

Simply Right



The Philips Ethics & Business Conduct Program

Please Note

The **Simply Right** book highlights ethical and business conduct guidelines for Philips employees in the United States, including employees of any affiliated companies. It is not intended to be an express or implied contract of employment , or a guarantee of benefits.

For further clarification or interpretation of ethics and compliance policies that may affect you at work speak to your supervisor, Human Resources, or Philips attorney.

You can write to:

Jonathan Glazier

Senior Legal Counsel

3000 Minuteman Road

Andover, MA 01910

If you want to make an ethics-related complaint or express a concern, please contact the “Philips Ethics Line” at 1-800-218-1818.

You can choose to report your complaint or concern anonymously, or identify yourself.



Purpose of the Program

The Purpose of the Philips Ethics and Business Conduct Program is to:

- Promote understanding of and adherence to the General Business Principles (GBP), and related policies.
- Promote understanding of and adherence to the Philips Code of Conduct for Interactions with United States Health Care Providers and Professionals (Philips HCP Code of Conduct) to ensure sustainable business growth with ethics and compliance.
- Provide an expeditious method to identify alleged acts of misconduct and to administer corrective action when violations occur.
- Establish a vehicle whereby employees are able to communicate concerns to a higher level within the company.
- Conduct business in strict compliance with applicable laws, including where appropriate federal health care program requirements, and according to company policies and guidelines.
- Reinforce our commitment to ethics, honesty and integrity.
- Continuously reinforce awareness of and commitment to the Ethics and Business Conduct Program and an ethical culture.

Take Action!

After reading this booklet, you must print, sign and submit the Philips Employee Ethics and Intellectual Property Agreement. Please submit the signed document by your first day of work at Philips.

If you are an employee in one of the following states, you must also print, sign and submit the Employee Invention Attachment: California, Delaware, Illinois, Kansas, Minnesota, North Carolina, Utah, Washington.

To access these documents and instructions on how to submit them, please refer to the *Getting Started at Philips* guide you received with your Philips job offer letter.

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Ethics—Simply Right

Our company stands for quality, innovation, leadership and integrity. At Philips, we take our commitment to ethical behavior seriously. We expect that same commitment from everyone who works here.

As Philips employees, we not only have the specific responsibilities of our jobs, but we also have the broader ethical obligations that we share as members of the Philips corporate family. The kind of company we are depends upon the kind of people we are and the way we work with each other.

Through the years, Philips has built a worldwide reputation for excellence in its people, its products and services. It's up to us to maintain that reputation. Philips is committed to producing and selling quality products that are safe for their intended use and that conform to all relevant laws, regulations and industry standards.

This booklet called "Simply Right" presents Philips' commitment to business ethics and compliance. The Philips business ethics and compliance program includes, without limitation, the following: General Business Principles (GBP), Philips HCP Code of Conduct, Financial Code of Ethics, Supply Management Code of Ethics, Whistleblower Policy, Philips Ethics Line and related ethics and compliance policies.

The Philips Ethics Line (1-800-218-1818) is available 24 hours a day, 7 days a week, 365 days a year for you to report any violations or suspected violations of Philips policies. You are protected against retaliation by the company if you file a good faith complaint regarding a violation or suspected violation of Philips policies. You also may remain anonymous when you use the Philips Ethics Line.

Our future as a company depends upon our reputation.

If you violate laws (including applicable federal health care program requirements) or Philips policies, you not only can be suspended or terminated from your job – you may also be subject to criminal and civil penalties, including prison time and fines for individual employees. Philips cannot shield its employees from these sanctions, and ignorance of the law and Philips policies is no excuse. In addition, Philips could face severe criminal and civil sanctions for its employees' actions.

Your eligibility for variable compensation is conditioned upon your continued ethical behavior. Management reserves the right to reduce or eliminate your variable compensation at its sole discretion if you fail to strictly adhere to the Company's ethics and compliance policies as reflected in, among other things, the Philips General Business Principles, this handbook, and the Philips HCP Code of Conduct, as well as applicable laws and regulations pertaining to health care such as but not limited to Medicare Fraud and Abuse laws, anti-kickback and anti-bribery laws, and the Sunshine Act reporting guidelines.

You are urged to read this handbook carefully, understand it completely, and agree to abide by its principles of ethical and business conduct.

**Philips
Ethics Line
1-800-218-1818**

However, no handbook can possibly cover every situation, and there can be gray areas between what seems right and wrong. You may face dilemmas that are not specifically covered here. When that happens, we expect you to be guided by the answers to these questions:

- Is it the right thing to do for Philips?
- Is it something I am willing to be held responsible for?
- Is it consistent with Philips' values and policies?
- Is it legal?

During your career at Philips, it is expected that you will help maintain the company's reputation for the highest ethical standards of professional and personal conduct.

SimplyRight and GBP

General Business Principles (GBP)

View the Philips GBP at <https://intranet.philips.com/Pages/General-Business-Principles.aspx>

SimplyRight encompasses the principles and standards that should guide our everyday decisions and actions.

SimplyRight incorporates the Philips General Business Principles (GBP) which are adopted globally by the Executive Committee of Royal Philips, our parent company, and approved by its Supervisory Board.

As a Philips employee, you are required to know, understand and abide by our Code of Business Conduct. At Philips, we value ethics, integrity and honesty. These principles are ingrained in the way we do business, and in the way we treat each other and the people we do business with every day. High standards of business conduct and ethical behavior also make good business sense. Our ability to attract customers, investors and the best employees depends on our reputation. Therefore, we are committed to strict observance of the law, including applicable federal health care program requirements, and the highest standards of business ethics in all of our relationships with individuals, governments, companies and other organizations.

Philips expects its employees to promote and maintain its longstanding ethical culture.

Since a company operates entirely through the people it employs, responsibility for ethical behavior rests with those who work for it and act in its name.

As a Philips employee, you are expected to live by the principles of fairness, honesty and truthfulness. You must be completely honest with customers, suppliers and associates, promising only what you can deliver and never misrepresenting the facts or shading the truth.

We expect our employees to comply with the law, both when acting on behalf of Philips and in their personal conduct. The laws in the various jurisdictions in which Philips operates are numerous and complex. In the gray areas not covered by specific laws, we expect employees to act in an ethical and fair manner at all times.

No policy statement or code of conduct could possibly cover every circumstance. Ultimately, we are all responsible for our own actions. Doing something we know is wrong because we were told to do it, or because we thought someone wanted us to do it, is never an excuse and is never justified.

Use good common sense and your own sense of decency, fair play and morality. If you have any doubts, ask yourself how you would react if your actions or your decisions were published in the newspaper, broadcast on television or posted on the internet. Ask how you would feel if you or other people lost their jobs because of your actions. If you still have doubts, remember that it is your responsibility to get clarification.

As Philips employees, we are expected to be:

- Ethical, honest and trustworthy in all our relationships.
- Reliable in carrying out assignments and responsibilities.
- Truthful, careful and accurate in what we say and write.
- Fair and considerate in our treatment of customers or anyone in contact with the company.
- Cooperative with management, co-workers, customers and vendors.
- Law-abiding in all of our activities.
- Conscientious in reporting violations or suspected violations of legal and ethical conduct.
- Committed to accomplishing all tasks in a superior way.
- Economic in using company resources solely for business purposes.
- Dedicated in serving our company and improving the quality of life at work.



How the Ethics Program Works

The Philips Ethics Program can only work if concerned employees come forward with questions, issues and concerns. Philips wants to know about any wrong-doing so that we can correct any problems. Remember that an employee is protected from retaliation from anyone at Philips if he or she comes forward with a good faith question, concern or issue. The Philips “No Retaliation” policy is contained in the Philips Whistleblower Policy.

Contact Information

Philips Ethics Line:

1-800-218-1818

If you have a question, concern or issue related to any aspect of the Philips Ethics and Business Conduct Program or any of its policies, you may want to discuss it first with your supervisor. If for some reason you do not feel comfortable discussing the matter with your supervisor, reach out to your Human Resources Manager or the Philips attorney assigned to your business, or your relevant Compliance Officer. Alternatively, you can call the **Philips Ethics Line at 1-800-218-1818** or file a report online at <https://secure.ethicspoint.eu/domain/media/en/gui/100518/index.html?nocache=20191118>

It is in Philips’ interest to correct any problem that any employee raises since Philips is committed to doing the right thing. The Ethics Office begins an investigation of each complaint as soon as appropriate. Any employee interviewed in any investigation has the obligation to tell the truth and not withhold any facts or evidence in the investigation. In the event an employee fails to tell the truth, withholds any facts or evidence or refuses to cooperate, the employee is subject to discipline, including, without limitation, suspension or termination of his or her employment. Philips considers an employee’s honesty in any investigation to be essential to the achievement of a fair and honest outcome.

The Ethics Officer reports to the Chief Legal Officer of Philips North America and is responsible for the oversight of the Ethics and Business Conduct Program, supervision of investigations and managing the Ethics Office.

Ethics and Compliance Training

Philips has developed a series of ethics and compliance e-learning courses covering such topics as the General Business Principles (GBP), Foreign Corrupt Practices Act (FCPA), Medicare Fraud and Abuse (MFA), Transparency (Sunshine Act), Privacy, Financial Integrity, Sarbanes Oxley (SOX) and Internal Business Controls, and Antitrust.

As a Philips employee, you are required to take these mandatory courses so that you are knowledgeable about your marketplace and your obligations as a Philips employee. Failure to complete assigned mandatory courses may subject a Philips employee to discipline including, without limitation, suspension and termination of employment.



Whistleblower Policy

Do not ignore ethical or legal problems. If you do, you put yourself and the company at risk. Philips Whistleblower Policy protects you from retaliation if you raise a concern in good faith. View the Whistleblower Policy at <https://intranet.philips.com/Pages/Philips-policies.aspx>

Philips encourages its employees to promptly report any actual or suspected violation of federal and state laws, regulations, GBP, Philips Code of Conduct for Interactions with U.S. Health Care Professionals or any other Philips policy. The Philips Whistleblower Policy protects any employee who raises a concern in good faith against retaliation by the company. You may call the Philips Ethics Line at 1-800-218-1818 on a 24 hours a day, 7 days a week, and 365 days a year basis. Employees have the option to remain anonymous or identify themselves by name.

Employment Practices

Philips strives to be a diverse and inclusive employer. At Philips, the term “diversity” symbolizes our recognition that our workplaces, marketplaces and communities are made up of individuals: men and women from different nations, cultures, ethnic groups, generations, backgrounds, skills, abilities and all the other unique characteristics that make each of us who we are. We can better understand our customers and better identify their needs when we have a diverse workforce that mirrors our worldwide customer base.

“Inclusion” symbolizes an environment where everyone can fully participate in creating business success, and where each person is valued for his or her distinctive talents (skills, experiences, perspectives, etc.). An inclusive working environment engages people, enhances decision-making and increases creativity and innovation in support of our vision and brand positioning.

Harassment based on a protected status is illegal and is a violation of company policy.

Philips obeys all legal requirements concerning employment, and follows the spirit of the laws as well. Some of these laws promote equal employment policies and programs, and prohibit discrimination of various types (race, sex, age, etc.). Other legal requirements relate to the hiring process or to the maintenance of certain employee protection programs, such as a drug-free workplace.

All employees are expected to know the laws and abide by company policy on Ethics and Business Conduct compliance. In particular, Philips will not tolerate any form of harassment, whether verbal, visual or physical, or any disparaging remarks, based upon age, race, color, religion, national origin, disability, veteran status, genetic predisposition, sex, sexual orientation, gender identity, or any other protected characteristic. Philips maintains a “Harassment-Free Workplace” policy which can be found on the GBP Policy page .

All complaints of harassment are promptly and thoroughly investigated, and remedial action is taken if a violation of policy is determined. For example, racist comments, circulation of sexually explicit materials or telling jokes that disparage certain nationalities can constitute harassment and are not tolerated. To the extent practicable, the investigation will be confidential, and generally, information obtained will only be disclosed to persons who have a legitimate need to know.

Equal Employment Opportunity

means that each individual is given a fair chance to compete for both management and non-management jobs. This means that all doors to all jobs are open to all qualified people.



Equal Opportunity

Philips is an Equal Opportunity Employer. Our policy is to provide equal employment and advancement opportunities to all employees and applicants for employment without regard to age, color, citizenship, disability or perceived disability, ethnicity, gender, gender identity or expression, genetic information, marital or domestic partner status, military or veteran status, national origin, pregnancy/childbirth, race, religion, sexual orientation, or any other category protected by federal, state and/or local laws.

We strive to make sure that compensation, benefits, promotions, transfers, layoffs and recall from layoffs are administered fairly without regard to age, color, citizenship, disability or perceived disability, ethnicity, gender, gender identity or expression, genetic information, marital or domestic partner status, military or veteran status, national origin, pregnancy/childbirth, race, religion, sexual orientation, or any other category protected by federal, state and/or local laws. The same standards apply to the administration of training, education, tuition assistance, recreational and all other Philips' programs.

Our company is subject to federal, state and local laws regarding discrimination in employment practices. We do not base our hiring, upgrading, compensation, promotion, transfer, demotion or termination decisions upon age, color, citizenship, disability or perceived disability, ethnicity, gender, gender identity or expression, genetic information, marital or domestic partner status, military or veteran status, national origin, pregnancy/childbirth, race, religion, sexual orientation, or any other category protected by federal, state and/or local laws.



Affirmative Action Program

Affirmative Action Plan goals should motivate managers and Human Resources administrators to review their hiring and promotion decisions in order to include people regardless of age, race, color, sex, national origin, disability, military status, or any other category protected by federal, state and/or local laws.

Equal Employment Opportunity is our policy. Affirmative Action Plans (AAPs) help activate that policy. As a condition of doing business with the U.S. Federal Government, Philips must prepare, in accordance with U.S. federal regulations, affirmative action plans (AAP). Fundamentally, Affirmative Action Programs are a management tool to ensure equal employment opportunity for women, minorities, disabled, and veterans.

Affirmative action planning ensures that the workforces of U.S. government contracting companies reflect the diversity where they recruit and work. An Affirmative Action Plan requires an in-depth analysis of a facility's work force compared to the population of the areas where the facility recruits its employees. Skills of the population are

analyzed, as are the specific requirements for the jobs, to determine that women, minorities, individuals with disabilities and veterans are fairly represented. The goal is to find the best and most skilled person for the job by broadening where and how recruiting is done.

Affirmative Action Plans are generated and reviewed annually. At that time, placement goals are established toward achieving the objective of employing minorities, women, individuals with disabilities and veterans in numbers that reflect the external labor areas. Affirmative Action Plan placement goals are not rigid, inflexible quotas. They are targets that are usually attainable by means of applying good faith efforts.

Philips has developed and implemented an auditing system that periodically measures the effectiveness of its total affirmative action program. Through this system, progress can be monitored and management is kept continuously informed.

Supervisors, managers and administrators are all responsible for helping the company fulfill its equal employment opportunity responsibilities by:

Managers and supervisors are required to know the laws, emphasize Philips' commitment to Equal Employment Opportunity, and help employees develop to their full poten-

- providing equal access to all available jobs, training, and promotional opportunities;
 - applying all policies and practices consistently to applicants and employees;
 - keeping accurate records so that the company can support hiring decisions objectively if a government official reviews then as part of an Affirmative Action Plan compliance review;
 - ensuring a workplace free of discrimination and harassment;
 - employing and retaining a diverse workforce;
- cooperating with Human Resources in addressing questions regarding their respective workforces;
 - conducting good faith efforts toward meeting affirmative action placement goals.

Philips is an equal opportunity and affirmative action employer Disability/Veteran
For further guidance see: [Equal Employment Opportunity/Affirmative Action Policy](#)
[EEO is the Law and Supplement Poster](#) | [Pay Transparency Nondiscrimination Statement](#)



Harassment Free Workplace

A core value of Philips is that all employees and individuals who do business with the company are able to function in a positive, productive environment that respects their dignity as human beings and is free of hostile, abusive, humiliating or intimidating behavior. Both the law and Philips prohibit sexual and protected-status harassment. Philips additionally prohibits all forms of harassment, whether or not based on a person's gender, race, religion or other status protected under federal, state or local law. All harassment violates company policy, because it creates an unprofessional and discourteous environment for others, even when the hostility is not based on a legally protected classification.

No employee shall be subjected to sexual harassment by anyone at work including by a co-worker, manager or third party. This includes unwelcome sexual advances, requests for sexual favors, sexual comments and other verbal or physical conduct of a sexual nature. Report any incidents of sexual harassment to your supervisor, Human Resources Department, or the Ethics Office. Retaliation against any employee for complaining about or reporting offensive conduct or for participating in an investigation of harassment violates this policy and is not tolerated. Where a violation of this policy is found to have occurred, the Company will take prompt, effective remedial action to ensure that the prohibited behavior stops.

The Equal Employment Opportunity Commission (EEOC) uses three criteria for determining when behavior constitutes sexual harassment:

- When submission to the conduct is either an explicit or implicit term or condition of employment.
- When submission to, or rejection of, such conduct is used as the basis for employment, promotion, salary or work assignments.
- When such conduct substantially interferes with a person's work performance, or creates an intimidating, hostile or offensive working environment.

On sexual harassment issues, the EEOC considers an employer responsible for the acts of its supervisors and agents regardless of whether the employer knew, or should have known, of their occurrence. Therefore, managers and supervisors must never ignore a complaint about sexual harassment, even if they consider it minor or frivolous. For further guidance, review the "Harassment-Free Workplace" policy on the Philips Portal. Go to <https://philipsit.service-now.com/hrportal>.

Any act of sexual harassment is a violation of the law and company policy, and it subjects the offender to serious disciplinary action, including suspension and termination of employment.

Disabilities

The law prohibits discrimination against “a qualified individual with a disability.” This applies to job applications, hiring, advancement, discharge, compensation, training, or other terms, conditions or privileges of employment.

A “qualified individual with a disability” under the Americans with Disabilities Act (ADA) means a person who, with or without reasonable accommodation, can perform the essential functions of the job. The company determines what those essential functions are, along with job descriptions. The law says that a person whose employment poses a direct threat to the health or safety of others is not qualified for the job if the danger to others cannot be eliminated by a reasonable accommodation.

We are required to make reasonable accommodations for the known physical or mental limitations of otherwise qualified people with a disability unless we can demonstrate that an accommodation would impose an undue hardship. If you would like to request a reasonable accommodation, you must fill out the “Employee Reasonable Accommodation Request Form” which can be located on the Philips Portal. Go to <https://philipsit.service-now.com/hrportal>. The ADA also prohibits the use of qualification standards, employment tests, or selection criteria that tend to screen out people with disabilities, unless the company can demonstrate that these procedures are related to the job.

In addition, the company is required under the Rehabilitation Act of 1973 (as amended) and the Uniformed Services Employment and Reemployment Rights Act to take affirmative action to employ and promote qualified individuals with disabilities, including disabled veterans.

Safe and Healthful Workplace

Philips aims to maintain a safe and healthful work environment for all its employees and visitors, and is committed to meet or exceed applicable occupational safety and health laws and regulations. Philips has an Occupational Health & Safety Policy that can be found on the Corporate Sustainability website at:
<https://intranet.philips.com/Pages/Sustainability.aspx>.



Safety and health are everyone's responsibility! Please report any unsafe or unhealthful condition immediately to your supervisor or manager.

In the US, the Occupational Safety and Health Act (OSHAct) is the primary federal law which governs occupational health and safety in the private sector and federal government. The Act created the Occupational Safety and Health Administration (OSHA), an agency of the Department of Labor. OSHA has the authority both to set and enforce workplace health and safety regulatory standards.

Philips truly cares about its employees and wishes to create a work environment that is conducive to employees achieving success in their jobs. Keeping the workplace safe and healthful is a must! Philips U.S. sites develop and implement programs to identify workplace risks and prevent accidents and occupational illness to the greatest extent feasible through engineering controls, work practices and training. Each Philips employee shares in the responsibility to create a safety and health culture by helping to prevent injury and illness on the job, adhering to all safety and health requirements, following on-the-job safety measures, wearing personal protective equipment as required and reporting accidents and near misses immediately to their supervisor.

Violence-Free Workplace

Under the Philips “Violence-Free Workplace” policy, threats, acts of violence and any conduct or behavior that endangers the safety of Philips employees and visitors or Philips property will not be tolerated.

Workplace violence can take many forms including, but not limited to, the following:

- Intimidating or threatening behavior or statements.
- Physical abuse or attack or threats of bodily harm.
- Harassment by any means including in-person, by telephone or electronically.
- Vandalism of company property or an employee’s or visitor’s property.
- Carrying weapons onto company property.

Possession of any weapons, such as firearms, explosives, or knives, and possession of any other potentially dangerous or hazardous objects or substances is strictly prohibited on all company property, including company vehicles and personal vehicles parked on company property. In addition, possession of a weapon while conducting company business off the premises is prohibited.

All employees are responsible to immediately report any threats, incidents of workplace violence, or prohibited conduct or behavior to their supervisor and/or Human Resources. All reports will be promptly investigated and, as appropriate, referred to responsible authorities.

Violations of this policy are serious and will result in disciplinary action, up to and including termination of employment.

To view the “Violence-Free Workplace” policy, please visit the Philips Portal. Go to <https://philipsit.service-now.com/hrportal>.



Philips is committed to maintaining a safe work environment and a violence-free workplace.



Drug Free Workplace

We consider it our duty to provide a drug-free, safe and secure workplace. It is illegal to manufacture, distribute, dispense, possess, or use an illegal drug in the workplace. An “illegal drug” is defined as any drug or controlled substance which is not legally obtainable under both federal and state law, including but not limited to recreational or medicinal marijuana, and/or any substances that are prohibited by state or federal regulations. Being under the influence of alcohol, illegal drugs or unauthorized substances while at work (including while driving a vehicle) is prohibited. Any violation of the Philips Drug-Free Workplace policy will result in disciplinary action, up to and including termination of employment.

Subject to the above restrictions on unauthorized substances, you may bring your own prescription drugs onto Philips property, but they must be kept in the original container. The container must show the name of the drug, dosage, prescription number, date, and the name of the prescribing physician.

You are also required to notify the company within five days if you are convicted of a criminal drug offense that occurred on or off company premises while you were conducting company business. This requirement is mandated by the Drug-Free Workplace Act.

We recognize drug or alcohol abuse as a health, safety and security danger. Employees with drug or alcohol problems are urged to get confidential help through the company’s Employee Assistance Program (EAP). Seeking help will not jeopardize your job, but failure to seek help may put your job in jeopardy.

Payroll Practices

It is the company's policy and practice to accurately compensate employees and to do so in compliance with all applicable state and federal laws. To ensure that you are paid properly for all time worked and that no improper deductions are made, you must correctly record all work time and review your paychecks promptly to identify and report all errors. The company makes every effort to ensure employees are paid correctly. Occasionally, however, mistakes can happen. When mistakes happen and are called to the company's attention, any necessary corrections will be promptly made.

Non-Exempt Employees

If you are eligible for overtime pay (non-exempt employees) or extra pay (including pay due under a collective bargaining agreement), you must maintain a record of the total hours you work each day. You must accurately record these hours in the appropriate Philips timekeeping system. Each employee must verify that the reported hours worked are complete and accurate. The system must accurately reflect all regular and overtime hours worked, any absences, late arrivals, early departures and meal breaks. At the end of each pay period, you should submit your time for verification and approval. When you receive each paycheck, please verify immediately that you were paid correctly for all regular and overtime hours worked each pay period.

You may not work any hours that are not authorized by your supervisor. Do not start work early, finish work late, work during a meal break or perform any other extra or overtime work unless you are authorized to do so and that time is properly recorded. Employees are prohibited from performing any "off-the-clock" work. "Off-the-clock" work means work you may perform but fail to report in the appropriate Philips timekeeping system.

Any employee who fails to report or inaccurately reports any hours worked will be subject to disciplinary action, up to and including termination of employment.

It is a violation of the company's policy for any employee to falsify time records or alter another employee's time records. It is also a serious violation of company policy for any employee or manager to instruct another employee to incorrectly or falsely report hours worked or alter another employee's time records to under- or over-report hours worked. If any manager or employee instructs you to (1) incorrectly or falsely under- or over-report your hours worked, or (2) alter another employee's time records to inaccurately or falsely report that employee's hours worked, you should report it immediately to the Human Resources Department, your supervisor, or the Philips Ethics Line.



Philips will not discharge or in any other manner discriminate against employees or applicants because they have inquired about, discussed, or disclosed their own pay or the pay of another employee or applicant. However, employees who have access to the compensation information of other employees or applicants as a part of their essential job functions cannot disclose the pay of other employees or applicants to individuals who do not otherwise have access to compensation information, unless the disclosure is (a) in response to a formal complaint or charge, (b) in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by Philips, or (c) consistent with the Philips' legal duty to furnish information.

Payroll Practices

Exempt Employees

If you are employed in a position classified as exempt, you will receive a base salary which is intended to compensate you for all hours you may work for the company. This base salary will be established at the time of hire or when you become employed in an exempt position. While it may be subject to review and modification from time to time, such as during annual salary review, the base salary will be a predetermined amount that will not be subject to deductions for variations in the quantity or quality of the work you perform. As an exempt employee, you are not eligible for overtime.

You will receive your full base salary for any work week in which work is performed. However, under federal and state law, your base salary may be subject to certain deductions. For example, except for a conflicting state law requirement, your base salary can be reduced for the following reasons:

- Full day absences for personal reasons, including vacation.
- Full day absences for sickness or disability.
- Full day disciplinary suspensions for infractions of safety rules of major significance (including those relating to the prevention of serious damage in the workplace or to other employees).
- Family and Medical Leave absences (either full or partial day absences).
- To offset amounts received as payment for jury or witness fees or as military pay.
- Unpaid disciplinary suspensions of one or more full days for infractions of workplace conduct rules set forth in written policies.
- The first or last week of employment in the event you work less than a full week.

Please note: While you may be required to use vacation, incidental or other forms of paid time off for full or partial day absences for personal reasons, sickness or disability, your salary will not be reduced for partial day absences if you do not have paid time off available to use.



Employment References

It is against company policy for any employee to provide any type of employment reference. This includes employment references on any social media, such as Facebook, LinkedIn, etc. Philips uses an outside company called The Work Number for employment verifications. If you are contacted by a third party and asked to provide a reference for any current or former Philips employee, you should refer the caller to The Work Number at www.theworknumber.com or 1-866-604-6572. The Work Number will only provide proof of employment, and in certain cases, income history. For more information, go to the Philips HR Portal at <https://philipsit.service-now.com/hrportal> or by clicking on the HR Portal shortcut from the Philips Intranet home page.

Solicitations and Distributions

Under the Philips “Solicitations and Distribution” policy, work time is for work. During work time, employees are prohibited from solicitation or distribution activities in all work areas. Work time does not include, for example, meal periods, scheduled breaks and time before or after regularly scheduled work hours. Work areas do not include, for example, break/lunch rooms. Off-duty or off-site employees are prohibited from solicitation or distribution activities in all work areas. Non-employees are prohibited from trespassing, solicitation or distribution at all times in all areas of the company’s premises. In addition, the company’s facilities may not be used for group meetings involving solicitations or distributions.

Company bulletin boards are for company use only to display official notices, governmental postings, and other important information for employees. Employees may not post or remove any materials from company bulletin boards. In some locations, but not all, a separate area or board may be designated for certain types of employee postings. Employees wishing to post or remove materials from such areas or boards must first obtain company approval. Employees should not use company assets, like laptops or company email, to perform non-approved solicitation or distribution activities.

Occasionally Philips may authorize and initiate support of charitable, political or community service activities. In these cases, employee participation is strictly on a voluntary basis.

To review the “Solicitations and Distributions” policy, please visit the HR Philips Portal. Go to <https://philipsit.service-now.com/hrportal>

Gifts, Meals and Entertainment

General Policy

The fair, ethical and lawful business practices that apply to our dealings with customers apply equally to our dealings with all vendors and suppliers. All discretionary decisions made on behalf of the company must be made on the basis of competitive factors such as quality, price, delivery and service.

Neither you nor any immediate family member should solicit or accept any compensation worth more than token value, or anything that is more than an ordinary business courtesy, from current or potential customers or suppliers. Nor should you or any immediate family member provide any compensation worth more than token value, or anything that is more than an ordinary business courtesy, to current or potential customers or suppliers. When customer practice allows deviation from policy, Philips employees must obtain prior approval.

These rules apply to gifts, entertainment, meals, tickets, passes and promotional items. This includes favors and considerations you would not usually submit under normal expense-account procedures. Never accept anything from or provide anything to a customer or a supplier that could or might appear to influence your or their judgment. Kickbacks are morally wrong and legally criminal, even in the guise of “fees” or “commissions.” The price for accepting them is high: termination of employment and possible criminal prosecution. Other forms of favors are also unacceptable. Entertainment, trips and free services for you or your family are just as objectionable, and the consequences for accepting them are just as serious.

Prohibition on Gifts, Entertainment and Recreation to Healthcare Providers

The Philips Code of Conduct for Interactions with U.S. Health Care Providers prohibits gifts, entertainment and recreation to U.S. Healthcare Providers from any Philips business sector. For additional guidance on business courtesies and general interactions with U.S. Health Care Providers, please refer to the [Philips Code of Conduct for Interactions with U.S. Health Care Providers](#)

Prohibition on Giving Gifts to Employees of the U.S. Government

There are very strict federal government regulations prohibiting the giving of gifts to employees within the federal, state and local governments. In general, A government employee is prohibited from soliciting or accepting, either directly or indirectly, anything of monetary value from someone who has or is seeking to obtain government business. These rules cover employees of the U.S. Congress, the Executive Branch and the Judicial Branch of the U.S. Government, and includes employees of state and local governments as well. While there are limited exceptions to this rule, **Philips has adopted a ZERO tolerance policy and as such, Philips employees should not give any gift or item of value to a Government employee.**

These restrictions are applicable to all Philips employees on a global basis not just those employees registered to lobby on behalf of Philips. It is important to note that you can go to federal prison and be fined for violations of these laws. If you have any questions or concerns, contact your company lawyer.

When dealing with Government employees, rules under Government & Military Contracts apply.

Conflicts of Interest

Conflicts of interest are serious matters. When you sign the “Philips Employee Ethics and Intellectual Property Agreement” (Agreement), Philips obligates you to disclose any conflicts of interest you may have. A conflict of interest is a situation that may be adverse to or may not be consistent with Philips business interests.

Here are some examples of some prohibited conflicts of interest:

- Philips employee taking a second job with a customer, competitor, client, vendor, or other company with a business relationship with Philips (“moonlighting”)
- Philips employee obtaining a paid job for a relative, friend, or otherwise from a customer, client, competitor, vendor or other company with a business relationship with Philips
- Philips employee owning or having an ownership interest in a Philips competitor or owning or working for a Philips supplier, consultant, or subcontractor
- Philips employee acting as a director, officer, employee or otherwise for a Philips competitor, supplier, consultant or subcontractor
- Philips employee’s development of a product or service that competes with Philips in any manner.

The above examples are for illustrative purposes only and are not all inclusive. Conflicts of interest can occur in many situations and scenarios. A Philips employee’s responsibility is to be fully dedicated to his or her job and not to allow a personal situation to affect his/her duty of loyalty to Philips. A Philips employee has the continuing obligation during employment to disclose any potential conflict of interest in writing to his or her manager and to the Ethics Officer for disposition. Remember even the “appearance of impropriety” or wrong-doing in a conflict of interest situation could damage Philips’ brand and reputation.

Financial Interest

Neither you nor an immediate family member should have a financial interest in any outside company or activity if the interest could influence or appear to influence your actions or conflicts with Philips interests.

Neither you nor an immediate family member should have a financial interest in any outside company or activity if the interest could influence, or seem to influence, your actions or conflicts with Philips’ interests. This includes having a financial interest in our competitors, suppliers of products and services, and/or customers. Financial interest exists when you and/or a member of your family own or control part or all of the business or property of the person or company, or have a financial stake in its performance. Your interest might stem from your role as an employee, agent, representative, officer, director, consultant, creditor or debtor. You should not buy, lease, rent or otherwise acquire for Philips any products, services or supplies from those with whom you have a financial interest, without prior written approval from appropriate authority.

If you have or think you might have a conflict of interest, or if you have a question, discuss it with your supervisor or contact the Philips Ethics Office.



When Does a Conflict Arise

Here are some of the issues that are considered in determining if a financial interest constitutes conflict:

- Your job. Do you influence decisions involving Philips' purchase of goods or services?
- The dollar amount of the investment or interest. An investment or ownership of less than 1% of a class of securities issued by a publicly owned corporation would not usually constitute financial interest. The securities must be listed on a recognized stock exchange or traded over the counter.
- The importance of the investment or financial interest to you.
- The nature and extent of the relationship between Philips and the person or company in which you have the interest.
- When the investment or financial interest was acquired, and how it was acquired.

The following interests do NOT violate Philips policies:

- Ownership in a public utility that supplies gas, electricity, water, telephone or transportation service to Philips, as long as no other source is available to provide the service.
- Personal financial transactions with a commercial bank, savings bank or mutual insurance company that does business with Philips.

Fair Competition Guidelines

Adherence to antitrust laws and trade regulations is of significant importance to Philips and we are committed to being in full compliance. As part of the General Business Principles, Philips supports the principle of free market competition as a basis for conducting its business and observes applicable antitrust laws and trade regulations. The [Antitrust Policy](#) and the [Antitrust No-Contact Policy](#) provide the key antitrust principles which all Philips personnel must understand and comply with. The full text of these policies is available on the Philips intranet at:

<https://intranet.philips.com/Pages/Antitrust-policy-and-antitrust-no-contact-policy.aspx>

Do not take any materials or information from a former employer and distribute or use them at Philips.

Non-compliance may expose Philips and individual employees to both criminal and civil sanctions, including severe penalties and far-reaching investigation and discovery procedures, which seriously disrupt daily business, both in terms of time and costs. Antitrust authorities and courts can impose very heavy fines and imprisonment of persons responsible for the violation. In addition, private plaintiffs may claim damages of up to three times the amount of actual damages.

In addition to Antitrust laws, there are broad trade regulations which prohibit unfair methods of competition, and unfair or deceptive trade practices. Do not disparage or make false statements or misrepresentations about products or services of competitors, customers or suppliers. We obtain information about our competitors in a fair manner. We do not make use of confidential information disclosed to us by a third party if we suspect that the discloser is violating an obligation of antitrust law or confidentiality. Employees must not take information from former employers and distribute or use it at Philips. Never use phrases such as “we will dominate” or “we will destroy” the competition in e-mails or other communications.

Dealing with competitors

Philips has a No-Contact Policy with respect to competitors. This means that Philips employees should avoid contacts with competitors, unless there is clear justification for such contacts that is in line with antitrust law. This is because contacts with competitors can easily lead to violations of antitrust law. However, some contacts with competitors can be pro-competitive so the No-contact Policy contains exceptions outlined below. Philips employees must ensure that any contact they have with competitors is consistent with the No-contact Policy. Any contact with competitors must not involve anti-competitive agreements or the exchange of proprietary information such as costs, pricing, production plans, bids, or other competitively sensitive information.

For more information, please refer to the anti-trust section of the corporate legal department’s intranet site at <https://intranet.philips.com/Pages/Antitrust-laws-and-rules.aspx>.

In general, Philips employees should refrain from contact with competitors. However, the following exceptions apply:

- Attending trade shows to the extent contacts are confined to social or general industry issues.
- Participation in trade associations.
- Contacts that take place in the context of a joint venture, supply/distribution relationship or licensing negotiations with competitors, provided that such actions have been confirmed to be in line with antitrust law by the responsible Philips lawyer.
- Contacts that place in the context of a standardization or patent pool initiative that has been confirmed to be in line with antitrust law by the responsible Philips lawyer.
- Other contacts that have been authorized by the responsible Philips lawyer.

Fair Competition Guidelines

To Protect Yourself and Philips From Possible Anti-trust or Fair Competition Violations With CUSTOMERS:

- Philips does not limit the freedom of resellers to determine the prices at which they resell our products (resale price maintenance). Therefore, Philips employees shall not take any action that directly or indirectly limits the freedom of resellers to determine their prices.
- Do not take action against a dealer for cutting prices.
- Do not try to promote price uniformity among customers (however, you may provide comparative price analysis of competing non-Philips products).
- Do not restrict the ability of dealers to resell to certain customer groups or to certain channels unless approved by the responsible Philips lawyer.
- Do not require customers to purchase one product in order to receive another product.
- Do not discriminate in prices, promotional allowances or services to customers unless you have legal justification approved by the responsible Philips lawyer.

Government and Military Contracts

Doing business with the U.S. Government including the Department of Health and Human Services, the Department of Defense and all other federal agencies (such as the Labor Department, Environmental Protection Agency, Internal Revenue Service, Federal Communications Commission and Commerce Department) is very different from doing business elsewhere. There are special laws, regulations, and compliance-related rules that cover subjects like Procurement Integrity, Buy America and Trade Agreement Act compliance, Organizational Conflicts of Interests, Accounting Practices and Billing, and Time Charging and Reporting.

We must adhere to these rules and others to ensure that our dealings with the Government are conducted in a compliant and ethical manner. Noncompliance with the Government's requirements may result in sanctions. These sanctions include civil and criminal penalties to include suspension and debarment where the Government can stop conducting business with Philips for three or more years.

Let's review a few of the differences:

Take business courtesies for example. A government employee is prohibited from soliciting or accepting, either directly or indirectly, anything of monetary value from someone who has or is seeking to obtain government business. While there are limited exceptions to this rule, **Philips has adopted a ZERO tolerance policy and as such, Philips employees should not give any gift or item of value to a Government employee.**

You also need to know the following:

- It is a criminal violation – a felony – to make a false claim or false statement to the Government. Violations of this and other laws can subject Philips and/or its employees to legal action and may prevent Philips from doing business with the Government. We often are required to certify compliance with various laws, regulations or contractual provisions. Submitting such certifications without first verifying their accuracy is improper and a violation of this law.

- Supplying a product to a Government purchaser or subcontractor that is different from the one specified on the requirements could get you and Philips in trouble. For example, using a grade or brand of material contrary to that specifically required by the contract is illegal, unless first authorized in writing by the Government customer. Selling products produced without first complying with all the Government-required manufacturing testing and quality control procedures can result in substantial fines, penalties, and possibly jail sentences. Failure to conduct the appropriate tests, or manipulation of test procedures or data, will not be tolerated.
- Immediately report any government overpayment. Failure to do so could result in criminal penalties and suspension or debarment.
- Laws and regulations limit both discussions about employment and the work that can be done by current or former Government employees and military officers.
- Do not obtain Government information improperly or illegally. For example, Government documents marked "For Official use only" are off limits. It also is illegal to obtain Government source selection information before the award of the procurement to which it applies, and competitors' proprietary information. If you receive any such documents, report it.
- Protect all Government data as required by the agency's rules and regulations. In addition, you must report any improper use or disclosure of Government classified information.
- Doing business with foreign governments is also subject to strict rules. Under the Foreign Corrupt Practices Act, you are prohibited from offering, paying, promising to pay money or give anything of value, directly or indirectly, to officials of any foreign government, candidates for foreign political office, or foreign political parties or party officials for the purpose of obtaining, retaining or directing business. Furthermore, U.S. law prohibits companies from participating in or supporting international economic boycotts that are not sanctioned by the U.S. Government.

If you have any questions or concerns, contact your company lawyer.

International Business Transactions

The U.S. Government has a lot to say about what leaves and arrives at its shores. Not all goods, technologies or services can be sold freely to just any customer or shipped to just any country in the world.

The Government has established a complex system to control or prohibit the export of goods or technology from the United States for strategic or other reasons. Often, compliance with these laws and regulations requires an export license. This applies to many products that Philips makes and to products we buy from others. Regulations also forbid exporting, importing or re-exporting products to or from certain countries, such as Cuba and Iran. Employee travel to certain countries, like Cuba, is strictly regulated.

Export and import controls are very important. If we fail to comply, our export or import privileges could be suspended or denied. In addition, Philips and you personally could face criminal and civil penalties and fines.

Besides the export restrictions, companies doing business in the United States are bound by other rules too. Employees cannot participate in a restrictive trade practice or support a boycott against a country friendly to the United States, or against any person or firm in the United States. There are also strict regulations regarding the hiring of foreign nationals.

If we fail to comply with these regulations, our export privileges could be suspended or denied, and Philips and you personally could face criminal and civil penalties and fines.

In general, export regulations apply to transactions that involve:

- The sale of goods to a foreign country.
- The sale or licensing of technology or software to a foreign country.
- The transportation of a demonstration product to a foreign country.
- The knowledge that technology will be shipped or transmitted to a foreign destination. (For example, a visit by foreign delegations or participation in a foreign trade show may be considered as export of technical data.)
- The knowledge that goods or technology will be exported by a U.S. purchaser or re-exported by a foreign purchaser (for example, from the Netherlands to Cuba). These regulations apply not only to the first export from the United States, but also to the subsequent re-export from one foreign destination to another.
- The movement of controlled data or goods across the U.S. border, whether by phone, facsimile, e-mail, or in a briefcase or luggage, for the purpose of participating in the meeting abroad. This is an example of actions requiring the advice of your Export Control Officer.
- The importation of goods originating in an embargoed country such as Cuba (for example, Cuban cigars). In addition, remember that it is improper and illegal to provide gratuities and payments to foreign government officials to enhance business opportunities.

The regulations also control the export of products manufactured outside the United States by affiliates of U.S.-based companies and technology originating from foreign subsidiaries of a U.S.-parent company.

To comply with all this, Philips operates a global export control system. Each unit of Philips in the U.S. has an Export Control Officer to ensure that projects comply with all export laws and regulations. If you have questions or concerns contact your Export Control Officer or company lawyer.

Accounting and Financial Records

Our accounting and financial records must fairly and accurately reflect our business activities. The accuracy and reliability of our records, reports and financial statements goes to the heart of the company's creditability and integrity. False, misleading or inaccurate financial records can severely damage the company's reputation with all of its stakeholders – investors, creditors, customers, auditors, employees and business partners.

Those who rely on our records and reports – our managers, investors, creditors, customers, auditors and others – must have truthful and complete information. The integrity of our company is at stake.

If you prepare any type of accounting or financial records, you must make sure you can vouch for its accuracy and integrity. If you certify the accuracy of such information, you must make thorough inquiries and reviews as necessary to establish a good-faith belief in it. If you are the custodian of company data, records and reports, make sure that they are properly protected and used only for their intended purposes. Maintain the confidentiality of proprietary information acquired in the course of your work and do not disclose such information unless you are properly authorized or obligated to do so.

Financial records must be accurately and completely prepared and reviewed, whether intended for internal or external use. This includes inventory, expense accounts, budgets, business plans, vouchers, bills, payroll and service records.

All accounting and financial records must be prepared in accordance with the Philips IFRS Accounting Manual and, in all material respects, provide full, fair, accurate, timely and understandable financial information

and disclosures. No false or misleading entries may be made in any Philips books or records for any reason. No employee may directly or indirectly take 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.

- All funds or assets must be clearly disclosed.
- No funds or assets can be maintained for any illegal or unethical purpose.
- No payments or gifts are to be made or received on behalf of the company for any purpose other than that described in the company's supporting documents and records.
- Costs must be fairly and accurately described and recorded.

If you see behavior that raises ethical concerns or if you have a question or concern about compliance with accounting and reporting standards, discuss it with your manager or your GBP Compliance Officer, call the Philips Ethics Line.

As a Philips employee, you must never stretch accounting principles or remain silent to protect someone who may be violating accounting principles or internal business controls, even if it is your manager or supervisor. You have an obligation to report a problem or concern.

Sarbanes Oxley (SOX) & Internal Business Controls

The Sarbanes-Oxley Act (SOX) came into force in 2002 and introduced major changes to the regulation of corporate governance and financial reporting. SOX is intended to ensure the reliability of publicly reported financial information. SOX established reforms to enhance corporate responsibility, enhance financial disclosures and combat corporate and accounting fraud. SOX compliance requires adherence to a systematic approach to recording and reporting business activity which is embodied in our internal business controls. Internal business controls are not just for finance and accounting employees, they are every employee's responsibility.

It is important to understand that internal business controls are not just for finance and accounting employees. Internal business controls are every employee's responsibility.

Philips has a robust set of internal business controls to ensure accuracy of its financial reporting and transparency in its business. Internal business controls range from a simple time sheet to financial statements and everything in between. Every employee has internal business controls that we work with every day. Acting with integrity is at the core of Philips' culture and its business systems. Each employee must be committed to ethical behavior in our daily business, including:

- Never make false or misleading entries or omit important information, whether you are reviewing and approving reports or preparing them.
- Fairly represent the nature of every transaction and the purpose of any payment.
- Act responsibly when spending company money and accurately report expenditures, including travel, gifts, meals and entertainment expenses.

- Follow accounting rules and controls described in the Philips accounting and audit manuals.

The pressure to meet budgets, business plans and performance objectives can challenge our commitment to act with integrity and create an environment which fosters a temptation to compromise our ethics and stretch accounting principles. Managers must set realistic budgets, plans and objectives and all employees must feel free to challenge or report questionable business conduct. If you see behavior that raises ethical concerns or if you have a question or concern about compliance with internal business controls, discuss it with your manager or your GBP Compliance Officer, contact the Philips Ethics Line.



Confidentiality

We are all responsible for safeguarding the company's confidential and proprietary information, intellectual property and trade secrets.



The company will respond to the news media, as appropriate, in a timely and professional manner *only* through the Philips Corporate Communications Department.

Information and ideas that are valuable to Philips are valuable to the outside world too. We are all responsible for safeguarding the company's business secrets and proprietary information, intellectual property and trade secrets. Business secrets and proprietary information is information that gives the company a competitive advantage and is not generally known by outside individuals. This includes data about research, operations, products, projects, plans, strategies, manufacturing, marketing, finances, customers, consumers, suppliers, business partners and any other third parties associated with Philips.

Accidental disclosure (perhaps overheard by strangers in casual conversations in restaurants, airplanes, trains, and elevators) can be as damaging to Philips as the deliberate leaking of information. So always be careful when you discuss Philips business. However, nothing in this policy is intended to restrict your rights under any federal, state or local employment law.

As an employee of Philips, you may be exposed to Philips' business secrets and proprietary information and it is part of your role at Philips to treat this information confidentially and to protect it from any unauthorized disclosure or misuse. It is unethical and illegal for you to use Philips information for personal gain. Limit the distribution of proprietary or sensitive material to those who must know about it within Philips and our business partners.

It is unethical and may also be illegal to receive and use confidential and proprietary information from other companies. For example, when new employees are hired, they should not bring with them confidential and/or proprietary information belonging to their prior employer, nor should such information be used while at Philips. In addition, during the course of dealing with third parties outside of Philips, including customers and suppliers, you may be exposed to confidential or proprietary information about those companies; it is important to treat this information confidentially. This information should be treated in the same manner in which you treat Philips confidential information.

From time to time, the courts or other government bodies may require access to confidential and proprietary information including information disclosed through interviews with employees. If you are called, asked or subpoenaed for information, you are strongly encouraged to contact the Philips Legal department immediately and avoid discussing any company business or any litigation with anyone before consulting with a Philips lawyer.

Tell your supervisor immediately if a reporter, lawyer or any stranger asks for information about Philips or its businesses.

Inside Information

“Inside information” is information relating to a publicly traded company (whether Philips or another public company) which is material and non-public. “Material” information is generally defined as information which, if disclosed, (i) is likely to have an effect on the price of the issuer’s securities, or (ii) is likely to be considered important by a reasonable investor in making his or her investment decision.

Trading stock based upon inside information in violation of the securities laws exposes both Philips and the individual employee to civil and criminal sanctions. Insider trading generally refers to buying or selling a security, in breach of a fiduciary duty or other relationship of trust and confidence, while in possession of material, nonpublic information about the security. Insider trading violations also includes passing inside information along to another person (commonly called "tipping") who trades in the securities.

“Inside information” is information relating to a publicly traded company (whether Philips or another public company) which is material and non-public. “Material” information is generally defined as information which, if disclosed, (i) is likely to have an effect on the price of the issuer’s securities, or (ii) is likely to be considered important by a reasonable investor in making his or her investment decision. Material information can be positive or negative and can relate to virtually any aspect of the company’s business.

Employees who have inside information relating to Philips are prohibited from trading in Philips securities or disclosing such information to third parties other than disclosures on a need to know basis in the course of performing their job duties. Additionally, if you are working on a project (such as an acquisition, divestiture or material contract) and you obtain non-public information that is material to a third party, you are prohibited from trading in the securities of that third party company or disclosing such information to other persons except for disclosures on a need to know basis in the course of performing your job duties.

Additional information regarding Philips’ Rules of Conduct Regarding Inside Information may be found at: <https://intranet.philips.com/Pages/Philips-policies.aspx>

Electronic Communication and Information Systems

Philips electronic mail (e-mail), electronic voice mail (phone), and inter/intranet systems are company assets and should be used for Philips business purposes only. Users are encouraged to utilize the intranet, internet, messaging environment and social media (Facebook, LinkedIn, Twitter, blogging etc.) to assist them in the performance of their job and to facilitate and support a Philips business purpose, communications and transactions of Philips. Access to the internet may be used on an incidental and occasional basis for personal, non-business purposes. Such personal use requires that users act responsibly and that such use does not interfere with their job performance.

Employee personal use of social media should never use the name, trademarks, logos, copyright-protected material, business secrets or proprietary information of Philips for commercial purposes. Unless your role involves the use of social media platforms on behalf of Philips, employees may not discuss sensitive or proprietary information related to Philips, its customers or business partners. Access to the internet is not allowed for business or profit-making activities that are external to Philips.

The use of e-mail, the intranet, internet and social media should always be appropriate and consistent with Philips' general policies, practices and standards. When using email, the intranet, internet and social media, all applicable laws and regulations must be complied with. Failure to comply is likely to result in disciplinary action. Regulations apply to both Philips' intranet and internet usage through Philips facilities.

Employees cannot use Philips e-mail, intranet, internet or social media in any way that is illegal or might violate Philips policies, practice or standards such as:

- Deliberately accessing, creating, displaying, transmitting, soliciting, printing, downloading or otherwise disseminating messages, information or material that is or could be perceived as fraudulent, pornographic, discriminatory, sexually-oriented, obscene, harassing or otherwise unlawful.
- Deliberately copying, reproducing, transmitting, distributing, posting or otherwise disseminating or using materials in violation of intellectual property laws.
- Using these resources for personal gain (e.g. through on-line gambling or non- Philips business activities).
- Knowingly sending unsolicited e-mails, such as product promotions to individual consumers, unless they opted-in to such communications .

Regulations apply to both Philips' intranet and internet usages through Philips facilities and systems. Employees cannot use Philips' e-mail, intranet, the internet or social media in any way that may interrupt its efficient and effective operation or compromise the security of Philips' or a Third Party, such as:

- Purposely circumventing security measures to gain unauthorized access to systems or data, whether that of Philips or a Third Party.
- Purposely compromising any computer system, whether that of Philips or a Third Party (e.g. through hacking).
- Using information from the intranet or the internet for "spamming," the practice of sending unsolicited and unwanted electronic communications to individual consumers.
- Transferring information that identifies an individual via an unsecured or an unencrypted method, such as unsecured email or file transfer services.

Electronic Communication and Information Systems

Philips electronic mail (e-mail), electronic voice mail (phone), and inter/intranet systems are company assets and should be used for Philips business purposes only.



It is a violation of company policy (and is illegal in some states) for any employee to tape or video record any conversation or other interaction with another person on company premises or on company business unless that other person has given full and voluntary written consent to such recording. Violation of this policy will result in termination of employment. The purpose of this policy is to eliminate a chilling effect to the expression of views that may exist when one person is concerned that his or her conversation with another is being secretly recorded.

In order to protect its interests or when required by law or for any other purpose it deems necessary, Philips retains the right to access and disclose the information in these systems, including the contents of employees' e-mail and phone mail files and messages and other information stored electronically. Accordingly, employees should not have any expectation of privacy regarding the use of these systems and any information stored in these systems. Philips may also monitor social media usage in compliance with our policies meaning that any information employees create, transmit, download, exchange or discuss on any Philips social media may be accessed by Philips at any time without prior notice.

It is a violation of company policy for any employee, including system administrators (other than for system maintenance) and supervisors, to access certain information on the Philips network without the employee's knowledge, unless the person seeking access has obtained the prior written approval of the Ethics Officer, who may consult with legal counsel.

Copying Computer Software/Printed Materials

Copyright laws protect the original expression in, among other things, written materials, software, works of art and music, and prohibit their unauthorized duplication, distribution, display or performance. This means that you may not reproduce, distribute or alter copyrighted materials from books, trade journals, computer software or magazines, or play records, tapes, disks or videotapes, without the permission of the copyright owner or its authorized agents.

Copyright laws protect the original expression in, among other things, written materials, software, works of art and music, and prohibit their unauthorized duplication, distribution, display or performance.

Software used in connection with Philips business must be properly licensed and used only in accordance with that license. Using unlicensed software could constitute copyright infringement. You may not copy any company-acquired computer software program unless you are specifically authorized to do so under the license agreement.

As a general rule, only one computer per program is allowed. That means that you may use that one copy only on one machine. If someone in your office wants to copy it for his or her computer, that may be illegal under the terms of the license agreement. It may be a violation of our company policy on the use of intellectual property as well. We strictly observe all restrictions and conditions in software license agreements. Contact your IT department or your company lawyer if you have questions.

Illegal copying of software can result in criminal prosecution, civil fines and termination of your employment.

Copyrighted printed materials also are protected by law. Book and newsletter publishers are especially vigilant in prosecuting violators. Unless you obtain permission or your reproduction of the work comes under the Library of Congress Copyright Office "fair use" doctrine, do not photocopy copyrighted material.

Philips has a photocopy license agreement with the Copyright Clearance Center (CCC) that allows employees of Philips Electronics North America to photocopy for internal use portions of many printed materials, including educational, technical and industry publications. However, photocopying all or substantially all of a covered publication is not permitted. The covered publications are those listed in CCC's repertory for its Annual Authorizations Service. The repertory is available on CCC's site at <http://www.copyright.com>. Contact your company lawyer if you have any questions about photocopying publications or about the "fair use" doctrine.



Data and Physical Security

While there are certain security roles designated throughout Philips, the security of Philips' systems and the confidential and proprietary information of Philips and third parties, including our customers, suppliers and business partners is the responsibility of every employee. There are many steps of which employees must be aware in order to protect the resources and information under their control.

Laptops and other portable media (e.g., mobile phones, tablets, flash drives, memory cards) pose a significant risk to data security. A lost or stolen laptop can impact Philips' customers, suppliers and business partners, as well as Philips' employees. Good laptop and computer security practices are necessary to ensure that personal or sensitive data and Philips confidential information are protected. Employees are required to familiarize themselves and comply with Philips Laptop and Data Management Policy. In the event that your laptop or other portable media is ever lost or stolen, notify your supervisor and contact the IT helpdesk. It is also important to protect your systems via secure passwords and locks. Never share your passwords with any other person, including family and friends. Lock your laptops and other portable media whenever they are not being used, in order to prevent unauthorized access or misuse.

Items kept at one's desk and open work spaces (e.g. confidential files, documents, notes,) can also pose a significant risk to data security. Keep important papers locked up or otherwise secure. Keep letters and memos out of view. Pick up all print outs promptly from copiers or fax machines. Ensure that confidential documents and files that are no longer needed are securely destroyed either by shredding them, placing them in a shred bin or, in the case of electronic records, deleting the documents and files. Wipe "white boards" of all information at the end of meetings. Try to employ the "clean desk" approach, which will ensure that nothing is available to be seen or taken. If any information does need to remain in a public space, it is important to limit the information available whenever possible.

Physical security controls play an important role in protecting both Philips assets and your personal belongings while at work. If your worksite issues ID badges, they should be worn in plain view while on Philips premises. If your site utilizes ID badges for access control, make sure not to allow others to follow you (tailgate) into the building without scanning their badge as well. Become familiar with visitor registration and screening procedures, including any specific supply chain and export controls related to visitors, which must be followed.

Visit the Philips Security site in order to better understand what steps each employee should take to better secure Philips and Philips Data.

Privacy and Data Protection

Privacy and the protection of data that personally identifies individuals is taken very seriously at Philips. Philips processes the personal information of its employees, customers, suppliers, business partners and other third parties in the course of much of its business. Therefore, Philips has to comply with a variety of data protection and consumer protection laws. Misuse, security breaches, improper disclosure of personal information may damage our customer relationship; result in large fines from governmental bodies, claims against Philips and/or damage to the Philips brand.

Philips has established certain general principles on how Philips collects and processes personal information in order to ensure compliance with the global laws and regulations in place and better protect the personal information entrusted to Philips. The Philips Rules for Customer, Supplier and Business Partner Data sets more specific rules for the collection and processing of personal information of Philips' customers, suppliers and business partners, while the Philips Rules for Employee Data provides the rules related to employees' and employee beneficiaries' personal information.

It is everybody's responsibility in Philips to comply with the Philips Privacy Rules by doing the following:

- Seek out guidance from the appropriate Privacy Officer or Legal Counsel whenever questions arise related to privacy or protection of personal information.
- Observe applicable privacy and consumer protection laws (including anti-spam laws) as well as Philips privacy rules and security policies when collecting and using personal information in any manner, including storing, accessing or disclosing.
- Contact your Privacy Officer or the Privacy Compliance Officer to conduct a Privacy Impact Assessment before you start any new data collection, processes, use or disclosure, in order to help you assess the privacy risks.
- Promote awareness about privacy among your colleagues.

If your department processes personal information from customers, suppliers or business partners on a regular/daily basis, it is recommended that you obtain a tailored classroom privacy training from your Privacy Officer. Keep personal information confidential and secure and take the appropriate measures to protect personal information against loss and unauthorized access in accordance with Philips privacy and information security policies. Make sure you have the proper contractual safeguards whenever personal information is used or disclosed to third parties. Contact the Law Department for more information.

Contact the Philips North American Privacy Compliance Office with any questions or comments at privacy@philips.com or by visiting <https://intranet.philips.com/Pages/Privacy.aspx>

Politics

We believe in the right and the duty of our employees to participate in the democratic political process. Your participation of course must be within the law, on your own time and with your own money, not on company time, with Philips resources or on Philips property.

Opinions vary on many social, religious and political issues. Our employees represent many different points of view. We respect these differences among us. We also cherish our right in the U.S. to speak and to be heard as we express these differences without censorship, fear or intimidation in the free and open marketplace of ideas.

Sustainability

Definition of Sustainability

Sustainability is defined as meeting the needs of the present generation without compromising the ability of future generations to meet their own needs.

Our Vision

Philips is a technology company that strives to improve people's lives and make the world healthier and more sustainable through innovation.

Our Goal

Our Goal is to improve the lives of 3 billion people a year by 2025.

A Two-pronged Approach

Our approach to sustainability considers both the needs of the people (Healthy People) and the ecological capacity of the planet (Sustainable Planet). We strive to improve peoples' health and well-being while reducing the ecological impacts of our products, solutions and operations.

- **Healthy People** – We innovate to deliver products and solutions that improve people's health and well-being as well as invest resources to address social challenges and create healthy communities. Healthy People includes our initiatives to improve access to care, improve people's well-being and support society.
- **Sustainable Planet**– We invest in the development of green technologies and products, take action to reduce the ecological footprint of our operations and supply chain as well as strive for an injury and illness-free work environment. Sustainable Planet encompasses Green Innovation, Green Operations & Supplier Sustainability and Circular Economy initiatives.

Supporting Society

Philips is committed to supporting communities by investing our resources in programs that address some of the world's biggest social challenges. Our programs focus on disaster relief, community investment and social innovation.



The North America Philips Cares program is an example of community investment program that provides us with ways to work together to improve people's lives by helping to build healthy, sustainable communities that contribute to the success and well-being of future generations. The center of the program is the Philips Cares website where you can find volunteer opportunities, track your participation, suggest new opportunities, and read about how fellow colleagues are helping to improve lives in our communities.

For more information about the Philips Sustainability Program visit <https://intranet.philips.com/Pages/Sustainability.aspx>

Environmental Policy and Requirements

Philips is fully committed to abide by all environmental laws applicable to the locations in which it operates and fully cooperate with all government and non-government environmental organizations.

Philips maintains a Global Environmental Policy on the Corporate Sustainability Office website at <https://intranet.philips.com/Pages/Sustainability.aspx>. Philips Environmental Policy has been in existence since 1970 and is considered a cornerstone of Philips operations throughout the world. This Policy addresses both environmental requirements for Philips operations, such as pollution prevention to air, land and water, as well as environmental requirements for our products, aiming to minimize environmental impacts over their entire lifecycle.

First launched in 1998, Philips EcoVision Program, 4-year action targets and objectives, was based initially on environmental parameters and has since expanded to include both environmental and social aspects. Philips requires all locations with 50 or more employees engaged in manufacturing operations to establish and maintain an environmental management system.

In the U.S., the Environmental Protection Agency is the overriding federal government agency chartered to protect human health and the environment by writing and enforcing regulations. The agency conducts environmental assessment, research, and education. It has the responsibility of maintaining and enforcing national standards under a variety of environmental laws, in consultation with state, tribal, and local governments. It delegates some permitting, monitoring, and enforcement responsibility to U.S. states and federally recognized tribes. EPA enforcement powers include fines, sanctions, and other measures. The agency also works with industries and all levels of government in a wide variety of voluntary pollution prevention programs and energy conservation efforts.

Many statutes and thousands of regulations deal specifically with the environment and affect our operations. The most important statutes that the EPA enforces applicable to Philips operations include the Comprehensive Environmental Response, Compensation and Liability Act of 1980 or “Superfund”; the Resource Conservation and Recovery Act; the Clean Water Act; the Clean Air Act; the Toxic Substances Control Act; and the Emergency Planning and Community Right to Know Act. States and local municipalities have additional laws and regulations.

Liability for violations of environmental laws and regulations can be civil and/or criminal, and can be imposed on individual employees, as well as the company. For example, environmental laws impose liability on a generator of hazardous waste from cradle to grave, meaning the generator of the hazardous waste is responsible for the waste from the time it was created through its end-of life and disposal. All phases of hazardous waste generation and management are regulated. A plant that generates hazardous waste must analyze the waste, keep records about its volume, properly maintain its storage and document its ultimate end-of-life treatment or disposal. Releases or spills of hazardous substances into the environment must be reported to federal, state or local agencies under specific spill-reporting laws. Similarly, environmental laws impose requirements and liability for water pollution and air emissions. Permits may be required to discharge industrial wastewater or storm water to a local waste water treatment authority and to emit chemicals above a certain threshold to the air.

All employees are required to abide by all environmental laws and promote pollution prevention whenever possible. You should question any suspicious activity and report any violations or matters of environmental concern to your supervisor, the Philips Ethics Line, your business lawyer, or your Environmental, Health and Safety Coordinator.

Important Resources



Philips Ethics Line

Phone: 1-800-218-1818

Royal Philips Ethics Website

<https://secure.ethicspoint.eu/domain/media/en/gui/100518/phone.html>

Philips Code of Conduct for Interactions with U.S. Health Care Providers and Professionals

<https://intranet.philips.com/Pages/United-States-Ethics-and-Business-Conduct-Program.aspx>

Philips North America Privacy

<https://intranet.philips.com/Pages/Privacy.aspx>

Notes



Philips Employee Ethics and Intellectual Property Agreement

In consideration of my accepting or continuing at will employment at Philips Electronics North America Corporation or any of its divisions, subsidiaries or affiliates, (which will individually and collectively be called "the company") during such time as may be mutually agreeable, and in consideration of the salary or wages paid to me, I agree:

1. Not to use, publish or otherwise disclose (except as my job requires) either during or after my employment, any secret or confidential (proprietary) information or data of the company or its customers or any other third party received by the company in confidence.
2. Upon the termination of my employment, to deliver promptly to the company all written and other materials that relate to the business of the company or its affiliates including, without limitation, computers, laptops, hand-held computers and cell phones.
3. To disclose promptly, without further compensation, to the company or its nominee as its exclusive property, all those inventions and technical or business innovations (including works of authorship) developed or conceived by me alone or with others, while I am employed which:
 - (a) pertain to any line of the businesses, work or investigations of the company or affiliates, (b) pertain to any demonstrably anticipated business, re-research or development of the company or its affiliates, (c) are suggested by or result from work that I may do for the company, or (d) are aided by use of times, materials, facilities, patents, trade secrets, know-how, technology, confidential information, ideas, copyrights, trademarks, and service marks and any and all rights, applications and registrations relating to those of the company. *
4. To make and maintain for the company adequate and current written records of such inventions.
5. Without further compensation, I hereby assign to the company or its nominee as its exclusive property, all such inventions and technical or business innovations (including works of authorship) developed or conceived by me alone or with others, while I am employed which: (a) pertain to any line of the businesses, work or investigations of the company or affiliates, (b) pertain to any demonstrably anticipated business, research or development of the company or its affiliates, (c) are suggested by or result from work that I may do for the company, or (d) are aided by use of times, materials, facilities, patents, trade secrets, know-how, technology, confidential information, ideas, copyrights, trademarks, and service marks and any and all rights, applications and registrations relating to those of the company. In furtherance of such assignment, I shall perform all reasonable acts (such as execution of all necessary papers) and otherwise provide proper assistance (at the company's expense) during and subsequent to my employment to enable the company to obtain for itself or its nominees patents, copyrights or other legal protection for such inventions or innovations in any and all countries.
6. Not to disclose or utilize in my work any proprietary information of others (including that of any prior employers) or any inventions or innovations of my own which are not included within the scope of this agreement.

I have read and I understand the "Simply Right" Ethics & Business Conduct booklet. In consideration of my continuing at will employment with Philips, I agree to abide by ethical, compliance and legal principles of the company as set forth in the booklet. I understand that my failure to do so may result in discipline, including, without limitation, suspension and termination.

This agreement supersedes, replaces, and governs any similar agreement executed by me. This agreement may not be modified, amended or terminated, in whole or in part, except in written agreement signed by an authorized representative of the company.

I certify that to the best of my knowledge and belief I am not a party to any agreement or subject a conflict of interest (including outside business interests or other employment) that will interfere with my job at Philips or with my full compliance with the agreement, except as specifically identified in the space below in the Conflict of Interest Disclosure.

I understand that this agreement does not constitute a contract of employment, either express or implied. My employment is "at will" meaning that I or Philips may terminate the employment relationship at any time, with or without cause or notice.

SIGNATURE

PRINT NAME (legibly)

HOME ADDRESS

CITY, STATE, AND ZIP CODE

HOME TELEPHONE

DATE

Conflict of Interest Disclosure:

I represent that the following are the only agreements, relationships and matters to which I have an interest that may conflict with the obligations I have undertaken above. I further agree to promptly notify my supervisor in writing of any change in this information.

*If employed in any of the following states, employees should also sign the relevant paragraph of the Employment Invention Attachment that follows this agreement: California, Delaware, Illinois, Kansas, Minnesota, North Carolina, Utah or Washington.

Employee Invention Attachment to the Philips Employee Ethics and Intellectual Property Agreement

California

I understand that, as required by the California labor code, no provision in this Employee Ethics and Intellectual Property Agreement requires me to assign any of my rights to an invention for which no equipment, supplies, facility, or trade secret information of the company was used and which was developed entirely on my own time, unless (a) the invention relates at the time of conception or reduction to practice of the invention, (i) to the business of the company, or (ii) to the company's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by me for the company.

PRINT NAME

EMPLOYEE'S SIGNATURE

DATE

Delaware, Illinois, Kansas and North Carolina

I understand that, as required by Delaware/Illinois/Kansas/North Carolina state law (delete as appropriate), no provision in this employee Ethics and Intellectual Property Agreement requires me to assign any of my rights to an invention for which no equipment, supplies, facility, or trade secret information of the company was used and which was developed entirely on my own time, unless (a) the invention relates (i) to the business of the company, or (ii) to the company's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by me from the company.

PRINT NAME

EMPLOYEE'S SIGNATURE

DATE

Minnesota

I understand that, as required by Minnesota state law, no provision in this Employee Ethics and Intellectual Property Agreement requires me to assign any of my rights to an invention for which no equipment, supplies, facility or trade secret information of the company was used and which was developed entirely on my own time, and (a) which does not relate (i) directly to the business of the company, or (ii) to the company's actual or demonstrably anticipated research or development, or (b) which does not result from any work performed by me for the company.

PRINT NAME

EMPLOYEE'S SIGNATURE

DATE

Utah

I understand that, as required by Utah state law, no provision in this Employee Ethics and Intellectual Property Agreement requires me to assign any of my rights to an invention which was created entirely on my own time, and which is not (a) conceived, developed, reduced to practice, or created by me (i) within the scope of my employment with the company, (ii) on the company's time, or (iii) with the aid, assistance or use of any of the company's property, equipment, facilities, supplies, resources, or patents, trade secrets, know-how, technology, confidential information, ideas, copyrights, trademarks and services marks and any and all rights, applications, and registrations relating to them, (b) the results of any work, services, or duties performed by me for the company, (c) related to the industry or trade of the company, or (d) related to the current or demonstrably anticipated business, research, or development of the company.

PRINT NAME

EMPLOYEE'S SIGNATURE

DATE

Washington

I understand that, as required by Washington state law, no provision in this Employee Ethics and Intellectual Property Agreement requires me to assign any of my rights to an invention for which no equipment, supplies, facility or trade secret information of the company was used and which was developed entirely on my own time, unless (a) the invention relates (i) directly to the business of the company, or (ii) to the company's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by me for the company.

PRINT NAME

EMPLOYEE'S SIGNATURE

DATE