine Act (US Sunshine Law) which is part of the Affordable Care Act or any other part of the Philips Ethics and Business Conduct

Program or any successor programs. The Philips Legal Compliance Office and all of its tools, such as the Philips Ethics Line, play a fundamental role in supporting and executing the Philips Code of Conduct.

Philips is committed to compliance, monitoring, auditing and—where necessary—conducting investigations related to our compliance with the Philips Code of Conduct. Philips requires its employees to comply with all applicable laws, regulations and codes and to foster an atmosphere of compliance within Philips. By doing so, we not only protect the company but also ourselves, our customers and our business partners.

A.1. To Whom Does the Philips Code of Conduct Apply?

All Philips employees, agents and subcontractors who work for or on behalf of Philips are expected to comply with the Philips Code of Conduct when dealing or interacting with U.S. HCPs who may be in a position to purchase, lease, use, provide or recommend the use of Medical Devices or product. In addition, a Philips employee or agent may not encourage, facilitate or pay others to take actions that would violate the Philips Code of Conduct.

A.2. Who are Health Care Providers and Professionals?

The Philips Code of Conduct applies only to our interactions with U.S. Health Care Professionals and Providers, not with everyone, even if that interaction occurs outside of the U.S. The term “U.S. Health Care Professional” is defined very broadly to cover any person or entity that is involved in the provision of health care services or items to patients, and that purchases, leases or recommends, uses or arranges for the purchase or lease, of Philips medical products, services or solutions in the U.S. Practically, this includes, among others:

- Clinicians, such as physicians, nurses, PhDs, technologists, pharmacists, medical staff such as dental hygienists or physician assistants, as well as clinicians in training.
- Hospitals, medical schools affiliated with hospitals, medical group practices, clinics, nursing homes, imaging centers, surgical centers, emergency medical services and home healthcare organizations, as well as nonmedical personnel in these facilities who make purchasing decisions.
- Medical device distributors and dealers, including Durable Medical Equipment (“DME”) suppliers, who sell to Health Care Professionals or bill Medicare and Medicaid for their items and services.
- Health care-related trade associations which serve HCPs or have a significant number of HCPs on its board, such as the American College of Radiology.
- Employees, administrators, officers and directors of Health Care Professionals are also considered Health Care Professionals, where involved in the decision to purchase or lease Philips services or products.

A.3. Definitions

- “FMV” means fair market value. See Guidance on Fair Market Value for Transactions with HCPs for requirements for determining and documenting FMV.
- “HCP”, “Health Care Provider” or “Health Care Professional” means U.S. Health Care Provider or Health Care Professional. All have the meaning set forth in Section A.2 above.
- “PSS” or “We” means Philips Products, Services and Solutions.
- “United States, or U.S.” includes all 50 U.S. states, all U.S. territories including Puerto Rico and the U.S. Federal District, Washington D.C.
- “Medical Devices” are devices or products regulated by a government agency such as the Food & Drug Administration (“FDA”), and include related services.

B. Compliance with the Code

Philips has a multifaceted compliance program in place to support employee efforts to comply with the Philips Code of Conduct. Additional policies and procedures for implementing this Code of Conduct may be found on the **Philips North America LLC Compliance Program** and **Legal** websites.

We encourage Philips employees to use the available resources, in particular the **Philips Ethics Line**, to report actual or suspected violations of Philips Code of Conduct. Employee's individual commitment is crucial to the success of this compliance program. Being a trusted partner helps Philips create the future of health care and helps everybody win.



If you have questions or need help determining if your situation may be in violation of the Code of Conduct, contact the Philips Compliance Program Administrator (compliance.administrator@philips.com) to investigate alternatives. We are in this together. Getting this right is the only option.

In addition, many health care providers and suppliers have their own codes of conduct or ethics. It is recommended that when dealing with a HCP, Philips employees ask the HCP if he or she has his/her own code of conduct or similar policy document. If Philips employees are aware of such a code, they must not knowingly cause a health care provider or supplier to violate it. For example, a Philips employee must not offer a meal to a nurse whose hospital prohibits its staff from accepting meals from vendors, even if it would otherwise be permitted under Philips' policies.

Q&A

Does the Philips Code only apply to employees working within a Healthcare business?

No. The Philips Code applies to all employees who sell to, market to or interact with U.S. HCPs, no matter what line of business. This may also include distributors and agents who perform these activities on Philips' behalf.

C. PSS Training and Education

Philips has a responsibility to demonstrate the safe and effective use of our products and Medical Technology to HCPs requiring such training. Philips may also provide education on disease state and our Medical Technology.



- All training programs must be consistent with the FDA-cleared product labeling, where appropriate, of Philips' products. In all cases, the training staff shall have the proper qualifications and expertise to conduct such training. Training staff may include qualified field sales employees who have the required technical expertise to perform the training.
- Training and education may be offered as a component of product sales, or as a service that we market and sell at commercially reasonable value, in conjunction with or separately from the sale or lease of other Philips PSS.
- Training may be offered without charge, but Legal needs to evaluate if it is appropriate to pay for travel or lodging.
- Programs must be conducted in settings or an appropriate facility conducive to the exchange of meaningful information.
- Philips may not compensate HCPs for attending an education program. In some cases, programs may occur at centralized locations, and it may be permissible for Philips to reimburse HCPs for reasonable travel expense, relating to a Philips product training event.

Q&A

If we train a group of HCPs on the safe and effective use of portable equipment and/or software, is it appropriate to provide the "hands-on" training in a hotel or other meeting facility, other than a clinical facility?

Yes, only if a training facility, medical institution, lab or other appropriate setting is not available and so long as the facility used is conducive to the training purpose.

C.1. Products, Services and Solutions (“PSS”) Sponsored Training

PSS training offered to our customers is routinely included in sales or other commercial agreements either as an additional line item for a price or specified as included in the price of equipment. Philips may also offer PSS training to customers free of charge when the training is not listed in a sales or other agreement, but in such cases, Legal must evaluate if it is appropriate to pay for travel or lodging. If the PSS training involves travel to a training center, it is important that the sales agreement clearly document what Philips will and will not pay. Any travel, transportation, lodging and meals Philips provides or pays for must be necessary, modest, and subordinate to the training.

Philips businesses and sales and service functions may have additional policies and procedures governing product training. Philips employees are responsible for knowing and following any such applicable policies and procedures for their business. If these policies and procedures conflict with the Philips Code of Conduct, follow the Code of Conduct.

Q&A

May I pay for a HCP’s travel to a Philips-provided or sponsored general educational program?

No. It is appropriate for us to conduct a general educational program not limited to our products, but it is not the type of program for which Philips supported travel or lodging would be appropriate under our Code.

C.2. Philips Organized Training and Education

Philips offers many educational programs for our customers, prospective customers and other Health Care Professionals. Unlike PSS training, these programs may not focus on instructing customers on our Medical Technology. Instead, they provide knowledge or training on skills that may be used more broadly in their job or profession and are sometimes not limited to the use of Philips PSS. Typically, Philips is involved in selecting the topics, content or instructors for these education programs and each participant is charged a commercially reasonable fee to attend. Examples of such programs are:

- Courses to familiarize HCPs with new imaging modalities or diagnostic, therapeutic or disease management methodologies
- Satellite programs at clinical or scientific symposia or conferences
- User Groups
- Preceptorships

Q&A

May a customer use funds from a Flexible Spending Account for training and educational purposes?

Yes, it may be appropriate to use a FSA for registration, travel, lodging and associated training and educational expenses. Payment from “Flex Accounts” must be clearly identified as a line item of commercially reasonable value in the sales agreement. It is the responsibility of the Philips employees making such arrangements to be sure the expenses are appropriately deducted from the flex account, and appropriately reported or disclosed to the customer.

C.3. Continuing Education Credits

For educational programs for which Philips offers continuing education credits, Philips shall follow the rules and standards of the accrediting body. It is important that all such programs be coordinated through a knowledgeable education coordinator, or similar role, within Philips to ensure that the program meets these standards. Such coordinators currently exist for a number of Philips businesses.

- Philips shall charge its customers and clients a commercially reasonable fee to attend such event or shall report the transfer of value (value of the course) consistent with applicable transparency reporting requirements. Such credits shall be provided infrequently and only with the appropriate intent.
- Light refreshments may be served at Philips educational programs.
- Philips may not pay for travel or lodging.
- If a program is provided free of charge or at a reduced price, Philips representatives cannot select individual attendees on the basis of their status as a Philips customer or prospective customer.
- Such programs must be made available to a broad segment of interested health care providers in the community.
- Philips sales teams shall not offer continuing education programs without involving the education coordinators.



Q&A

D. Supporting Third-Party Educational Conferences

Bona fide independent, educational, scientific and policymaking conferences promote scientific knowledge, medical advancement and the delivery of effective health care. These conferences are typically sponsored by national, regional or specialty medical associations and by accredited continuing medical education providers. Philips may support accredited conferences in various ways:

D.1. Conference or Educational Grants

Philips may provide various grants to support a conference: (1) grants directly to a conference sponsor to offset the costs of a conference that is primarily dedicated to promoting objective scientific and educational activities and discourse; (2) educational grants directly to the sponsor or to a training institution to allow attendance at the conference by medical students, residents, fellows and other Health Care Providers in training, provided that the conference sponsor or the training institution—not Philips—selects the trainees who will attend; or (3) grants to the sponsor to support the provision of meals or refreshments for conference attendees.

- With limited exception, grants shall be paid only to organizations with a genuine educational function and may be used to reimburse only the expenses for bona fide educational activities that are **accredited**. On a very limited basis, support for non-accredited education events may be approved depending upon the business justification. Please contact your Compliance Officer for more information.
- The conference sponsor—not Philips—must control and be responsible for the selection of program content, faculty, educational methods and materials.
- Grants shall be consistent with any applicable standards established by the conference sponsor and shall meet the standards of an appropriately accredited or certified organization.
- In no case can a grant be related to any past, pending or future sale of a Philips PSS.

If Philips provides 100% of the funds for an educational program being put on by a Third Party, and that Third Party controls how the funds are spent, does this still qualify as Third Party Educational program or does this then become a Philips Provided or Sponsored Educational program?

This remains a Third Party Educational Program, so long as Philips does not control or influence the content of the program or the manner in which the Third Party spends the funds. In no case, can a grant be related to any past, pending or future sale of Philips products or services.

Any Philips employee or agent who requests or arranges for a conference or educational grant shall obtain and keep documentation that demonstrates the requirements in this Section have been met. The required documentation is described in greater detail in Documentation Requirements for Grants and Sponsorships to Support Scientific and Educational Conferences, which is available on the [Philips North America LLC Compliance Program](#).

In accordance with the Contract Approval and Signing Authority Policy all grants must be approved by the authorized signer level. In addition, all grant requests must be approved by the the Philips Respironics' Legal Department using the Grants and Sponsorship Review Form. Any such grant may only be provided in accordance with the terms of the Philips North America Grant Policy.

Any approved grant must be memorialized in a written third party education grant agreement with (and payments will be made only to) the conference organizer or accredited educational provider which will be reviewed by the Philips Respironics' Legal Department before being sent to the Third Party. The Grant and supporting materials should be sent to SRC.SalesEnablement@philips.com. For greater detail regarding the required process or documentation, review the Philips North America Grant Policy.

D.2. Conference Meals and Refreshments

- Philips may provide funding to the conference sponsor to support the provision of meals and refreshments to conference attendees.
- Philips itself may provide meals and refreshments for Health Care Professional attendees if such meals and refreshments are: (1) available to all Health Care Professional attendees; and (2) provided in a manner that is consistent with applicable standards established by the conference sponsor and the body accrediting the educational activity.
- Meals and refreshments shall be modest in value, subordinate in time, focus to the purpose of the conference and clearly separate from the continuing medical education portion of the conference.

Q&A

What if the sponsor is a hospital and we do business with the hospital?

It depends. It may be appropriate to pay a grant as long as the grant is not tied to any past, current or future sale of Philips PSS. And consistent with Philips Grants Policy. Contact the legal department or your Compliance Officer for guidance.

Practical Tip

On a very limited basis, support for non-accredited education events may be approved depending upon the business justification. Please contact your Compliance Officer for more information.

Practical Tip

Philips has developed a **Booth Rental Toolkit**, available on the Philips North America LLC Compliance Program website, for contracting for booth rentals at educational conferences, health fairs and other events sponsored by customers and other Health Care Providers.

Booth rentals are considered Sponsorships, please work with SRC.SalesEnablement@philips.com for additional details.

D.3. Receptions

Receptions and similar events shall comply with the following:

- All sponsorships provided must be consistent with the [Philips North America Sponsorship Policy](#), including the approval process and documentation requirements.
- If Philips uses tickets or invitations to control the total number of attendees at a reception, a significant percentage of such tickets or invitations must be available for distribution at the booth or online on a first-come, first-served basis.
- The venue must be consistent with guidance in this Code.
- Food provided shall be modest in value. However, because per-person charges often include hall rental and other non-food and beverage expenses, applicable costs may require a per-person adjustment to include only direct food and beverage.
- Open bars are not permitted, if there is a bar at the event, a maximum (2) of two drink tickets may be provided to each HCP.
- Gifts (at place settings or otherwise) are not permitted.

Q&A

Is it appropriate to pay an exhibit fee for the privilege of displaying product information at an educational conference sponsored by a Health Care Provider?

Yes, but only if the exhibit fee reflects the reasonable rental space valuation. Exhibit fees should not reflect a premium for access to the Health Care Provider or to individual HCPs. A Booth Rental Toolkit is available on our Healthcare legal website.

D.4. Advertisements, Exhibits and Booth Rentals

- Philips may purchase advertisements and lease booth space for its displays and exhibits at conferences, health fairs and other events sponsored by customers and other Health Care Providers. These activities are considered commercial transactions independent of any educational grant for the conference.
- Drawings, sweepstakes and similar situations which offer the opportunity for a targeted HCP to receive something of value from Philips are prohibited.

E. Sales, Promotional and Other Business Meetings

Philips may conduct sales, promotional and other business meetings with Health Care Professionals to discuss, for example, PSS features, sales terms or contracts. These meetings must be conducted in settings conducive to the effective exchange of information. Whenever possible, these meetings shall take place at or close to the Health Care Professional's place of business.

It is appropriate:

- to pay for reasonable travel costs of Health Care Professionals, when necessary (e.g., demonstrations of non-portable equipment at a convenient customer site or Philips facility).
- to provide occasional modest meals and refreshments at such meetings.

It is NOT appropriate:

- to pay for the travel costs of Health Care Professionals to the location of professional conferences or trade shows, even if non-portable equipment will be demonstrated there, including new product introductions.
- to pay for meals, refreshments, travel or lodging of guests of HCPs or any other person who does not have a legitimate professional interest in the information being shared at the meeting.



Q&A

As part of a sales, promotional or business meeting, may I take the HCP golfing or to a professional sporting or other recreational activity that is conducive to the thorough exchange of information about Philips Healthcare's products and services, at our expense? What if the event/activity occurs after our business meeting?

No. Even if these activities are conducive to the thorough exchange of information about Philips Healthcare's products and services, they are viewed as improper inducements by Philips and relevant governmental authorities. The answer is the same even if the event takes place following and apart from the meeting or exchange of information.

F. Consultants, Speakers, Faculty, Advisory Boards and Other Fee-For-Service Arrangements with Health Care Providers

Q&A

When is a HCP considered a “consultant”? What types of arrangements with consultants are covered under this Section F?

Any relationship between a Health Care Professional and Philips where services provided to us by the Health Care Professional are exchanged for remuneration constitutes a consulting arrangement and should comply with this section. Examples of consulting arrangements include agreements to provide education and training, speaking engagements, preceptorships, reference center, show site or center of excellence arrangements, participation on advisory boards or focus groups, medical technology development and research services arrangements (such as post-market research agreements, research and development agreements and clinical studies), and arrangements for the development and/or transfer of intellectual property. Educational and research grants are not considered consulting arrangements and are addressed elsewhere.

Philips engages Health Care Professionals to provide a wide range of valuable, bona fide consulting and other services for a fee through various types of arrangements, such as contracts for research, PSS development, development and/or transfer of intellectual property, speaking engagements, contracting for reference site visits, marketing, participation on advisory boards and presentations at Philips-provided or sponsored training. Philips must pay fair market value compensation for performing these services. Philips shall comply with all of the following standards in connection with any arrangements with Health Care Professionals:

- Consulting and other agreements with HCPs to provide services to Philips must be written and describe all services, deliverables and compensation to be provided.
- When Philips contracts with a consultant to conduct clinical research or investigation services, there shall also be a written research protocol.
- Consulting and other arrangements shall be entered into only when a legitimate need for the services is identified and documented in advance and must not be intended as an unlawful inducement to obtain business from a HCP.

Continued on next page...

Practical Tip

Philips has incorporated a mandatory **Health Care Professional Checklist** into the instructions for many of its consulting and professional service agreements to help document that these requirements have been met. If the agreement or tool that you are using does not include such a checklist, use the general checklist available on the Centralized Arrangements Tracking Systems' websites.

Q&A

- Selection of a HCP shall be made on the basis of the HCP's qualifications and expertise to meet the defined need.
- Compensation paid to a consultant or service provider shall be consistent with fair market value in an arm's-length transaction for the services provided and shall not be based on the volume or value of the consultant's past, present or anticipated business with Philips.
- Philips may pay for documented, reasonable and actual expenses incurred that are necessary to carry out the consulting or other fee-for-service arrangement, such as costs for travel, modest meals and lodging, if such expenses are provided for in the written agreement.
- Philips employees or agents with customer-facing roles may provide input about the suitability of a proposed consultant but may not control or unduly influence the decision to engage a particular HCP as a consultant or other service provider

What is the role of a Philips sales employee with regard to our engagement of a Health Care Professional as a consultant?

The role of sales employee should be limited to being a source of information to identify Health Care Professional who may have the qualifications and expertise to meet a previously identified legitimate need for services by Philips Healthcare. Sales employees should not attempt to influence the decision on engaging a particular Health Care Professional as a consultant.

F.1. Philips' Employees Acting as Consultants, Speakers, Faculty, Advisory Boards and Other Fee-For-Service Arrangements

In the event that a Philips employee is requested by a Health Care Provider to be a consultant or speaker or to serve on an advisory board or other fee-for-service arrangement, such arrangement shall be documented in an appropriate written agreement between the parties with fair market value compensation provided to Philips, consistent with the agreement's scope of work for such services. For completeness, the invitation itself must first be approved by the person to whom the prospective presenter reports.

Practical Tip

Fair market value shall be determined by using the **Philips Guidance on Documenting Fair Market Value (FMV) for Agreements with U.S.-Based Health Care Providers** found on the Philips North America LLC Compliance Program website. This document provides strict guidelines that focus on our financial relationship with Health Care Providers and a methodology to assess a range of permissible compensation for services.

Q&A

When a Health Care Provider seeks to trade in its existing equipment in connection with purchasing new Philips equipment, can the parties value the trade-in equipment above fair market value for determining the net price of the equipment?

No. The valuation of used equipment above its fair market value could be considered illegal remuneration under Medicare anti-kickback rules. There are sources of information available to you and Health Care Providers to help establish fair market value for used equipment, and you should turn to those sources and document that they used a credible source for the determination of fair market value.

F.2. Provisions on Payment of Royalties

Philips may consider entering into a royalty arrangement with a HCP only where the HCP is expected to make or has made a novel, significant or innovative contribution to, for example, the development of a PSS, technology, process or method. A significant contribution by an individual or group, if it is the basis for compensation, shall be appropriately documented. The Philips Legal Function and Philips Intellectual Property and Standards should be involved early in the thought process to ensure Philips rules are applied appropriately.

G. Prohibition on Entertainment and Recreation

Interactions of Philips employees and contractors with HCPs shall be professional in nature and shall facilitate the exchange of business, medical or scientific information that will benefit patient care. To ensure the appropriate focus on an educational and/or informational exchange and to avoid the appearance of impropriety, Philips may not provide, arrange for or pay for any entertainment or recreational event or activity for any Health Care Provider. Such activities include, but are not limited to, theater, musical performances, dancing, sporting events, golf, skiing, hunting and leisure or vacation trips. Such venues for training and education events such as resorts, spas, or destinations typically considered vacation destination or peak season for such vacation destination are considered inappropriate venues.

A Philips employee may not accept any entertainment or recreational event or activity provided, arranged or paid for by a Health Care Provider.

H. Modest Meals Associated with Business Interactions

- Philips may provide modest meals to HCPs as an occasional business courtesy under limited circumstances.
- Meals (including any meal, food or alcoholic beverage) provided by Philips to a HCP must be subordinate to a meeting involving the presentation or exchange of scientific, educational, training, PSS or other information that is directly related to Philips' business.
- Meals cannot be primarily intended for the development or maintenance of goodwill or a general business relationship. The presentation or exchange of information shall account for a significant part of the time spent for the meal.
- It is not permissible to provide financial or other support such as food, beverages or gifts to support events such as "Professionals Week" or "Technicians Week" for nurses, sonographers or others, even though Philips supports the educational or scientific purpose of these events.

H.1. Participants

- A Philips representative shall be present at all meals provided by Philips.
- Philips may not pay for any meal for guests of HCPs or for any other person who does not have a legitimate professional interest in the information being shared at the associated meeting.
- Philips may not provide meals for HCPs who do not participate in the meeting (e.g., food for an entire office, clinic or department if everyone does not attend the meeting).

H.2. Setting and Location

- Meals shall be held in a setting that is convenient and appropriate for the purpose of the associated meeting.
- If the meal cannot be conveniently provided at a Health Care Provider's office or a conference, training or demonstration facility, it shall be provided at a nearby restaurant or other location that is neither luxurious nor extravagant.
- The meal shall not be part of an entertainment or recreational event, nor shall the setting detract from the business purpose of the meal.

Q&A

An HCP called to reschedule the planned demo at her office, and has suggested meeting for lunch at the local ski resort because she will be there with their family. Can I accommodate this request?

No. The meeting location must be conducive for a thoughtful exchange of information. A ski resort does not provide this environment and also gives the impression that recreational activity might be occurring.

Practical Tip

"Moderate or modest" means middle-tier, in the sense that food and travel expenses are neither the most expensive nor the least expensive as measured against the local community standard, and limits have been set by Philips. When the term "modest" is used, you are always free to choose an even lower cost food, travel expense or hospitality option.

H.3. Meals Must Be Modest

Meals shall not overwhelm or distract from the business being conducted. They shall also be infrequent and modest in cost, judged by local standards. This guidance also applies when providing a meal to a U.S. HCP outside of the United States. The following schedule sets the current ceiling for the cost of meals, but even less expensive meals may be improper.

Type of Meal	Maximum cost/person*	Maximum cost/person* (Premium cities)
Dinner or Catered Meal	\$125	\$150
Lunch or Take-out/Bring-in	\$40	\$50
* Including drinks, tax and tip Premium cities: New York City, Chicago, Boston, New Orleans, Las Vegas, Orlando, Miami, Seattle, Philadelphia, Washington, D.C., Los Angeles, San Francisco, Orange and Santa Clara Counties in California		

Q&A

Is a general discussion to build good business relationships a “business presentation” such that it is appropriate to provide a business meal?

No. Any meal, food or beverage (Meal) provided by Philips Healthcare to a Health Care Provider must be incidental to a presentation or exchange of scientific, educational, training, or product or other business information that is directly related to Philips business. The business discussion should account for most of the time spent during the meal. Development of general goodwill and business relationships should not be the primary purpose of a business meal, and a business meal should not be used for entertainment or recreational purposes.

May I drop off a meal or refreshment at a Health Care Provider’s location for the provider and staff?

No, a Philips Healthcare representative must be present at all meals provided by Philips. The meal may not be provided for those who do not participate in the information being shared at the associated meeting.

The per-person cost of the meal shall be calculated by taking the total cost of the meal and dividing by the number of HCPs and Philips representatives present. For clarity, it is not permissible to split meals with colleagues who are not present at the meal; further, it is not permissible to split meals with other attendees to make the meal cost appear to meet the spend limits.

This schedule does not apply to meals provided outside of the U.S., but the same principles apply.

Lastly, Philips shall not give HCPs cash or cash equivalents (e.g., gift certificates or a credit card) to purchase a meal.

Meals for government employees are subject to more stringent limitations.



I. Business Gifts, Promotional and Educational Items

Philips employees are strictly prohibited from offering, giving or receiving any gifts to or from U.S. Health Care Providers that personally benefit the HCP or his/ her family members, office staff or friends (e.g., a Philips AED or Sonicare toothbrush or an iPad/iPod). Philips employees also may not provide HCPs or their employees gifts such as cookies, wine, flowers, chocolates, gift baskets, holiday gifts or cash or cash equivalents (such as gift cards), even for an important life event (e.g., birth, death, graduation or wedding).

Q&A

May I provide a gift such as flowers, gift baskets, meals, snacks, wine, or other refreshments to a Health Care Provider or a Health Care Provider's office or staff?

No. These types of gifts and refreshments are not considered educational items or for the benefit of patients and are never permissible.

May we raffle an item during a trade show, such as two round-trip airline tickets, that it could not otherwise give as a gift?

No. Philips should not raffle or give away at a trade show an item that we could not otherwise give a Health Care Provider.

I.1. Branded Promotional Items ("Giveaways")

Philips may not give HCPs any type of branded promotional items, even if the item is of minimal value and related to the Health Care Professional's work or for the benefit of patients. Examples of non-educational branded promotional items include umbrellas, pens, notepads, mugs, totes and other items that have the Philips name, logo or the name or logo of one of our PSS or any other Philips item.

I.2. Educational Items

Educational items are permissible to give to HCPs, including medical textbooks or anatomical models used for educational purposes, genuine educational material supplied on "storage-only" media technology of negligible value, such as a CD-ROM, DVD or an appropriately sized thumb drive, or resident handbooks. These educational items may be branded.

J. Discounts, Rebates, Free Goods, and Value Added Services

Some marketing, sales and promotional programs may offer HCPs and our customers discounts, rebates, or value added services in connection with the sale or leasing of Philips equipment. Philips has detailed guidance on how to comply with the applicable laws and regulations. This includes, among other things, careful and clear disclosure of discounts, rebates or any price reductions in contracts or on invoices. Please consult your Philips lawyer or Philips compliance officer to ensure proper analysis and discount disclosure documentation.

K. Coverage, Reimbursement and Health Economics Information

Philips may provide general coverage, coding, reimbursement, and health economic information regarding our products that is accurate and objective. This includes coverage, coding and billing options, changes in coverage policies or reimbursement payment levels. Philips' Government relations, health economics and/or reimbursement staff also may collaborate with providers, patients and professional organizations to help shape government and commercial payor coverage decisions, guidelines, policies and reimbursement levels that would enable patients to access medically necessary services that utilize Philips products.

- Philips representatives must not suggest or recommend how to bill for products or services. Reimbursement information should support the provision of medically necessary services and be fully consistent with health payer policies.
- Any reimbursement information must be derived from authoritative sources including Medicare web-sites, regulations, and private insurer websites. Those sources should be identified and providers should be directed to check those sources.
- Philips must include appropriate disclaimers on any reimbursement information documents or websites making clear that such information does not guarantee to a HCP that any coding, coverage or reimbursement information will ensure coverage or payment at any specific amount for the Philips product or a related procedure.
- Philips must not provide customized coverage, reimbursement and health economics support specific to the individual Health Care Provider.

Practical Tip

In response to reimbursement-related questions or issues, Philips employees shall recommend that customers seek their own counsel and experts to guide them in any issues related to coverage, coding, payment and claims submission. Only information available at www.philips.com/reimbursement, in current publications by relevant specialty societies, government or commercial payers may be provided to HCPs, and Philips employees shall not interpret or provide reimbursement advice for HCPs.

L. Collaborative and Independent Clinical Research

Philips may provide research grants. Such grants must be approved by the Philips Respironics' Legal Department. Any such Grant may only be provided in accordance with the terms of the **Philips North America Grant Policy**. In addition, Philips shall comply with all of the following with respect to collaborative research and independent research with or by a HCP:

- There must be a reasonable documented business rationale consistent with the Grant Plan for developing clinical information concerning Philips PSS, both pre-and post-market. If approved, the Grant must be memorialized in a written third party research grant agreement which will be reviewed by the Philips Respironics' Legal Department before being sent to the Third Party. The grant and supporting materials will be stored in the Compliance Department Centralized Arrangements Tracking Systems. For detailed information review the Philips North America Grant Policy
- The proposed research must be legitimate, with well defined milestones and deliverables contained in a written formal contract and approved by the legal department that at a minimum includes: a statement of the research or clinical objectives, identifies the principal investigator(s), handling of intellectual property, business rationale or relevance to the business, milestone and deliverable timing, and a written fair market value assessment.
- The proposed research must be evaluated, and any resulting research agreements must be negotiated and managed by Philips representatives who have no role in selling Philips PSS to the research institution or HCPs who will receive, or benefit from, the research and/or support.
- Research participants must add unique independent scientific value with their participation.

M. Charitable Donations

- Philips may make donations for a charitable purpose, such as providing funds or equipment for indigent care, patient education or public education. Donations shall be made only to charitable organizations that are not themselves Health Care Providers. It is not appropriate to make a charitable donation for the purpose of inducing Health Care Providers to purchase, lease, recommend or use. Philips does not make donations to support golf events, golf tournaments or other sporting events. Philips employees shall not make charitable donations or donation decisions on behalf of Philips and must use this process.

Q&A

How are Clinical Study Agreements treated under our Code of Conduct?

The arrangement should be governed by a written services agreement. The clinical program for which the services are being provided should fulfill a legitimate research purpose. A Clinical Study Agreement typically is entered into between Philips Healthcare and a Health Care Provider that is a facility, institution, or practice group, and fair market value compensation for the clinical research services is paid to that entity.

N. Evaluation and Demonstration PSS

Philips may furnish products to customers without charge in reasonable quantities and/or for a reasonable amount of time to evaluate the appropriate use and functionality of the products, and for patient awareness, education, demonstration and training purposes.

- Philips shall provide HCPs with documentation and disclosure regarding the no-charge status of evaluation and demonstration PSS.
- The terms of an evaluation of the PSS shall be set in advance in writing and include frequency of use, who will evaluate the PSS, and length of the evaluation period.
- Capital or multiple-use equipment, such as patient monitors, imaging systems and software provided without transfer of title for evaluation purposes shall be furnished only for a limited period of time that is reasonable under the circumstances to allow an adequate evaluation for making a purchase decision. It is recommended that the evaluation period not exceed sixty (60) days when possible and under no circumstance shall it exceed ninety (90) days.
- Philips shall retain title to the PSS during the evaluation period and should have a process in place for promptly removing such PSS from the HCP's location at the conclusion of the evaluation period unless the HCP decides to purchase or lease the PSS and enters into an appropriate agreement with Philips.
- Demonstration PSS typically are not intended to be used in patient care and are usually identified accordingly by use of such designations as "Sample," "Not for Human Use" or other suitable designation on the PSS, packaging and/or documentation that accompanies the PSS.
- The number of single-use products provided at no charge shall not exceed the amount reasonably necessary for the adequate evaluation of the product under the circumstances.

Q&A

Is a demonstration or evaluation product that is provided at no charge to a Health Care Provider by Philips a gift?

Provided that Philips Healthcare complies with the requirements of the Code of Conduct, demonstration and evaluation products are not considered gifts.

Practical Tip

If you are not certain what "reasonably necessary for adequate evaluation" may mean in a given circumstance, contact Compliance.Administrator@Philips.com or Legal Department.

O. Interactions with Federal and State Government Employees

It is Philips policy to comply with U.S. federal and state laws and regulations governing interactions with federal employees and state employees. U.S. federal and state laws and regulations governing gifts, business meals, speaker's fees, educational events, research grants, travel and lodging and similar items are generally more stringent than the provisions of this Philips Code of Conduct. Philips and its agents shall exercise extreme caution when dealing with any government entity and government employees, such as HCPs who work at federal, state or county hospitals/facilities. You are encouraged to ask for the advice of a Philips attorney prior to any interaction with a federal or state government employee where providing anything of value or payment of any kind is being contemplated.

P. Transparency Laws and Interactions with HCPs

Philips is obligated to report any and all transfers of value provided to Covered Recipients under Federal and some State Laws. A Covered Recipient is a subset of Health Care Providers and may vary under federal or state laws. Examples of Covered Recipients are:

- For the Federal Law (The Sunshine Act or Open Payments System) Covered Recipients are physicians (including Doctors of Medicine (MDs), Doctors of Osteopathy (DOs), Optometrists (ODs), Podiatrists (DPMs), Dentists (DDS), and Chiropractors (DCs) and teaching hospitals).
- Massachusetts Law has a broader definition of a Covered Recipient and can simply be described as – “anyone in a position to decide which prescription drug or medical device is used” and can be an individual or a facility or program.
- Vermont law, like Massachusetts, has a similarly broad definition. Transfers of value can be anything of value, outside of a commercial arrangement (sale) that is conferred to a Covered Recipient. These can be anything from a meal provided, to loaning equipment, to paying for research or clinical trials.

Practical Tip

For more information on obligations under the Federal and State laws visit the Global Transparency website at <https://intranet.philips.com/Pages/Transparency.aspx>

For clarity, this website includes an up to date list of all applicable state laws. For example, Connecticut requires reporting of payments by the manufacturers of covered devices to independently practicing advanced practice registered nurses (APRNs).