

The background image shows four people (three men and one woman) sitting around a long, light-colored table in a modern office or lounge setting. They are engaged in a conversation, with one man holding a smartphone. There are blue mugs on the table. The room has large windows looking out at a cityscape at night, with a sign that says 'COMPLIANCE TESTING LAB' visible. The interior features white shelving units and red spherical pendant lights.

PHILIPS

Philips Human Rights Report 2022



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Foreword

Poverty, climate change, food insecurity and the lasting effects of the COVID-19 pandemic all continue to affect the basic human right of good health, while disproportionately impacting the lives of women, children, people with disabilities, people of color and those from ethnic and other minorities. While exacerbating factors such as the conflict in Ukraine, the cost-of-living crisis and global recessionary pressure may prove temporary, global warming and continued over-exploitation of finite natural resources remain existential threats to people's future prosperity, health and sense of well-being*.

As a company whose purpose is to improve people's health and well-being through meaningful innovation, we fully recognize the link between the health of the planet and of the communities we serve – and that of a society in which human rights should be protected.

This is why we are committed to playing our part towards achieving the 1.5°C global warming target through initiatives like 100% renewable electricity sourcing and reducing resource extraction through leading circular economy solutions. It is why our solutions focus not only on improving quality of care, but also access to care, and together with the Philips Foundation, we are ensuring these solutions can benefit underserved communities. And finally, it is also why we believe that every individual within the company and throughout our value chain should enjoy the sense of well-being that comes from being valued, irrespective of gender, race, culture, or sexual orientation.

This Philips Human Rights Report 2022 details our commitment to upholding human rights both within the Philips organization and throughout our value chain, and highlights many of the initiatives and successes we have achieved over the last year.

Marnix van Ginneken, Chief ESG & Legal Officer, Royal Philips

*The latest annual report by the Lancet Countdown on Health and Climate Change group concludes that, even at today's 1.1°C of global heating, "climate change is increasingly undermining every pillar of good health." Yet at the same time, the World Resources Institute State of Climate Action 2022 report's analysis of 40 indicators of progress towards the Intergovernmental Panel on Climate Change (IPCC) 1.5°C target found that over half these indicators were progressing at an insufficient pace, while five were moving in the wrong direction.



Philips' purpose statement

Philips' purpose is to improve people's health and well-being through meaningful innovation. We aim to improve 2.5 billion lives per year by 2030. We will be the best place to work for people who share our passion, promoting personal development, inclusion and diversity. Together we will deliver superior, long-term value to our customers and shareholders, while acting responsibly towards our planet and society, in partnership with our stakeholders.

Introduction

As a purpose-driven company, Philips is conscious of its responsibilities towards society. The company sets itself challenging environmental and social targets and has pursued a consistent policy to optimize its corporate governance in line with Dutch, United States and international best practices.

To maintain its commitment to ensuring transparency and accountability through accurate and timely measurement and reporting, Philips has published its dedicated Human Rights Report every year, since 2018.

In September 2020, Philips reinforced its leadership as a purpose-driven company with the announcement of its Environmental, Social and Governance (ESG) framework – an enhanced and fully integrated approach to doing business responsibly and sustainably. The ESG framework builds on Philips’ proven track record in sustainability over the years and comprises a comprehensive set of key commitments across all the environmental, social and corporate governance dimensions that guide the execution of the company’s strategy.

These commitments are aligned with the United Nations’ Sustainable Development Goals (SDGs), especially SDGs 3 (good health and well-being), 12 (responsible consumption and production), 13 (climate action) and 17 (partnership for the goals).

The aim of this publication is to provide detailed updates on the progress of Philips’ Business and Human Rights strategy, across key focus areas. Building on learning from previous years, this latest Human Rights Report illustrates Philips’ progress in addressing key human rights domains throughout 2022 and highlights the company’s plans for continuous improvement.



Philips' approach to human rights

As a signatory to the 2007 [UN Global Compact and its Ten Principles](#) covering human rights, labor, the environment and anti-corruption on sustainable and socially responsible policies, Philips strongly believes that companies have both the responsibility to respect human rights and the ability to protect them.

[Philips' Human Rights Policy](#), [General Business Principles](#) and other relevant policies detail how Philips respects human rights, in line with the [International Bill of Human Rights](#) and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. In this regard, Philips also follows the guidance given in the [UN Guiding Principles on Business and Human Rights](#) and the [Organisation for Economic Co-operation and Development \(OECD\) Guidelines for Multinational Enterprises](#).

The [Philips ESG framework](#) includes targets and detailed action plans related to respect for and promotion of human rights. Each year, Philips transparently shares its progress and challenges through its [Annual Report](#).

Philips' governance on human rights

Philips' commitment to respect human rights is led by the Environmental, Social and Governance (ESG) Committee. This internal body is composed of Executive Committee members and senior executives from businesses and functions across Philips. As the highest governing ESG body within Philips, and co-chaired by CEO, Roy Jacobs, and Chief ESG & Legal Officer, Marnix van Ginneken, the Committee is responsible for strategy and oversight of all company activities across the three ESG dimensions. The Committee also monitors progress and takes corrective action where needed.

In addition to the ESG Committee, the company has set up a dedicated Steering Committee on Business & Human Rights. This group ensures that Philips' responsibility for human rights is upheld across the organization. Steering Committee members regularly review progress and make important decisions on the approach and direction of human rights and report to the ESG Committee.



Business integrity – General Business Principles

The [General Business Principles](#) set the standard for acting with integrity at Philips. They guide all its decisions and actions throughout the world and apply equally to its group actions and to employees’ conduct as individuals. The General Business Principles are an integral part of Philips’ labor contracts and are available in 30 languages.

Philips is committed to identifying and mitigating any negative impact on local communities and society in general and to be open, honest and ethical in all its dealings and operations.

Philips expects the same ethical behavior from its business partners. The General Business Principles are part of the company’s business contracts and are referenced for suppliers upstream through its Supplier Sustainability Declaration. In addition, Philips may require risk-based due diligence to be conducted in order to make an informed decision about the risks of doing business with its partners. This includes, for instance, applying the Philips mandatory Due Diligence Process for selecting distributors and agents.

Building awareness of Philips’ General Business Principles

For Philips, it is essential that every employee, regardless of role, tenure or location, is familiar with the General Business Principles.

For all Philips employees, the mandatory General Business Principles training aims to create more awareness of the General Business Principles and labor rights, with examples of ‘everyday situations’ to bring the principles to life. However, not all employees have regular access to a computer or are otherwise unable to complete the online training module. This includes, for example, employees in manufacturing sites or warehouses, employees with basic digital literacy, or employees with visual impairment. For the approximately 12,000 employees who are not able to take the online General Business Principles course, an offline version of the General Business Principles training is available. This training, specifically tailored to this group of employees, features relevant examples, simplified language and engaging animations, while offering possibilities for interaction and lively discussion.

A shared narrative on human rights

Across the company, Philips offers communication and awareness programs to educate, inform, and inspire employees on its human rights policy framework. Company-wide communications, e-learning and (face-to-face) training all support the General Business Principles and underlying policies that cover human rights topics. For maximum impact, content is tailored to certain key audiences, such as the company’s General Business Principles Officer and Health & Safety Officer networks. This activity helps employees understand how to apply and uphold the General Business Principles in their daily work and raises awareness on how to report concerns. In 2022, Philips also provided this training to many of its Human Resource functions, given that they are the linking pin to all people in the company.

The General Business Principles are an integral part of Philips’ labor contracts and are available in 30 languages.





Philips’ grievance mechanism process

Grievance mechanisms are an important pillar of the [United Nations Guiding Principles on Business and Human Rights \(UNGPR\)](#). The [Philips Speak Up Policy](#) and underlying Speak Up mechanism, including annual Speak Up dialogues enable Philips’ stakeholders (including third parties) to inform Philips about any concerns (including human rights) they may have. This enables the company to take appropriate corrective action in accordance with principles 29 and 31 of the UNGP.

As established in Philips’ Speak Up Policy, there are three reporting channels:



Directly to a General Business Principles Compliance Officer



Via Philips’ Speak Up (Ethics line) using the hotline



Via a web intake form

Third parties can file a complaint in [Philips’ Speak Up](#) (Ethics line) 1) by [telephone](#) or 2) through a [web intake form](#). In all countries where it is permitted by law, Philips’ Speak Up (Ethics line) is available 24 hours a day, seven days a week and 365 days a year. The telephone hotline is available in most of the main local languages of the countries in which Philips operates. In most instances, if not legally prohibited, concerns can be raised anonymously. In any event, any report will be treated as strictly confidential and will only be shared with those responsible for handling the concern. For more information, refer to the [Philips website](#).

To increase transparency, the Annual Report discloses the total yearly number of cases reported, pending and closed, as well as information on types of cases per geography.

Human rights due diligence

Philips is committed to doing all that is reasonable and practicable to proactively identify and mitigate (potential) adverse human rights impacts in its operations and value chain. This is supported by different due diligence mechanisms.

Philips' approach to human rights due diligence includes defining and addressing human rights areas of severe impact, performing human rights impact assessments at selected sites, reviewing research projects by the Internal Committee for Biomedical Experiments (ICBE) and implementing multi-tier supplier sustainability programs.

Human rights across Philips' operations

Philips' respect for human rights is expressed in its [Human Rights Policy](#), [General Business Principles](#) and several other domain-specific policies. The General Business Principles monitoring & reporting program validates the implementation of the General Business Principles and related policies, procedures, training and communication worldwide. This program includes several human rights areas of severe impact, including, in no particular order, business integrity, freedom from child labor, forced labor and bonded labor, working hours, non-discrimination, respectful, equal and fair treatment, right to organize, collective bargaining and remuneration.

The goal was to gain insights into the views of potentially affected stakeholders and engage in constructive dialogues with them.

Philips' Human Rights Journey

In 2018, Philips initiated its first Human Rights Impact Assessment in its manufacturing site in Batam, Indonesia. The goal was to gain insights into potentially affected stakeholders, engage in constructive dialogue and determine appropriate actions and management processes to effectively mitigate and address human rights risks. Additionally, the company wanted to validate the benefits of a Human Rights Impact Assessment within its own operations, next to its current General Business Principles and human resource management approaches.

In 2020, Philips rolled out the approach to five manufacturing sites in China, encompassing 4,000 employees. In 2021, a new site assessment was conducted in Batam, Indonesia, and many improvements were observed since the initial visit in 2018. In 2022, Philips rolled out the approach to two more sites in the United States, encompassing 2,000 employees. By 2023, Philips aims to perform Human Rights Impact Assessments at 100% of at-risk sites, which will be repeated every three years.



Philips' Human Rights Impact Assessment approach

Philips has a country risk assessment in place to identify locations that may have a higher risk of human rights violations. This assessment is updated periodically and considers open-source country analysis as well as global benchmarking reports (the International Trade Union Confederation report, for example), to determine at-risk sites. These elements are cross-checked with internal parameters, such as the number of full-time equivalent employees at manufacturing sites and the number of reported General Business Principles complaints.

Ensuring best practice

Leveraging due diligence practices used in its supply chain, Philips' Human Rights Impact Assessment approach consists of a desktop validation phase, with a self-assessment questionnaire that is supported by substantiating evidence. This approach enables subject-matter experts to perform remote validation grounded on predefined criteria. Since 2022, Philips sends a worker voice survey ahead of the site visit, which allows for rich inputs from direct workers, who share their views anonymously.

Stakeholder groups included in the assessment comprise direct and indirect employees, subcontractors and local management teams. Representatives of these groups are invited for interviews during the on-site assessment. Given the detailed approach to improving human rights performance of suppliers, the scope of these assessments is consciously limited to exclude the extended value chain.

After the observations and interviews with all relevant stakeholders have taken place, site managers are invited to validate and develop an action plan, which is monitored and supported by the company on a global level. Observations concerning policies beyond the site level (for example, for implementation at the country or global level) are taken to country/global leadership to develop harmonized solutions.

Assessments and Assessment Targets in 2022

COVID-19 travel restrictions have impacted the planning of assessments at identified sites, which means the percentage of identified sites to have received a dedicated Human Rights Impact Assessment over the past three years remains at 60%. Based on an updated risk analysis, the United States was added as a country of focus for Human Rights Impact Assessments, primarily due to the size of Philips' operations in this location.

To efficiently cover more sites in the future, Philips has also developed a remote assessment methodology to be used in conjunction with the current approach, which will help to better identify locations requiring on-site visits.

While no non-compliances were found in the two assessments carried out in 2022, ways to reduce risks concerning workers' health and safety and management of overtime were identified. There was also a lack of awareness among some production employees regarding General Business Principles reporting mechanisms, for whom the company is identifying more effective training mechanisms. Continuous support during the implementation of the action plan has been put in place.



Human rights in Research & Development

Philips works with a large number of research participants every year, including donors, doctors, patients and research participants. When dealing with people, a number of core principles guide decision-making. For instance, the company respects human dignity and autonomy, as well as the need to protect the vulnerable. Questions or grievances can be shared with the responsible researcher for investigation and, if necessary, remediation. For some projects, external grievance mechanisms are also established.

At Philips, with the General Business Principles, human rights and integrity always need to be respected with every decision and action. In Philips Research, this means an Internal Committee for Biomedical Experiments reviews and approves all research projects. The Internal Committee meets each week and is composed of 20 members from a variety of nationalities and professional backgrounds. The Internal Committee has several responsibilities: 1) to protect the rights of research participants, researchers, sponsors and partnerships; 2) to facilitate the research process, quality and compliance with regulations, and 3) to ensure excellence through ethics and research integrity.

Philips offers a range of online and classroom trainings for people involved in conducting research. This includes mandatory research ethics courses and training on data and AI principles that facilitate understanding of ethical requirements and how to apply them. This ensures that studies are conducted in a safe, ethical, humane and efficient manner while helping ensure compliance with applicable regulations and standards worldwide. As such, due consideration is given to the principles of diversity, inclusivity, sustainability and scientific integrity.

For more information on Philips Research & Development, please visit www.philips.com/research.

Philips' commitment to suppliers

As part of its purpose to improve people's lives, Philips has made a [public commitment](#) to improve the lives of one million workers in the supply chain by 2025.

The [General Business Principles](#) and [Supplier Sustainability Declaration](#) form part of suppliers' contracts. The Supplier Sustainability Declaration also embeds requirements from the [Responsible Business Alliance Code of Conduct](#).

In 2016, Philips implemented the Supplier Sustainability Performance program to selected first-tier suppliers. Replacing the traditional approach of auditing, it aims for structural transparency, collaboration and proactive and sustained improvement, rather than simply reacting to issues that arise. The program focuses specifically on five severe human rights impact areas: child and forced labor, threats to worker health and safety, fair wages and environmental impact. These are considered Zero Tolerances and, if identified, immediate action is taken to remediate. The supplier is then required to:

- propose a plan to mitigate and/or resolve the identified Zero Tolerance(s)
- commit to structurally resolving the Zero Tolerance
- provide regular updates and evidence

For workers covered by the Supplier Sustainability Performance program, labor conditions have improved, the risk of serious injury has been reduced, and the negative environmental impact of suppliers has been brought down. The results of the assessment are shared in the Philips Annual Report, including a break-down of improvements realized per category and the status of implementation of mitigation measures.

As well as improving sustainability across its supply chain, Philips is also strongly committed to strengthening supplier diversity, with a goal to double total spend on North-America based minority-owned suppliers by 2024. This commitment is being backed by a new Supplier Diversity in Spend Management program, through which Philips can procure in a more meaningful and mindful way, by focusing on supplier diversity, alongside quality and cost. Drawing on best practices and experiences from across Philips' existing supplier base and the wider industry, the program has already seen a year-to-date increase of 20% in diverse spend in 2022, compared to 2021, across all North America operations, with more money going to local, minority-owned businesses, who, in turn, can reinvest in salaries and communities. Continued collaboration between Philips, key suppliers and industry partners is also supporting the development of a new supplier code of conduct, focused on a range of inclusion and diversity measures, such as gender, worker rights and environmental commitments, for launch planned in 2023.



Human rights areas of severe impact

Since 2018, Philips has engaged in a project to better identify potential and actual human rights impacts throughout its operations and value chain. It has listed its human rights areas of severe impact, based on its understanding of emerging issues, common risks in its sector, and experience from other industries (see list in appendix). Furthermore, it has engaged experts from various functions and obtained relevant inputs from external stakeholders.

This process has helped the company to better understand its impact and the need to develop additional mitigating and remediating measures, following the UNGP Reporting Framework.

Philips' human rights areas of severe impact are part of its due diligence commitment. The following topics represent, in no particular order, the current focus areas. It is not an exhaustive list of all human rights issues that the company addresses. It highlights specific policies and programs in place, which are also supported by the General Business Principles. It is important to note that some approaches are more mature and, therefore, offer more material on which to report. Others are more complex and require more time to address. Therefore, some of the human rights areas of severe impact are not included in the overview. They will be addressed in the Philips 2022 Annual Report, to be published in Q1 2023.

Freedom from child, bonded and forced labor

As stated in its [Fair Employment Policy](#), Philips prohibits the use of child, bonded, or forced labor. The company addresses the issue of modern slavery through its [Supplier Sustainability Performance – 'Beyond Auditing'](#) program. Philips employees are not required to lodge financial deposits or give away original government-issued identification, passports or work permits as a condition of employment.

Every year, Philips shares the steps it has taken to identify, assess and manage the risks of modern slavery and human trafficking in its product supply chain. The Philips Modern Slavery and Human Trafficking Statement is available [online](#).

As a result of its participation in the Dutch Responsible Gold Agreement, Philips co-developed a project with several other parties, including civil society actors, to facilitate responsible sourcing of gold from Uganda. Aimed specifically at artisanal and small-scale mines, the project works to establish a sustainable, traceable gold supply chain with improved working conditions for miners and free from child labor. The approach is designed to be scaled up and serves as a potential blueprint for mines in other regions.

To fully understand and meet customer and patient needs, Philips' workforce should reflect the societies in which it operates and the markets it serves.

Non-discrimination

To fully understand and meet customer and patient needs, Philips' workforce should reflect the societies in which it operates and the markets it serves. Inclusion and diversity ambitions are firmly embedded in the global Human Resources strategy and underlying systems, processes and plans.

For example, Philips transparently shares open positions and endeavors to attract candidates from a diverse range of backgrounds. Diverse interview panels are used for recruitment of all leadership positions, which supports the ambition for a 50/50 hiring ratio when the company recruits externally. It has set a goal of 35% gender diversity in senior leadership positions (a subset of Management and Executive positions) by the end of 2025, up from the 2020 target of 25% that was reached before the end of that year. It increased the number of women in senior positions for the third consecutive year. As of September 2022, the figure stands at 30%.

Building on its company-wide training on unconscious bias awareness, which is part of Philips' long-term program to build and nurture a safe and inclusive environment, the company embarked on a new I&D learning journey this past year, structured around four courses: Workplace Diversity, Equity and Inclusion; Unconscious Bias; Understanding and Preventing Micro-aggressions; and Psychological Safety. These courses have been rolled out globally across the company, and uptake is being tracked.

Philips closely monitors the execution of this strategy on a monthly basis through dashboards providing insights on in- and outflow of talent. Overviews are shared at board level, enabling customized goals and support to maintain progress globally.

A man with a beard, wearing white headphones, is seated at a desk. A young child with curly hair, wearing a red and white striped shirt, is sitting on his lap. They are both looking at a laptop screen. The screen displays a video call with several participants. The background is a blurred office environment with wooden shelves.

Case Study

Our journey to address unconscious bias

“Building capability around diversity and inclusion is a journey, and as an organization, we are on that journey together.”

Lauren Gohde, Global Lead, Inclusion & Diversity at Philips

Unconscious bias is one area we are addressing on this journey. Unconscious bias training is about recognizing and addressing bias – what is bias, how it influences our decisions, and strategies to counteract bias in the workplace. In 2019 the initiative started in North America as a three-hour session with leaders, which evolved into a virtual session during the Covid pandemic, to reach more teams. Close to 10,000 employees participated. We approach bias through shared dialogues among leaders and their teams, to explore how we can all experience bias differently and how we choose to listen and engage with each other makes us feel included. Through these conversations, people build their capability and comfort in expressing their voices and experiences.

We wanted more people across the organization to benefit from these dialogues, so we rolled out the training across North America as a mandatory e-learning module in 2022, within our wider diversity and inclusion offer. Uptake has been incredible. To date, the course has been completed by 18,463 employees, from a total of 20,000. The training has contributed to a real culture shift – in how people engage with each other, how they speak up and tell their stories and feel more comfortable being their whole selves. We have also started to see an increase in employees coming together, through Employee Resource Groups (ERG), to create groups based on their shared backgrounds or experiences and build allyship throughout the organization. We now have 15 of these ERGs globally, and by supporting each other and raising awareness, they are really helping to grow an inclusive culture at Philips.

Case Study

Empowering people to contribute to a safer workplace

“Whether you’ve been at Philips for one day or 25 years, being able to have a voice on safety is critical. Our Behavioral Based Safety program gives everyone the chance to have these two-way conversations – empowering them to contribute to a safer working environment.”

Kevin Ranson, Products H&S Leader

Any successful health and safety initiative is about people. For it to be effective, we all need to understand why we are doing it and why it’s important. The Philips Behavioral Based Safety program is about engaging people in impactful conversations around safety, empowering them to all contribute to a safer workplace and create a culture where people all look out for one another.

Research suggests that the majority of accidents and incidents are caused by the unsafe acts or omissions of people, intentionally or unintentionally, doing something that could cause or lead to an accident or unsafe situation. Because of this, behavior-based safety is a key focus at Philips, and we have taken a unique approach to address it. We aim to engage all site staff in the process (such as the warehouse, office and manufacturing floor) – so everyone is empowered to contribute to a safe working environment. After the initial site training, staff carry out anonymous observations in pairs, using a set of defined criteria. Observations are structured as positive conversations. It’s not about what’s good or bad, but what’s safe or unsafe. A vital part of the program is that we also encourage people to focus on the safe behaviors they observe, and to reinforce these. By continuously talking about safety, little by little, this brings about a culture shift.

Our first trial was in Glemsford, UK, where 641 observations were carried out, leading to a 79% reduction of incidents requiring first aid. Since then, the program has been deployed at 21 manufacturing sites and is available in 11 languages. Observations are increasing year on year, and in 2022, to date, we have achieved 3,327 globally. We also continue to train more people as Behavioral Based Safety observers in the Americas, Asia-Pacific and Europe, to achieve our aim of an even safer workplace.





Respectful, equal and fair treatment

As stated in its [Fair Employment Policy](#), Philips promotes a workplace that is free from physical and verbal harassment. It does not tolerate any conduct that creates, encourages or permits an offensive, humiliating or intimidating work environment. To ensure constant awareness and to empower its employees to speak up, a holistic communication approach and various training programs are in place. This is in addition to the General Business Principles, which include standards regarding respectful, equal and fair treatment that employees are trained on every year.

Globally, Employee Resource Groups continue to rise, providing an inclusive space for employees to support, embrace and care for one another; develop skills; experience meaningful cultural connections; expand their knowledge; and support key business initiatives – all while strengthening relationships across the Philips community.

In 2022, Juneteenth was recognized as a paid holiday in the United States for the first time. Philips also concluded an inaugural mentoring pilot in partnership with its Black Employee Resource Group, helping individuals to raise awareness and make a stand against racism.

Remuneration

Philips can only achieve its purpose to improve the lives of 2.5 billion people per year by 2030 if it supports and empowers its people, so they can feel and be at their best and perform effectively. All employees deserve a living wage: fair remuneration that allows them and their families to afford necessities like food and housing, pay for education, and have some disposable income. Insufficient remuneration can lead to constant overtime work, which could negatively impact work/life balance, social life and health and safety. Philips' commitment, part of its [Fair Employment Policy](#), is to ensure that all employees receive at least a living wage, calculated in accordance with best practices and with external experts.

Philips is also committed to ensuring equal pay for equal work without regard to gender or any other prohibited basis. In 2021, Philips Netherlands completed and was certified for Gender Equality by [Economic Dividends for Gender Equality \(EDGE\)](#). The study did not find a gender pay gap that exceeds the threshold as set by EDGE. Many countries in which Philips operates have already undertaken pay equity reviews, for example in Australia, UK, Sweden, India and certain US states. Philips USA is undergoing a Nationwide Pay Equity Project through 2023.

Working hours

Philips' [Fair Employment Policy](#) determines that in any given week, working time should not exceed 60 hours, including overtime, except in emergency or exceptional circumstances with the employee's consent to meet short-term business demand. Philips recognizes the risks of excessive working hours on its employees' physical and mental health. Thus, working hours are monitored at country level and regularly reported. In the case of overtime, Philips Market Leaders are responsible for taking action, understanding and mitigating the cause.

Right to organize and collective bargaining

Respect for freedom of association and collective bargaining is part of Philips' [Fair Employment Policy](#) as well as its Supplier Sustainability Declaration and is monitored through the General Business Principles Self-Assessment Questionnaire and Supplier Sustainability Performance program respectively.

Philips recognizes and respects the freedom of its employees to associate with any employee organization of their own choosing under local law without fear of reprisal, intimidation, or harassment. Where employees are represented by a legally recognized union, it establishes a constructive dialogue and engages in negotiations or consultation as required with their freely chosen representative.

Workplace health and safety

Philips strives to create a healthy, safe and productive work environment, which means safeguarding employees around the globe from immediate and long-term harm to their physical and mental health. In 2022, the company increased the focus on two topics – mental health and well-being. Ensuring a safe and healthy workplace during the COVID-19 pandemic has also remained important.

Mental health and well-being encompass multiple dimensions – for example, feeling content, healthy, socially connected, having a sense of purpose, and enjoying a fulfilling life. To support employees across all these dimensions, the Health and Safety team collaborates closely with the Inclusion and Diversity team on prevention, well-being support systems and treatment/return-to-work opportunities. There are several ongoing initiatives, including psychosocial risk assessments, medical checks, and a global framework for deploying the Employee Assistance Program and stress management training, as part of the Philips University learning platform. Philips also has a growing number of Mental Health Champions who support employees through difficult times.

Through several dedicated health and safety campaigns, Philips' sites and regional and country organizations can deploy trainings and other related activities, and share internal/external references

to convey the importance of, and mitigate the risk of, potential accidents and injuries.

In 2022, Philips deployed and further matured the Annual Self-Assessment process across all its manufacturing sites and office premises, after an initial launch in 2021, with reporting at Executive Committee level. Philips' location leaders are required to review safety performance and confirm compliance with a signed declaration to next-level management.

Philips reports on consolidated numbers and highlights in its [Annual Report](#).

Privacy and data protection

The processing of personal data is key for operating and managing Philips' business. Just as being able to process personal data is necessary to operate and manage Philips' business, protecting personal data and preserving privacy is equally crucial to Philips. Philips is committed to protect personal data and preserve privacy of individuals in compliance with applicable privacy and data protection laws and regulations.

This includes, for example, processing personal data for legitimate business purposes, giving individuals the right to request access to their personal data, and being fair and transparent in the processing of personal data.

Philips has established a Privacy compliance framework, which includes policies, standards and procedures with the aim of ensuring and demonstrating compliance with applicable privacy and data protection laws and regulations.

For more information, please visit www.philips.com/privacy.

Mental health and well-being encompass multiple dimensions.



Case Study

Improving lives by sharing best practices: the Responsible Factory Initiative

“If Philips can improve over 460,000 lives by bringing sustainable practices to its own supply chain, our collaboration with the Responsible Business Alliance has the potential to improve millions more across industries.”

Marco Baren, Operations Excellence Leader Integrated Supply Chain

Since 2016, the Philips Supplier Sustainability Performance program has transformed the way the company engages with suppliers on sustainability, by going beyond an audit approach, to drive continual improvement in a collaborative and structured way. Adopted by over 200 suppliers, the program has seen year-on-year improvement in sustainability performance of 36% and will have improved the lives of over 460,000 people by the end of 2022. It also supports Philips’ aim for at least 50% of its suppliers (based on spend) to commit to science-based targets for CO₂ emissions reduction by 2025 – which will have an impact seven times greater than the reduction of emissions from Philips’ own operations.

Realizing its commitment to sustainability doesn’t end with its first or second tier suppliers, Philips started a collaboration with the Responsible Business Alliance (RBA) in 2021, to extend the reach of its Supplier Sustainability Performance program across the wider industry – and impact lives outside of its supply chain. From 2022, cross-industry peers can access Philips’ Supplier Sustainability Performance program tools and methodologies through the RBA’s Responsible Factory Initiative, which helps companies to assess and develop supply chain partners. This means Philips’ industry peers around the world will now benefit from proven approaches to supplier sustainability and make their own rapid advances.

For Philips, it’s also a chance to engage suppliers in countries where the company has less of a presence – and to help even more people benefit from safer and fairer workplaces and more environmentally friendly practices.

“We were pleased to work with Philips on the development of the Responsible Factory Initiative, which will advance suppliers’ sustainability performance globally. The lessons learned through our collaboration will help drive best practices and improvement in sustainability for all RFI members.”

Hamlin Metzger, Executive Director, RFI



Partnering for impact

Real impact never happens in isolation. That is why working with public and private partners plays such an important role in delivering on Philips' purpose and ESG commitments. In alignment with the [United Nations Sustainable Development Goal 17](#), Philips is engaging with relevant stakeholders on an ongoing basis to exchange information and explore potential collaborations. Such partnerships can address shared challenges in the promotion of human rights across Philips' own operations and across its supply chain.

Access to care

Quality healthcare is a fundamental human right, yet according to the [World Health Organization](#), half the world's population lacks access to essential health services. The global COVID-19 pandemic, along with growing and aging populations, a rise in chronic diseases, constraints with global resources and climate change have created a pressing need to drive more affordable and effective care delivery, while accelerating progress towards achieving universal health coverage by 2030, the commitment made by all United Nations member states.

As part of its company purpose to improve 2.5 billion lives a year by 2030, Philips is committed to improving the lives of 400 million people a year in underserved communities by 2030, without suffering financial hardship and with a focus on [mother and child health](#) and [cardiovascular care](#).

Over the past year, Philips has continued its journey to improve access to care in underserved communities. Through shared-value partnerships and dedicated teams across the company's businesses and markets, Philips is creating innovative digital solutions and new business and financing models that are both sustainable and scalable, in order to strengthen health systems, reach more patients sooner in their disease progression while lowering costs and bringing care closer to those most in need without suffering financial hardship.

Ultrasound, for example, is still not sufficiently available in many rural and remote areas. So, by leveraging its expertise in mobile ultrasound services, Philips is collaborating closely with the [Bill & Melinda Gates Foundation](#) to research and develop AI-based applications that can assist frontline health workers in effectively capturing and interpreting ultrasound images. Similarly, through the multi-year partnership between the [Philips Foundation](#) and [RAD-AID International](#), Philips is working to increase virtual care and access to diagnostic ultrasound services in hard-to-reach areas.

Through its participation in the [Digital Connected Care Coalition](#) (DCCC), Philips is also actively involved in increasing private-sector engagement and cross-sector collaboration to help scale up digital connected care, thereby better enabling access to and delivery of care with the aim of achieving universal health coverage.

Photo: Amref Flying Doctors, Gregg Telussa

Responsible sourcing of minerals

Philips is committed to not purchasing raw materials, subassemblies or supplies found to contain conflict minerals. A multi-stakeholder collaboration in the responsible sourcing of minerals is the most viable approach for addressing the complexities of minerals value chains. Philips continues to review and potentially remove smelters from its supply chain when the company has concerns regarding due diligence processes and/or sourcing practices. These reviews include an analysis of current events and applicable sanctions and embargoes.

This is why Philips is a strategic, founding partner and board member of the [European Partnership for Responsible Minerals \(EPRM\)](#). A five-year multi-stakeholder partnership between governments, companies and civil society actors, EPRM works toward more sustainable minerals supply chains. It does so by actively increasing the availability of responsibly produced minerals, while improving the practice of responsible sourcing of these same minerals. In June 2017, Philips signed the [Responsible Gold Agreement](#), joining a coalition to work on improving international responsible business conduct across the gold value chain. This partnership intended to bring about cooperation between companies, government, trade unions and NGOs to prevent abuses within gold production chains.

Philips also addresses the complexities of the minerals supply chains through a continuous due diligence process combined with multi-stakeholder initiatives to promote the responsible sourcing of minerals. Each year, Philips investigates its supply chain to identify smelters of tin, tantalum, tungsten and gold in its supply chain and we have committed to not purchasing raw materials, subassemblies, or supplies found to contain conflict minerals. In 2021, Philips joined the initiative by WWF against deep seabed mining. Spanning across sectors, it supports responsible sourcing of [deep seabed mining](#), undersigning that deep sea extraction must stop until the environmental, social and economic risks are understood, and all alternatives to deep sea minerals have been explored. Spanning across sectors, it supports responsible sourcing of materials and investment in circular innovation, recycling and reparability of goods, to reduce our shared global environmental footprint.



Update

Supporting those affected by the Ukrainian conflict

“The Philips Foundation, together with local partners, is working tirelessly to provide emergency assistance in Ukraine and neighboring countries.”

Margot Cooijmans, Director of the Philips Foundation

Philips strongly condemns the war in Ukraine and the devastating impact it is having on the country's people. Philips and the Philips Foundation will continue to provide humanitarian aid to the people of Ukraine as best they can.

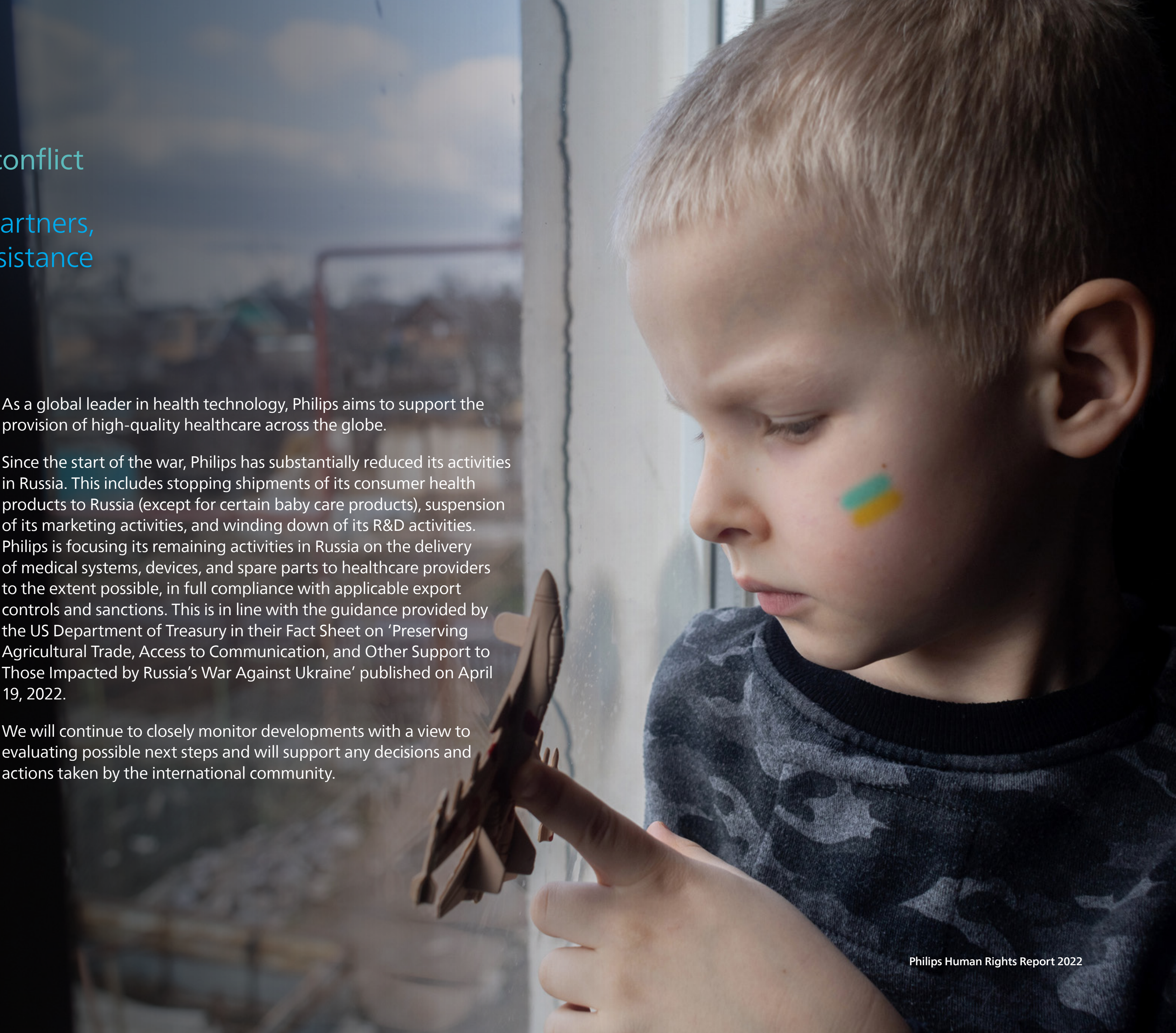
Philips and the Philips Foundation are working closely with our colleagues in Ukraine and the Ukrainian Ministry of Health to provide much-needed medical devices to the country's hospitals, mobile medical brigades, and local institutions such as maternity clinics. The mobile hospital, mobile X-ray devices, patient monitors, and ultrasound devices that Philips and Philips Foundation have delivered to Ukraine are already helping to save lives. Consumer products, including products for mothers and their babies, have been provided to Ukrainian hospitals, maternity homes, and charitable organizations.

In addition, Philips and the Philips Foundation have been working with local humanitarian organizations, such as the Red Cross, and local government agencies to provide support to Ukrainian refugees in Poland, Romania, and the Czech Republic. This includes the provision of patient monitors and handheld diagnostic ultrasound devices to assist in acute and emergency care, as well as products for child care. At Romania's border with Ukraine, Philips Foundation and the Italian Red Cross have stationed a mobile hospital ready for deployment in case of emergency.

As a global leader in health technology, Philips aims to support the provision of high-quality healthcare across the globe.

Since the start of the war, Philips has substantially reduced its activities in Russia. This includes stopping shipments of its consumer health products to Russia (except for certain baby care products), suspension of its marketing activities, and winding down of its R&D activities. Philips is focusing its remaining activities in Russia on the delivery of medical systems, devices, and spare parts to healthcare providers to the extent possible, in full compliance with applicable export controls and sanctions. This is in line with the guidance provided by the US Department of Treasury in their Fact Sheet on 'Preserving Agricultural Trade, Access to Communication, and Other Support to Those Impacted by Russia's War Against Ukraine' published on April 19, 2022.

We will continue to closely monitor developments with a view to evaluating possible next steps and will support any decisions and actions taken by the international community.



Appendix

Table: Human rights areas of severe impact of severe impact

Human rights areas of severe impact, in no particular order, as published in Philips’ Human Rights Report and Philips Annual Report, linking them to the corresponding internationally recognized human rights, its activities, affected stakeholders and most vulnerable groups.

Human rights areas of severe impact at Philips	Internationally recognized human rights	Activities (affected stakeholders) Possible impacts	Most vulnerable groups Possible impacts
Non-discrimination	Freedom from discrimination (UDHR art 1 and 2) / Equal pay for equal work (UDHR art 23.2) / Freedom of belief and religion (UDHR art. 18) / Rights of minorities (ICCPR art 27)	Operations/Supply chain/Other activities (Employees/workers and local communities)	Women, LGBTI, minorities, persons with disabilities, local communities (including indigenous peoples)
Respectful treatment	Freedom from degrading treatment (UDHR art 5) / Right to just and favorable working conditions (UDHR art 23.1) / Right to equal treatment (UDHR art 1 and 2) / Freedom of expression (UDHR art 19)	Operations/Supply chain (Employees/workers)	Women, LGBTI, minorities, persons with disabilities
Freedom from child labor	Freedom from child labor (ICCPR 24 – ICESCR 10.3) / Right to education (UDHR art 26) / Right to a family life (UDHR art 16.3)	Operations/Supply chain/Other activities (Employees/workers, local communities)	Children
Freedom from forced and bonded labor	Right not to be subjected to slavery, servitude or forced labor (UDHR art 4 and 5) / Freedom of movement (UDHR art 13)	Operations/Supply chain/Other activities (Employees/workers)	Migrant and temporary employees/workers
Equal and fair treatment	Equal pay for equal work (UDHR art 23.2) / Right to just and favorable working conditions (UDHR art 23.1)	Operations/Supply chain (Employees/workers)	Women, LGBTI, minorities, persons with disabilities
Remuneration	Right to a just remuneration (UDHR art 23.3)	Operations/Supply chain (Employees/workers)	Women, Migrant employees/workers
Working hours	Right to just and favorable working conditions (UDHR art 23.1)	Operations/Supply chain (Employees/workers)	Migrant employees/workers
Right to organize and collective bargaining	Right to belong to a trade union and bargain collectively (UDHR art 23.4) / Freedom of association (UDHR art 23.1) / Right to strike (ICESCR art 8.1 [d])	Operations/Supply chain (Employees/workers)	Employees/workers (in general)
Workplace health and safety	Right to health (ICESCR art 12.1) / Right to life (UDHR art 3)	Operations/Supply chain (Employees/workers)	Pregnant women, night workers, workers in dormitories and young workers
Privacy and data protection	Right to privacy (UDHR art 12)	Operations/Other activities (Employees/workers, consumers/customers)	Employees/workers, consumers/customers (in general)
Product safety (addressed in Philips Annual Report)	Right to health (ICESCR art 12.1) / Right to life (UDHR art 3)	Throughout the product lifecycle (Consumers/customers)	Consumers/customers (in general)
Business integrity (addressed in Philips Annual Report)	Right to protection by the rule of law (UDHR art 7) / Right to fair public hearing (UDHR art 10) / Right to remedy by a competent tribunal (UDHR art 8) / Right to meeting the just requirements of morality, public order and general welfare in a democratic society (UDHR art 29)	Operations/Other activities (Local communities)	Local communities (in general)
Environmental impacts (addressed in Philips Annual Report)	Right to self-determination, right to natural resources, right to subsistence (ICCPR 1 – ICESCR 1) / Right to an adequate standard of living (UDHR art 25.1) / Right to health (ICESCR art 12.1) / Right to life (UDHR art 3) / Right to access to sufficient water supply and sanitation (Resolution A/RES/64/292. United Nations General Assembly, July 2010)	Operations/Supply chain/Other activities (Local communities)	Local communities (in general)



More information and figures about Philips ESG commitments and strategy to doing business responsibly and sustainably can be found in its [Annual Report](#) and on the Philips website.

Feedback and suggestions can be sent to human.rights@philips.com or philips.sustainability@philips.com

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