

# No PO No Pay Policy



GE requires a Purchase Order (“PO”) to be issued in advance of a purchase commitment and vendor payment (“No PO, No Pay”). Certain exceptions are defined in this policy. Businesses may decide to require POs for exceptions which are allowed under this policy at their discretion (i.e. issue more restrictive requirements). This policy applies to both internal and external purchases.

## WHAT TO KNOW

All employees must comply with GEV’s “No PO, NO Pay” policy. The use of a purchase order ensures that proper sourcing and payment controls are applied to each purchase transaction. Specifically, obtaining a PO in advance of a purchase commitment and before an invoice is received from the supplier offers the following benefits:

- Ensures appropriate terms and conditions are communicated and agreed with the supplier
- Captures purchasing data that can be leveraged to negotiate price discounts across the Company
- Facilitates compliance with tax and other regulations
- Ensures compliance with Company’s delegation of authority policies
- Ensures purchases are made from preferred supplier or other approved suppliers

## HOW TO COMPLY

Although the use of a PO is required in most circumstances, there are some documented exceptions as listed below:

- For T&L, Pcard and Payroll transactions, refer to the respective policies to ensure the purchase is compliant.
- Other exceptions are noted below with the preferred purchase method.

Purchase category	Preferred purchasing/payable method
Advance payment	
Contract Payment	Payments made in connection with legal agreements properly vetted through legal, compliance and other channels as appropriate (factoring programs, equity method investment projects, etc.)
Employee T&L cash advance	T&L
Awards and gifts	
Employee recognition awards/bonuses (Cash & noncash)	Global Above & Beyond Recognition Program
Employee length of service awards	GE Qualified Service Award Program

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Gifts (non-cash) to suppliers / customers	Pcard or T&L (see applicable policy)
"One-time" non-cash gifts to employees	Pcard or T&L (see applicable policy)
Safety awards	Global Above & Beyond Recognition Program
<b>Travel &amp; living related expenses</b>	
Business travel and living expenses (business meals, airfare, hotel/folio, rental car, gasoline, mileage, taxi/limo, trains, bus, subway, tolls, parking, telephone calls/charges, tips, or entertainment, etc.)	T&L
Employee meetings & events (excludes facilities which require a PO)	T&L / Pcard
<b>Pcard</b>	
The Pcard is the preferred method of procurement for indirect expenses less than \$5,000 where a PO or negotiated contract with a supplier is not required.	Pcard
Employee transfer relocation and expatriate expenses	Global Mobility Services Program
External candidate (non-GE) interview travel costs	Pcard/Ext. Candidate T&L process
Visas & passports (business related)	T&L
<b>Entertainment expenses</b>	
Employee activities GE employee (holiday parties, annual picnics or team building events, including the cost to rent the facility, meals, hotel conferences, business lunches, e.t.c.)	T&L / Pcard
Entertainment (GE External) - customers/suppliers/Government officials - Related to company business (food and beverages, business meal, catering, gas, event tickets etc.)	T&L / Pcard

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Entertainment (GE External) - Customers/Suppliers/Government officials - Cost of Entertainment facility (rent or use for entertainment of external parties)	T&L / Pcard
Entertainment Expenses Incurred at Employees Residence	T&L with Officer advance approval
<b>Property, plant &amp; equipment related purchases</b>	
Computer software or hardware	MyTech/Digital Technology
Facilities emergencies - Crisis or catastrophic event services	Pcard
Building Lease	Signed Lease agreement by both parties
Outside (3 <sup>rd</sup> party) Counsel / Legal Support Vendors	Method of Management: Matter Administration Spend helpdesk
<b>Direct materials &amp; services</b>	
Transfer pricing catch-up charges (Internal Only)	IBS
<b>Indirect services</b>	
Corporate headquarters allocations (Internal Only)	IBS
<b>Transportation/logistics services</b>	
Federal Express Charges (Shipping)	Business Logistics / Freight Payment Process
Fleet Lease & Services	PO Required except where paid via GOTEMS process
Payments to government entities (i.e. Tax, duty)	Business Logistics / Freight Payment Process
Transportation - Small Package Delivery	Business Logistics / Freight Payment Process
Transportation or overnight services	Business Logistics / Freight Payment Process

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<b>Indirect materials</b>	
Gasoline (business rental cars / company vehicles where gasoline is not provided by the lessor)	T&L
Site telecomm services (telephone, VPN, proxy, voicemail, calling card)	Corporate GIS (May not be applicable to all)
Utility charges (gas, electric, oil, water, sewer)	EMIS
Wireless services (cell phones)	MyTech/Digital Technology
<b>Tax payments</b>	
Tax payments to U.S. or non-U.S. governments, nontransportation-related (e.g. VAT, property, sales, municipal, state, federal, non-U.S. income tax payments to non-U.S. government)	AP Non-PO Payment Process
Tax payments to U.S. or non-U.S. governments, transportation-related (e.g. VAT, property, etc.)	Business Logistics / Freight payments Process / AP Non-PO Payment Process
<b>Customer related payments</b>	
Customer related T&L	Pcard/External candidate T&L process (where available)
Refunds, reimbursements or concessions to customers	Credit Note
<b>Other/miscellaneous</b>	
Business licenses/permits	Pcard
Education (college degree)	GE Payroll Tuition Reimbursement Program
Education - internal GE training/courses	MyLearning/Internal Billing System (IBS)
EHS permits, gov't licenses and government agency payments	Pcard
Employee recruiting fairs	Pcard

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Employee reimbursement for emergency payments and employee compensation (payroll)	Payroll
After-hours Emergency Orders	Pcard
Insurance: employee benefits and other Company related	This is managed centrally in US. All other countries require a PO, unless Corporate compensation & benefits and local AP approval received
Letters of credit - obtaining a bank letter of credit	Corporate ALOC
Memberships/dues (e.g. professional, business or civic organizations) where allowed by policy	T&L / Pcard
Postage - letter mail (meters, equipment, stamps, account replenishment, etc.)	Pcard
Training: external courses (job or growth related; seminars, professional books, marketing & research materials, one-time expenses)	Pcard

## Non-PO Payments Requiring Business or Regional Business Process Guidance:

- Charitable contribution, donations and sponsorship
- Tax Payments, non-transportation related
- Standard Operating Procedure
- Tax payments, transportation related
- Affiliate payroll/benefits funding
- Agent payments
- Bank charges & line-of-credit fees
- Government agency permits, licenses, etc.
- Insurance: employee benefits and other
- Government entities tax & duty payments, where no business logistics/freight payment process exists
- Legal settlements
- Patent / royalty / dividend / revenue share partner payments (non-production related)
- Political action activity
- Government registration fees
- Retainer agreements
- Revenue-sharing payments (including equalizing payments and co-production payments)
- Sales commissions (external)
- Service payments: product services, such as management of GE service trucks or third-party services performing GE product repairs
- Supplier discount refunds or collection reimbursement
- Warranty payments