
Financial Code of Ethics

Preamble to Philips' Financial Code

Introduction

As a company we attach great value to the integrity and transparency of our financial reporting. It is a cornerstone of the way Philips operates. In a recent letter, dated October 6, 2009, Gerard Kleisterlee and Pierre-Jean Sivignon once again emphasized the importance thereof to all Senior Management and all controllers at Sector, Business, Country and unit level. In line with the Sarbanes Oxley Act (effective since July 2002 and adopted by the SEC) certain companies are required to disclose whether or not they have in place standards or a code of ethics to promote:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Full, fair, accurate, timely, and understandable disclosure in the reports and documents that a company files with, or submits to, the SEC and in other public communications made by the company;
- Compliance with applicable governmental laws, rules and regulations;
- The prompt internal reporting to an appropriate person or persons identified in the code of violations of the code; and
- Accountability for adherence to the code.

In view hereof, Philips has adopted the attached Financial Code of Ethics (the 'Financial Code'). The Financial Code has been approved by the Finance Policy Board and has been communicated to all Philips employees in the Finance sector by way of a Finance Instruction. It has been adopted by the Board of Management on May 26, 2003 and is, as a supporting policy, an integral part of the Philips General Business Principles.

Employees involved

The following employees (the 'Target Group') must adhere to the rules of the Financial Code:

- 1 The Chief Executive Officer;
- 2 The Group Chief Financial Officer;
- 3 The heads of Corporate Control, Corporate Treasury, Corporate Fiscal, Corporate Internal Audit and Corporate Investor Relations;
- 4 The Chief Financial Officers of the Sectors;
- 5 The Sector controllers;
- 6 The controllers of the Philips Businesses as identified by a Business coding in the Finance Manual;



- 7 The regional controllers or Chief Controlling Officers;
- 8 The country controllers or Chief Controlling Officers;
- 9 The controllers of legal entities other than a country organization, to be designated by either the regional or country Chief Controlling Officer;
- 10 The controllers of organizations that submit information for group consolidation purposes (reporting funloc controllers) in so far as they are not covered by one of the previous categories; and
- 11 Employees performing an accounting or financial function, designated as belonging to the Target Group by the one of the employees referred to above.

Questions

If you have any questions about the Financial Code or the interpretation thereof, you can contact the General Business Principles compliance officer in your country or Sector or contact the Chief Legal Officer.

Financial Code of Ethics (the 'Financial Code')

Definitions

- **Senior (Financial) Officers** mean the Chief Executive Officer, the Group Chief Financial Officer; the heads of Corporate Control, Corporate Treasury, Corporate Fiscal and Corporate Internal Audit and the Chief Financial Officers of the Sectors
- **Compliance Officer** means in respect of compliance by a Senior (Financial) Officer the Compliance Officer FC and in respect of compliance by other employees, the General Business Principles compliance officer in his or her Sector or country
- **Compliance Officer FC** means the Chairman of the General Business Principles Review Committee, being the Chief Legal Officer
- **Target Group** means the Senior (Financial) Officers and those other employees designated to adhere to the Financial Code

All employees belonging to the Target Group shall:

1 Act honestly and ethically

- Carry out their duties in an honest and ethical way by ensuring that business policies and practices are aligned with ethical principles.
- Maintain the confidentiality of privileged information acquired in the course of their work, except when disclosure has been authorized or is legally obliged.
- Act in good faith, responsible, with due care, competence and diligence, without misrepresenting material facts or allowing one's independent judgment to be subordinated.
- Clearly communicate ethical expectations to those with whom they work.
- Refrain from using or appearing to use confidential information acquired in the course of one's work for unethical or illegal advantage either personally or through third parties.
- Ensure the integrity of records.

2 Avoid conflicts of interest

- Avoid actual or apparent conflicts of interest between personal and professional relationships.
- No actions should be taken and interests outside Philips should be avoided that may make it difficult to perform his or her company work objectively and effectively. No direct or indirect financial interest in a supplier or competing company is allowed, with

the exception of a financial interest in a publicly traded company.

- Service to Philips should never be subordinated to personal gain or advantage. No employee, his or her partner, or a member of his or her family, may receive improper personal benefits as a result of the employee's position at Philips.

3 Comply with applicable governmental laws, rules and regulations

- Perform their duties in accordance with relevant laws, rules and regulations.

4 Protect Philips' assets and resources

- Ensure the proper use, protection and conservation of Philips' assets and resources. This includes Philips' properties, assets, proprietary interests, financial data, trade secrets, corporate information and other Philips' rights.

5 Provide reliable financial reporting and disclosures

- Provide full, fair, accurate, timely and understandable financial information and disclosure in reports and documents that Philips files in public communications and any internal reporting that leads or may lead to public communications, including to stock exchanges.
- Refrain (themselves or those acting under their direction) from directly or indirectly taking any action to fraudulently influence, coerce, manipulate, or mislead persons preparing the financial statements or to otherwise take any action directly or indirectly that would cause such financial statements to be materially incorrect or misleading.
- Ensure that the organization's accounts and reporting complies with Philips Accounting Principles, in all material respects.
- Give external and internal auditors of Philips full access to all information necessary to them to properly conduct any audit of Philips.

6. Ensure reliable internal controls

- Give due consideration to assessing the quality of business controls, including internal controls over Financial reporting, as well as to implementing control improvements.
- Take immediate action to resolve any control weaknesses that could materially affect the reliability of financial reporting and disclosures.

7. Maintain a proper professional competence level

- Ensure that their professional competences and skills are maintained at a level that is consistent with the responsibility of their job, with due observance of requirements from professional bodies regarding ongoing education.

8 Be accountable for adherence to the Financial Code

- Ensure that the rules of the Financial Code are imposed on their subordinates who are performing certain accounting or financial functions and that they are made fully aware of this obligation.
- Initiate management action if and when a (possible) violation of the rules of the Financial Code is noted within the own organization.

9 Reporting to the Compliance Officer

- Report to the Compliance Officer any conflict of interest that could reasonably be expected from any material transaction or relationship.
 - Report a breach of the Financial Code immediately to the Compliance Officer or the Chief Legal Officer.
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Compliance, Disclosure and Amendments

Confirmation of compliance

All employees belonging to the Target Group must adhere to the Financial Code. The Compliance Officer FC will inform the Senior (Financial) Officers of being a member of the Target Group. Other employees belonging to the Target Group will be informed by his or her superior. At the end of each year, the Senior (Financial) Officers shall confirm in writing that the Financial Code has been adhered to during the current year, and that any breaches they are aware of have been promptly and duly reported. At the end of each year, the Compliance Officer FC will initiate the confirmation by the Senior (Financial) Officers. Other employees belonging to the Target Group may be requested by a superior to confirm adherence to the Financial Code as well. The Senior (Financial) Officers will be responsible for preparing a list of the employees that must confirm adherence to the Financial Code.

Enforcement of non-compliance

Any person who has knowledge of a breach of the Financial Code shall immediately report such breach to the Compliance Officer or the Chief Legal Officer. Any breach of the Financial Code that has been reported will be investigated by Internal Audit, Corporate Security or, if deemed necessary by the Compliance Officer, an external party (e.g., the external auditor). If the conclusion is reached that an infringement has been made by an employee, a decision about disciplinary action will be taken, up to and including dismissal or, in the event of criminal or other serious violations of law, notification of the SEC or other appropriate law enforcement authorities.

Compliance Officers

The relevant General Business Principles compliance officers will report periodically to the Chairman of the General Business Principles Review Committee. Important issues will be reported promptly. The Compliance Officer FC shall report on a quarterly basis to the Audit Committee of the Supervisory Board and the General Business Principles Review Committee. Important issues will be reported promptly.

Whistleblower protection

Any person who in good faith reports a breach by another employee of the Financial Code will be protected from retaliation by his or her superiors and the Company. Complaints may be submitted on an anonymous basis.

Disclosure

In accordance with the regulations of the Security and Exchange Commission, any waiver, including an implicit waiver, from a provision of the Financial Code granted to a Senior (Financial) Officer will be disclosed in accordance with the requirements of the SEC. Waivers granted to other employees belonging to the Target Group will not be disclosed unless otherwise required by applicable law.

Amendment procedure

Any amendment to the Preamble or the Financial Code needs prior approval from the Finance Policy Board and the Board of Management and shall be communicated by a Finance Instruction. Any change in or waiver of the Financial Code will be reported in the annual report (Form 20-F) and/or on the Philips website.
