

The Philips logo, consisting of the word "PHILIPS" in a bold, blue, sans-serif font, is positioned in the upper left corner of the page. It is set against a white background that is part of a larger graphic element with a blue gradient at the bottom.

Policy

Financial Code of Ethics

October 2015

Preamble to Philips' Financial Code of Ethics

Introduction

Koninklijke Philips N.V. (the 'Company') has adopted this Financial Code of Ethics (the 'Financial Code') to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely, and understandable disclosure in the reports and documents that the Company files with, or submits to, investors and regulators including the US Securities and Exchange Commission ('SEC');
- compliance with applicable governmental laws, rules and regulations;
- prompt internal reporting of violations of the Financial Code to an appropriate person or persons identified in the Financial Code; and
- accountability for adherence to the Financial Code

The Financial Code is, as a supporting policy, an integral part of the Philips General Business Principles

Employees involved

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

1. The Chief Executive Officer;
2. The Group Chief Financial Officer;
3. The Group Chief Accountant;

4. The heads of Accounting Operations, Finance Transformation, Global FP&A, Finance Lighting Solutions, Philips Capital, Group Internal Audit, Finance Greater China, Finance North America, Finance HealthTech BGs, Innovation & Group Functions, Group Investor Relations, Group M&A and Divestments, Finance Markets, Group Tax, Strategic Projects, and Group Treasury and Real Estate;
5. The head of Internal Control, and the head of Technical Accounting & Oversight;
6. The Finance Business Partners;
7. The market, business or country controllers
8. The controllers of legal entities other than a country organization, to be designated by either the market or country controller;
9. The controllers of organizations that submit information for group consolidation purposes in so far as they are not covered by one of the previous categories; and
10. Employees performing an accounting or financial function, designated as belonging to the Target Group by one of the employees referred to above.

Questions

If you have any questions about the Financial Code or the interpretation thereof, you can contact your GBP Compliance Officer or the Chairman of The Review Committee GBP.

Financial Code of Ethics (the 'Financial Code')

Definitions

- **Senior (Financial) Officers** include, without limitation, the Chief Executive Officer, the Group Chief Financial Officer; the Group Chief Accountant, the heads of Accounting Operations, Finance Transformation, Global FP&A, Finance Lighting Solutions, Philips Capital, Group Internal Audit, Finance Greater China, Finance North America, Finance HealthTech BGs, Innovation & Group Functions, Group Investor Relations, Group M&A and Divestments, Finance Markets, Group Tax, Strategic Projects, and Group Treasury and Real Estate, head of Internal Control, and head of Technical Accounting & Oversight
- **GBP Compliance Officer** is the initial contact person, assigned to relevant business group, market or country, to discuss and/or register an (alleged) violation of the Financial Code
- **Target Group** means the Senior (Financial) Officers and those other employees designated to adhere to the Financial Code

All employees belonging to the Target Group shall:

1. Act honestly and ethically

- Carry out their duties in an honest and ethical way by ensuring that business policies and practices are aligned with ethical principles.
- Maintain the confidentiality of privileged information acquired in the course of their work, except when disclosure has been authorized or is legally obliged.
- Act in good faith, responsible, with due care, competence and diligence, without misrepresenting material facts or allowing one's independent judgment to be subordinated.

- Clearly communicate ethical expectations to those with whom they work.
- Refrain from using or appearing to use confidential information acquired in the course of one's work for unethical or illegal advantage either personally or through third parties.
- Ensure the integrity of records.

2. Avoid conflicts of interest

- Avoid actual or apparent conflicts of interest between personal and professional relationships.
- Take no actions and avoid interests outside Philips that may make it difficult to perform company work objectively and effectively. No direct or indirect financial interest in a supplier or competing company is allowed, with the exception of a financial interest in a publicly traded company.
- Service to Philips should never be subordinated to personal gain or advantage. No employee, his or her partner, or a member of his or her family, may receive improper personal benefits as a result of the employee's position at Philips.

3. Comply with applicable governmental laws, rules and regulations

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

4. Protect Philips' assets and resources

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

5. Provide reliable financial reporting and disclosures

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

6. Ensure reliable internal controls

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

7. Maintain a proper professional competence level

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

8. Be accountable for adherence to the Financial Code

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

9. Raise concerns

- Report any conflict of interest that could reasonably be expected from any material transaction or relationship to the GBP Compliance Officer or the Philips Ethics Line.
- Report a breach of the Financial Code immediately to the GBP Compliance Officer or the Philips Ethics Line.

Compliance, disclosure and amendments

Confirmation of compliance

Each year, the Senior (Financial) Officers shall confirm in writing that the Financial Code has been adhered to during the current year, and that any breaches they are aware of have been promptly and duly reported to the GBP Compliance Officer or the Philips Ethics Line. Other employees may be requested to confirm adherence to the Financial Code as well. The Senior (Financial) Officers will be responsible for preparing a list of the employees that must confirm adherence to the Financial Code.

Reporting your concerns

You are urged to report to your GBP Compliance Officer or the Philips Ethics Line any concerns relating to the application of the Financial Code. Concerns involving Senior (Financial) Officers must be reported to the Chairman of the Review Committee GBP. If your concern involves the Chairman of the Review Committee GBP or members of the Executive Committee, you can submit your concern to the Chairman of the Supervisory Board (Amstelplein 2, HBT-14, 1096 BC Amsterdam, the Netherlands).

Investigation of your concerns

When raising a concern, disclosure of all relevant information known to you will assist us in our response to a concern or its investigation thereof and will allow a proper assessment of the nature, extent and urgency of the matter.

When a concern is raised, we will promptly arrange for an investigation into the concern, or for the concern to be redirected to the appropriate grievance channels. The investigation will be conducted in a fair and responsible manner with respect to all parties involved.

Within a maximum period of two months after registration of your concern, the GBP Compliance Officer will inform you of the outcome of the investigation. If you reported your concern to the Philips Ethics Line you can contact the Philips Ethics Line two months after the reporting date, using the ID number given to you. If an investigation is commenced and not completed within two months you will be informed of the expected date of completion.

The Review Committee GBP has oversight responsibility for ensuring that your concern is investigated in an independent, impartial and unbiased manner, focusing on fact-finding with due observance of (inter)national legislation and applicable regulations. If you are not satisfied with the manner in which your concern is being handled you can inform the Secretary of the Review Committee GBP of this in writing.

When you are involved in an investigation, you are expected to cooperate with the assigned investigator(s). If you withhold relevant information, this represents a breach of duty between you and Philips.

Confidentiality

All concerns will be handled in a confidential manner. Information relating to your concern, including your identity or the identity of other persons involved in an inquiry or investigation, shall only be disclosed to those functions within the Philips Group (i.e. the investigator(s), the respective GBP Compliance Officer (s), and members of Group Internal Audit or Group Legal) or outside Philips (e.g. forensic auditors and legal counsel) who require this information to ensure appropriate investigation of your concern, as well as any legal or regulatory obligations, or as input for subsequent judicial proceedings. You, as well as any Philips employees who participate in an investigation, must keep the matter confidential.

No reprisals

We shall not dismiss, discharge, demote, suspend, threaten, harass or in any manner retaliate or discriminate against an employee on account of his/her raising a concern, disclosing information relating to a concern as part of an investigation or otherwise participating in an investigation relating to a concern. Reprisals are considered a serious violation and we will take appropriate action to avoid further damage to this employee and to discipline those responsible for the reprisals. Your right to protection from retaliation does not give you immunity in respect of any complicity in the matters that are the subject of your concern raised or an ensuing investigation or judicial proceedings. If you have reasonable grounds to fear that the reporting of an alleged breach will lead to repercussions you can inform the secretary of the Review Committee GBP of this in writing.

Any reporting of a concern which was known to be false, any interference or refusal to cooperate with an investigation will result in disciplinary or legal action (including termination of employment) being taken against the employee concerned.

Disciplinary action

Violation of the Financial Code may lead to disciplinary action, including dismissal, notwithstanding any further civil or criminal action that may be taken including notification of the SEC or other appropriate law enforcement authorities.

Disclosure

Any change in the Financial Code or waiver from the Financial Code, granted to a Senior (Financial) Officer, will be disclosed in the annual report (Form 20-F) in accordance with the requirements of the SEC. Waivers granted to other employees belonging to the Target Group will not be disclosed unless otherwise required by applicable law.

Amendment procedure

This Financial Code has been adopted by the Executive Committee. It will be reviewed on a regular basis and revised where necessary.

