

Policy on Export Controls

June 2019

Introduction

Goods, software, technologies and services cannot be transferred, sold or purchased without due observance of the export controls and sanctions laws and regulations. These laws and regulations impose legal obligations on Philips with regard to the following aspects:

- **Trade embargoes and economic sanctions**
Embargoes and Sanctions are political trade restrictions affecting importers and exporters in International trade. The principle purpose of these restrictions is usually to seek to bring about a change to the behavior of the target country's regimes, individuals or groups. Frequently applied restrictions are: import/export bans, financial restrictions, asset freeze, restrictions on admission (visa/travel ban), restrictions on people accessing or receiving information etc.
- **Control of goods and technologies, and items that could materially contribute to mass destruction weapons**
Governments and international organization have created specific lists and controls to prevent unauthorized supply and access of goods, software, technology and services (items) to countries/parties that are considered a threat to national and international safety. These lists and controls (also known as Dual-use export controls), affect research and development (R&D), production and trade of typically high-tech, advanced products across a

wide-range of civil industries – e.g. energy, aerospace, defense and security, lasers and navigation, telecommunications, life sciences, electronics, semiconductor and computing industries, medical and automotive.

- **Customers/parties considered sensitive**

All over the world there are people, organizations, companies, universities and institutes which try to harm our society. These parties are collecting all kinds of materials and information to do this. These activities are mostly referred by regulators as proliferation, circumvention or illicit trade. The transactions related to these activities are illegal and violate export controls and other laws and regulations. Most of these parties are listed by various government agencies aiming to restrict or prohibit any engagement with such parties.

In practice, export controls and sanctions laws and regulations could prevent or prohibit Philips from engaging in certain business transactions and/or may require Philips to obtain a prior authorization from the government before engaging in such transaction. Non-compliance may cause significant damage to Philips: denial or suspension of export privileges, fines, criminal and civil penalties and/or unwanted publicity. Philips shall comply with all applicable export controls and sanctions rules, laws and regulations issued by, among others, the United Nations Security Council, the Organization for Security and Cooperation in Europe, the European Union and the United States.

Philips System on Export Controls

Compliance with export controls and sanctions is the responsibility of the operating units and legal entities of the Philips Sectors, Business Groups, Functions and Markets. Philips operates a uniform and company-wide mandatory system on export controls. Group Export Controls in Group Legal is responsible for the maintenance of the system and its expert advice tool PROTECT and provides specific expertise on exportcontrolled products, relevant export controls and sanctions laws and policies. When entering into any business relationship, it is mandatory to perform compliance checks on embargoed/ sanctioned countries and follow the party check procedure using the information and governmental lists published on the website of Philips Group Legal Compliance - Exports Controls & Sanctions. The Philips Manual on Export Controls codifies the relevant requirements for Philips entities enabling compliance with relevant export controls and sanctions laws.

Consider your actions, seek export controls and sanctions support

For any questions about export controls and sanctions, employees should contact the Export Controls Officers, local legal department or, alternatively, Group Legal

Compliance - Export Controls & Sanctions. Group Legal Compliance - Export Controls & Sanctions should always be involved promptly when a governmental authority or other third party contacts Philips with an Export Controls & Sanctions related allegation or request for information.

