



# BROWN-FORMAN

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## Executive Car Fleet

2017-January

### TABLE OF CONTENTS

<b>B-F CONTACTS</b> .....	2
<b>RESPONSIBLE CONSUMPTION &amp; SERVICE OF BEVERAGE ALCOHOL (Policy 400)</b> .....	2
<b>ELIGIBILITY</b> .....	3
<b>COMPANY PROVIDED CAR PROGRAM</b> .....	3
Vehicle Selection.....	3
New Car Orders .....	3
Fuel Economy .....	3
Used Vehicle .....	4
New Exec Car Eligibility .....	4
Monthly Out of Pocket Expense .....	4
Tax Liability .....	4
Business Mileage/Gas Expense .....	4
Vehicle Registration .....	4
Maintenance .....	4
Detailing.....	5
Vehicle Violations .....	5
Miscellaneous Expenses .....	5
Promotions .....	5
Early Lease Terminations .....	6
Vehicle Purchases .....	6
Announced Retirement .....	6
Resignation, Retirement, Termination .....	6
Death .....	6
Rental Car .....	6

**INSURANCE FOR COMPANY PROVIDED CAR PROGRAM** ..... 6

Authorized to Drive Company Car ..... 7

When are you covered?..... 7

Accident Reporting ..... 7

Rental Car while vehicle is being repaired ..... 7

Windshield / Glass Repair or Replacement ..... 8

Business and Personal Item Coverage – IMP!! ..... 8

Cell Phone Coverage – IMP!! ..... 8

Responsible Driving Practices ..... 8

  

**CAR ALLOWANCE PROGRAM**..... 9

Temporary Hire/Rental Car..... 9

  

**DRIVER SAFETY/MOTOR VEHICLE RECORD PROGRAM**..... 9

Motor Vehicle Record (MVR) Review ..... 9

    Violation Points Assessment & Corrective Actions..... 9-11

On-line Driver Safety Training..... 11

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**B-F CONTACTS**

- FLEET Executive Car: Katie Rixman, 502-774-7791
- MVR Executive Contact: Mike Dunleavy, 502-774-6810
- RISK MANAGEMENT: Insurance information and accident reporting – Beth Waldron, 502-774-7859

All persons driving company vehicles are required to abide by all laws and regulations. The driver and all passengers should always wear seat belts.

**RESPONSIBLE CONSUMPTION & SERVICE OF BEVERAGE ALCOHOL (Policy 400)**

B-F expects all employees to consume, serve and promote the use of beverage alcohol in a responsible manner, in compliance with legal requirements and Policy 400.

## ELIGIBILITY

B-F Executive Fleet program, administered by Global Compensation will advise the executive of eligibility, entitlement with company car order and car allowance process. The executive will be entitled to select a vehicle of choice based on the benchmark terms provided by Fleet OR car allowance on a per pay period basis.

The company car program includes lease, maintenance, insurance, tax, license, registration and two annual details for the company car. When a car is selected with costs exceeding the entitlement, the executive will have per pay period payroll deductions for the term of the lease.

The executive will be responsible for all gas expense and imputed auto income (per pay period) according to the IRS value of the vehicle. Business mileage will be submitted for reimbursement via Necho at the current IRS rate.

Details regarding the car allowance program will be found on page 13.

### What if an executive has an existing lease on the effective date of eligibility?

If upon eligibility the executive has a personal lease in effect, the following will be considered.

#### 1. Terminate the personal lease

If the lease is close to the termination date, the executive may elect to terminate the lease and will be responsible for all early termination fees or penalties. There will be no reimbursement for these expenses. Brown-Forman will proceed with acquisition of a new vehicle.

#### 2. Temporary allowance

If early termination of the personal lease would be unduly expensive, the executive may opt to continue through lease end and receive the car allowance (see page 13) in the interim.

## COMPANY PROVIDED CAR PROGRAM

### **VEHICLE SELECTION**

The executive may:

- select a NEW domestic or import vehicle for lease;
- request the lessor purchase the executive's existing vehicle (less than two model years old); or
- choose a used vehicle (less than two model years old) from a local dealership with a confirmed 36 month warranty at a minimum.

B-F does not support on-line, pre-owned vehicle acquisitions, specifically outside of the local area as the employee must test drive the vehicle prior to placing the order.

### **NEW CAR ORDERS**

When a NEW (not previously owned) car is chosen, the executive has the option of a 36- or 48-month lease. If a used, previously registered vehicle is chosen – the terms will be 36 months.

Excluded from lease are motorcycles, motor homes and water transportation of any type.

### Fuel Economy

**Brown-Forman's commitment to sustainability extends to the fuel efficiency of the Executive Car fleet. Vehicle models with greater fuel efficiency and higher average miles per gallon consume LESS fuel and emit less carbon over a distance traveled, than the less fuel efficient vehicles. As your choice is part of**

**our ambition to IMPROVE the fuel economy of the Exec Car fleet, suggested minimum average of 22 MPG for your vehicle of choice.**

Employee will be provided with details to initiate the process for a company car through the corporate leasing vendor, ARI.

Used Vehicle

If an executive’s existing vehicle or a used vehicle is leased, the maximum term will be 36 months and the price paid for the vehicle will be provided by the lessor based on the clean, wholesale value (AMR). Neither B-F nor the leasing company will assume an existing vehicle lease or set-up a new lease with an outside lessor.

New Exec Car Eligibility

The newly eligible employee will be compensated for the period of eligibility through delivery of the new vehicle or if in need of transportation, a full-size rental car may be provided through Enterprise Rentals and billed through the leasing company.

**MONTHLY OUT OF POCKET EXPENSE**

Once the vehicle has been delivered and B-F Fleet receives the lease, average monthly expenses will be calculated for the car. If the expenses exceed the entitlement, the executive will be responsible for the difference on a per pay period basis for the term of the lease. Monthly expenses include the average: lease payments, insurance, maintenance/detailing, property taxes, title and registration.

**TAX LIABILITY**

The executive will have imputed income for 100% personal use, based upon an IRS Annual Lease Value Table. If the executive contributes to the total cost of the car, via payroll deductions, the contributions will be deducted from the lease value amount. All applicable taxes will be charged on a per pay period basis.

*Example:*

Cap Cost of Vehicle	\$32,530
IRS Annual Lease Value	\$8,750
Less Annual Payroll Deduction	<u>(1,068)</u>
Imputed Income	\$7,682
Divided by 24 pay periods	\$320.08 per pay period taxable imputed income

**BUSINESS MILEAGE/GAS EXPENSE**

As the executive is taxed at 100% personal usage, the executive will submit business mileage for reimbursement at the approved IRS rate via Necho. Gas expense will not be reimbursed at any time for the company provided vehicle. Note that commuting mileage (from home to first stop) is considered personal, not business mileage.

**VEHICLE REGISTRATION**

The leasing company will renew the registration annually when due, forwarding the renewal sticker to the employee directly.

**MAINTENANCE**

The Company will pay for all maintenance as recommended in the vehicle owner's manual.

As the driver of the company provided, whenever the vehicle is in for service, [the employee must be pro-actively involved](#) with suggested maintenance offered by the vendor and if questions – contact ARI at 1-800-227-2273 with ASC certified technicians available to respond/answer questions/concerns.

Each executive is provided with a service credit card from the leasing company (ARI) to be presented to a servicing location - dealership or major account (Goodyear, Firestone, etc.). The card entitles the executive to receive national discounts on work to be performed, as well as, purchase orders to be issued for the work to be completed, thus, avoiding any out of pocket expense by the executive. However, if there is out-of-pocket expense (ie employee is traveling on vacation and vendor does not accept the ARI service card), the receipt should be submitted to Necho for reimbursement charging “Exec Car Maintenance.”

If a servicing location will NOT accept the ARI service card, please contact the Manager Global Fleet (ext. 7791) to request an account be set up between the vendor and the leasing company. If an account cannot be set up, expenses will be charged to the corporate American Express card, submitting for payment via Necho, charging “Exec Car Maintenance.”

#### **DETAILING**

The executive will be entitled to two complete details per year of the leased vehicle from a company-approved vendor with a cost of up to \$185 per detailing.

If the executive is in Louisville, contact to pick up by 9:00 AM/return by 4:00 PM the same day the following vendor, providing the corporate AmEx card number for direct bill and expensing to “Exec Car Maintenance” within Necho.

Anderson Distributing  
Russ Anderson: 502-254-5579  
204 Old Harrods Creek Road, Suite 14  
Louisville, KY 40223

Executives working at locations outside of Louisville, may arrange for the semi-annual detailing locally and submit the receipts for payment via Necho, charging “Exec Car Maintenance.”

#### **VEHICLE VIOLATIONS**

All traffic violations and parking tickets are the responsibility of the executive. The executive immediately upon receipt of the notice should pay all notices. Any notice forwarded to the Company will be the responsibility of the executive, as well as, any additional late charges, penalties, handling fees, court costs, etc.

#### **MISCELLANEOUS EXPENSES**

Reimbursements for business-use mileage, parking tolls, etc., will be submitted by the executive to Necho.

Normal car washes will not be reimbursed.

#### **PROMOTIONS**

Current plan participants, who are promoted during the lease period to a greater entitlement, will not select a new vehicle until the current lease expires. However, if the executive has out of pocket expense at the time of the promotion, the allowance will be adjusted to the new entitlement effective the promotion date.

## EARLY LEASE TERMINATIONS

After a minimum 12 month period of the lease, if an executive elects to terminate early the company car lease:

- executive is responsible for the buy or sale of the vehicle on lease
- sale of the vehicle must take place prior to a new vehicle order being placed and
- B-F must remain whole (no loss on sale).

## VEHICLE PURCHASES

At the scheduled lease end, the executive will have the option to purchase the used vehicle from the leasing company.

The leasing company will forward the purchasing paperwork with pricing information to the executive, once provided with the current mileage of the terminating unit. Once the leasing company receives the signed papers and a certified check payable to the leasing company for the total amount due, the title and bill of sale will be forwarded to the buyer within approximately 14 working days.

## ANNOUNCED RETIREMENT

Once HR has been notified of an impending retirement, if the exec car is due for replacement with the end date prior to a minimum 36 month lease, the exec may choose to extend the current lease OR a car allowance (terminating the current lease) for the remaining months of employment, providing proof of insurance as required by Risk Management.

## RESIGNATION, RETIREMENT, TERMINATION

When an executive resigns, retires or is terminated, the Company will have the following options:

- 1) surrender the vehicle to the leasing company to be sold to either the executive or a third party; or
- 2) reassign the vehicle to another participant in the executive-leased vehicle program.

## DEATH

In the event of a participating executive's death, the vehicle may remain on lease for a reasonable period of time, not exceeding 90 days. The surviving spouse may operate the vehicle during the 90 days, incurring only the routine operating expenses. Brown-Forman will continue to pay the monthly lease payments, maintenance, taxes, title, and registration fees for the 90-day period. The surviving spouse will have the option to purchase the vehicle within the 90-day period from the leasing company.

If the surviving spouse does not elect to purchase the vehicle, the Company will dispose of the vehicle within policy guidelines. The Company will absorb any loss associated with the disposal.

## RENTAL CAR

Rent a car with Hertz, Avis or Enterprise when it is the most practical and cost-effective form of transportation. Please refer to Policy 660 (on the B-F portal): "Ground Travel – Car Rental/Car Rental Insurance Coverage and Claims" for additional information.

## INSURANCE FOR COMPANY PROVIDED CAR PROGRAM

The Company provides liability and collision/comprehensive insurance for the executive leased vehicle through Liberty Mutual Insurance Company. Primary liability insurance limits of \$2,000,000 are carried. Full physical

damage (collision / comprehensive) insurance is carried, subject to a per accident deductible that is charged to the executive's car account.

Personal items stolen from the executive car are not covered by the Brown-Forman insurance. Losses of personal items are to be reported through the employee's homeowner's insurance carrier.

Risk Management will email proof of insurance annually (late April) to be stored within the car for reference.

#### **AUTHORIZED TO DRIVE THE COMPANY CAR**

Our insurance program covers you and any authorized driver. Authorized drivers are defined as immediate family members (spouses, domestic partners and children, provided they are at least 24 years old) and other Brown-Forman employees with a valid driver's license. Children who operate a company vehicle must possess a clean driving history for a two year period. In emergency situations the authorized driver and driver age restrictions are waived. Contact Risk Management (502-774-7859) in the event you have any questions.

#### **WHEN ARE YOU COVERED?**

- You and any authorized drivers are covered when you use your company car.
- You are covered while driving "a substitute" vehicle when your company car is being serviced or repaired.
- If your company car is your only vehicle, you are covered when you drive other vehicles including rental vehicles.
- If you have a personal car in addition to your company car, you are not covered when driving other vehicles for pleasure. **NOTE:** If you drive your personal car on business, the company's liability insurance applies excess of your personal auto liability insurance limits. The company auto physical damage insurance does not apply to your personal car when used for company business.

#### **ACCIDENT REPORTING**

When the leased car is involved in an accident or sustains damage, Risk Management should be notified immediately via phone (502-774-7859) AND completion of the on-line Accident Report Form to be accessed as follows:

LOG INTO THE B-F PORTAL  
QUICKLINK: Risk Mgmt  
CLAIMS/LOSS REPORTING

Risk Management will promptly arrange for an appraisal of the damage. Repairs should not be started until the appraisal is completed and approved by Risk Management.

#### **RENTAL CAR WHILE VEHICLE IS BEING REPAIRED**

The insurance program provides *limited* coverage for the cost of renting a vehicle while the insured vehicle is being repaired. Rental coverage is *subject to a 24-hour waiting period* from the time the vehicle enters the garage for repairs (or from the date of theft) and *reimbursement is limited to a maximum of \$1,000*. Any rental charges incurred during the waiting period or in excess of these amounts are not covered by the program.

- Decline the LDW and liability coverage.
- If damages occur to the rental car, they will be covered under the B-F insurance program. Contact Risk Management (502-774-7859) to report.

## WINDSHIELD GLASS REPAIR OR REPLACEMENT

Contact B-F National Account, **Safelite Autoglass (1-800-800-2727)** and provide **Corporate Account Number 052769** to schedule repair work. In most cases, repairs will be made at your home or office location.

Safelite will invoice B-F/Risk Management directly, thus no personal out of pocket expense at the time of service with a \$500 deductible allocated to your cost center upon payment of the invoice.

Should you have questions with this arrangement, contact Risk Management (502-774-7859).

## BUSINESS AND PERSONAL ITEM COVERAGE

Personal property is not covered by the corporate policy, i.e. CD players, radar detectors.

Laptops are covered but in the event of a theft, a \$2,500 deductible will be charged to the department cost center if left unattended in the vehicle. Thefts from the trunk of a car are excluded.

## CELL PHONE COVERAGE

Cell phones are automatically covered if used for business purposes. There is no coverage however, if your cell phone is stolen from your vehicle – whether your vehicle is locked or not. You are expected to carry your cell phone with you. In the event of loss or damage a \$50.00 deductible applies.

## RESPONSIBLE DRIVING PRACTICES

- Avoid activities that distract attention from the road.
- Do NOT read or write text messages/email, view or prepare video recordings or engage in similar activities on any electronic device while driving.
- Only hands-free, voice activated cell phone operations while driving, if communication is required.

### Safely using a Cell Phone while Driving

Phones are an integral part of our business day providing an efficient and convenient way of taking advantage of "down time" while traveling. But cell phones are an additional distraction to operators of motor vehicles. To minimize the potential safety hazards and financial liability associated with the use of hand held cell phones, a company-wide "using a cell phone safely while driving" policy for "drivers" is in effect. **Under the policy, only hands free cell phones may be used any time you are driving a company vehicle (personal or business use) or any other vehicle for business reasons.**

- **Make driving safely your first priority**

Driving should always be your first priority. If possible, place calls before starting your trip or wait until after your trip is completed. If you don't feel that a call can be placed, answered, or continued safely, then you shouldn't make it, answer it or continue it. Restricting the number of people with access to your cell phone number can reduce non-emergency incoming calls.

- **Suspend conversations during hazardous driving situations**

Never use your cell phone in heavy traffic or under hazardous driving conditions. Always let the person you are talking with know that you are driving and that you will continue the call only as long as driving conditions remain safe.

- **Don't engage in stressful or emotional conversations that may be distracting**



Stressful or emotional conversations are distracting and even dangerous when you are driving. Make the person you are talking with aware you are driving and if necessary, suspend conversations that have the potential to divert your attention from the road.

In summary, remember that your first responsibility is to operate the vehicle in a safe manner. This can be best accomplished by following the above guidelines and focusing your attention to the road.

**CAR ALLOWANCE PROGRAM**

Employee may use personal vehicle for business purposes, submitting business mileage for reimbursement at the current IRS rate via Necho.

Employee is responsible for all vehicle expenses and upon proof of insurance provided as required by Risk Management will receive payment via payroll less applicable taxes.

**ALLOWANCE PROGRAM - TEMPORARY HIRE/RENTAL VEHICLE**

As a participant in the Car Allowance program, if a temporary hired/rental vehicle is needed for business purposes – it is the employee’s expense.

**DRIVER SAFETY/MOTOR VEHICLE RECORD PROGRAM**

All U.S. Executive fleet drivers are expected to have a current and valid driver’s license at all times. In addition, they are required to participate in the Driver Safety Program consisting of an annual Motor Vehicle Record (MVR) Review.

**MOTOR VEHICLE RECORD REVIEW**

In January of each year, executive fleet participants are subject to an MVR review. Employees will enter valid driver’s license data and an e-signature to a secure online website granting permission to Brown-Forman’s third party vendor, ARI to access MVRs on-line.

Violation Points Assessment & Corrective Actions

MVRs are assessed points for applicable violations (listed on pages 10-11) for a three-year reporting period, as well as points for “Accident-contributory/driver at fault” data from Risk Management for the previous calendar year. The points are based on the severity of the violation determined by the individual State Motor Vehicle Departments, B-F Risk Management and Fleet.

The following chart outlines the corrective actions taken after the final MVR and Risk Management assessment.

Points	Status	Actions	Compliance Review
0	Excellent	No Action	B-F Fleet/Risk Management
1-3	Good	No Action	B-F Fleet/Risk Management
4	Fair	Warning Letter	B-F Fleet/Risk Management
5-6	Poor	Warning Letter	B-F Fleet/Risk Management
7-9	Very Poor	Mandatory training*	B-F Fleet/Risk Management
9+	High Risk	Mandatory training* (possibility of fleet privileges suspended)	B-F Fleet/Risk Management, Human Resources, Legal

\*If a driver incurs 7+ points in a given three-year period, completion of a defensive driving course through the National Safety Council will be required with the cost expensed through Necho.

<b>STATE CODE</b>	<b>ASSESSED POINTS</b>	<b>VIOLATION DESCRIPTION</b>
<b>INFORMATION NOTED ON THE MVR</b>		
000	0	MVR record clear/no violations reported
001	0	Administrative/court notification
002	0	Repeated violations/warning notices
003	0	Failure to provide proper licensing information or documentation
004	0	Failed an examination
005	0	Court hearing/medical review board/driving course required
006	0	Permit notification
007	0	Miscellaneous
<b>NON-MOVING VIOLATIONS</b>		
011	1	Vehicle equipment failure or misuse (vehicle stationary)
012	1	Violation of vehicle equipment regulation (improper load, etc.)
013	1	Failure to pay imposed fines
014	1	Failure to comply with financial responsibility law/insurance ID card
015	1	Failure to appear for court
016	1	Littering
017	5	Misrepresentation/false documentation (false driver's license, etc.)
018	1	Miscellaneous non-moving violation
019	1	Operating Motor Vehicle while using a mobile telephone - point(s) assessed after first citing
<b>MOVING VIOLATIONS</b>		
021	2	Vehicle equipment failure or misuse (vehicle moving)
022	2	Following vehicle improperly
023	2	Improper lane change/road/markings/ramps/exits, etc.
024	2	Illegal passing
025	2	Failure to yield right-of-way
026	3	Failure to observe signs or control devices (traffic lights, railroad crossings, etc.)
027	1	Failure to properly signal intentions
028	2	Illegal turns
029	2	Failure to wear seat belts
<b>SPEEDING VIOLATIONS</b>		
032	2	Speeding: 1-9 over posted limit
033	2	Speeding: 10-20 over posted limit
034	4	Speeding: 21+ over posted limit
035	8	Speeding in excess of 100 MPH
036	2	Speeding/undefined MPH over
037	5	Speeding in a school zone
038	1	Driving under the speed limit
039	3	Unsafe speed for conditions

**MAJOR  
MOVING  
VIOLATIONS**

041	3	Driving wrong way, wrong side or wrong directions
042	5	Reckless, careless or negligent driving
043	6	Fatality due to violation
044	8	Use of a vehicle in a felony
045	8	Driving while intoxicated or possession of illegal substances

**ACCIDENT  
GROUP**

051	0	Accident non-contributory
052	4	Accident-contributory/driver at fault
053	8	Hit and run
054	8	Accident - contributory/driver at fault two accidents within 24 months

**RESTRICTED  
PRIVILEGES**

061	3	Failure to comply with license restrictions
062	0	Reinstated
063	0	Suspension lifted
064	0	Driving privileges restricted
065	0	Suspended until court requirements satisfied
066	0	Probated
067	3	Re-suspended
068	0	Prior state status posted in error

**OTHERS**

097	0	Quiz not received
098	0	No Motor Vehicle Record Found
099	0	No Motor Vehicle Record Returned by State DMV

**Executive MVR Contact**

Mike Dunleavy, VP Global Compensation, 502-774-6810  
Katie Rixman, Manager Global Fleet, 502-774-7791

END