

Philips

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Subject: Responsible Sourcing of Minerals

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Dear Customer(s),

Philips acknowledges the issues concerning working conditions at the base of the supply chain, specifically in the extractives sector for metals such as tin, tantalum, tungsten, gold and cobalt. In particular, we are concerned about the situation in conflict-affected and high-risk areas (CAHRAs), including the Democratic Republic of the Congo (DRC) and adjoining countries, among others, where proceeds from the extractives sector are sometimes used to finance rebel conflicts and are associated with serious human rights abuses. Philips is committed to address this issue, even though it does not directly source minerals from mines as these are typically several tiers removed from our direct suppliers. We recognize that from our position in the supply chain as a downstream company we can have an impact in addressing the sustainability issues related to mining of minerals through implementation of due diligence mechanism and robust multi-stakeholder engagement.

We approach the topic of responsible sourcing of minerals through due diligence, leveraging our influence on our supply chain, and participating as a member in the [Responsible Minerals Initiative \(RMI\)](#) and other multistakeholder initiatives. Philips believes that an industry-wide approach is necessary to address this issue and therefore we actively participate in the RMI, a joint effort founded by a coalition of leading electronics companies from the industry organizations [Responsible Business Alliance \(RBA\)](#). Over 400 companies participate in this initiative today, and we have formed partnerships with other leadership groups from across industries, government and civil society. The RMI provides information on conflict-free smelters and refiners, common tools and standards to collect supply chain information, and forums for exchanging best practices. It is a multi-sector, multi-stakeholder network, and reduces the need for duplication of efforts across the many sectors that are using conflict minerals.

Philips will fully support and comply with the Dodd Frank Act section 1502 on 'Conflict Minerals' and the **OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance)**. Philips works towards the following goals:

- Stop or minimize the trade in conflict minerals sourced from mines that directly or indirectly finance or benefit armed groups anywhere in the world.
- Enable responsible sourcing of minerals from conflict-affected and high-risk areas, including, but not limited to, the DRC and adjoining countries, and thereby supporting the development of the local economy and communities.

We are requesting our suppliers to use the RMI [Conflict Minerals Reporting Template](#) to inform Philips about their due diligence measures and disclose the smelters in their supply chain. Furthermore, to

ensure responsible sourcing, we expect our suppliers to move away from smelters that have not undergone independent, third-party audits, such as those conducted through the [Responsible Minerals Assurance Process \(RMAP\)](#) (or equivalent). This is a long and complex process, and we anticipate it will take time for this information to be conveyed through the supply chain. We have combined all information received from our suppliers about the country of origin and supply chain due diligence into one [Philips Conflict Minerals Declaration \(CMRT\)](#). This declaration also includes a list of smelters identified in our supply chain that are used to process these metals. Since 2012 we have published this declaration and smelter list on our website. The scope of our declaration continues to be at the company level, which is the industry standard.

As described in our [Position on Responsible Sourcing of Minerals](#) we do not want to adopt a “risk avoidance” approach that steer our supply chains away from the entire conflict-affected and high-risk areas, including, but not limited to, the DRC and adjoining countries. We do want to enable legitimate minerals from those regions to enter global supply chains, thereby supporting the local economy and the mining communities that depend on these exports. Therefore, Philips has been leveraging its position as a strategic partner in the [European Partnership for Responsible Minerals \(EPRM\)](#), a public-private cooperation that supports and complements the EU conflict minerals legislation. As a strategic partner, Philips engages in responsible sourcing projects (with a scope broadened to conflict-affected and high-risk areas world-wide as well as a wider array of human rights and environmental issues addressed) in order to increase the supply of and the demand for responsibly sourced minerals.

Philips will continue to work cooperatively with our suppliers, industry, Non-Governmental Organizations (NGOs), and other stakeholders to improve the transparency and traceability of tantalum, tin, tungsten, gold and cobalt used in our products.

Kind regards,

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More information:

- Public reporting about our conflict-free program and results on [Philips website](#) and [Annual Report](#)