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## Supply Management Code of Ethics

The Supply Management Code is a code that applies to all employees involved in the purchasing process within Philips. The Supply Management Code is as a supporting policy, an integral part of the Philips General Business Principles. In addition to full compliance with the Philips General Business Principles, all affected employees 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 allowing one's independent judgment to be subordinated. Provide information that is true and not designed to mislead.
- 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; including documenting obtained discounts in a proper form.

### 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.
- The acceptance of gifts or personal favors of commercial value is not acceptable, which includes invitations to sporting or social events. It is to be made clear to third parties that personal favors can only influence the business relationship negatively and that business decisions are based solely on benefits to the Company and not on considerations of past or future personal gain. When refusing a gift would be discourteous, the gift must be promptly turned over to the compliance officer. Philips usually donates such gifts to charitable institutions. Any doubts in a given situation, should be discussed with management or the compliance officer.



- In case of conflict, the case will be decided by the Product Division CPO or the Philips General Purchasing CEO, and confirmed in writing prior to acceptance.

### 3. Comply with applicable governmental laws, rules and regulations

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

### 4. Follow a fair process to select suppliers and award business to suppliers

- Support the principle of fair competition as a basis for selecting suppliers and awarding business to suppliers.
- While considering the advantages to Philips of maintaining a continuing relationship with a supplier, avoid any arrangement that could, in the long term, prevent the effective cooperation of fair competition.
- Fully comply with the internal purchasing process of purchase requests and purchase orders when awarding business to a supplier. No purchase will be done without a purchase order.
- Not share information related to quotes from suppliers (including eAuctions) with any other supplier at any time.

### 5. Pay suppliers in line with Philips' rules

- Any payment for a company's product or service must be made to the company, not to an individual.
- Cash payments are not permitted; all payments should be made to a bank account designated in writing.
- Only make payments to the provider of goods or services received.

### 6. Select suppliers that comply with high ethical standards

- Select suppliers and award business to suppliers that are committed to act fairly and with integrity towards their stakeholders and that duly observe the applicable rules of the law of the countries they operate in.
- Terminate the relationship with suppliers that do not adhere to general Philips policies for suppliers, like the child labor and forced labor policies.

### 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.

### 8. Be accountable for adherence to the Supply Management Code

- Ensure that the rules of the Supply Management Code are imposed on their subordinates who are performing certain purchasing 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 Supply Management Code is noted within the own organization.

### 9. Reporting of violations

- Report to a superior any conflict of interest that could reasonably be expected from any material transaction or relationship.
  - Report a breach of the Supply Management Code immediately to the Chief Purchasing Officer or the Compliance Officer for the Philips General Business Principles.
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