

Philips Human Rights Report 2020

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Introduction

Philips' purpose is to improve people's health and well-being through meaningful innovation and to deliver superior long-term value to our customers and shareholders, while acting responsibly towards our planet and society, in partnership with our stakeholders. Our drive to improve lives was even more relevant in 2020, as Coronavirus (COVID-19) spread throughout the global community.

We live up to the highest standards of ethics and governance in our culture and practices. Our fully integrated approach to doing business responsibly and sustainably links our Environmental, Social and Governance (ESG) performance to our business strategy and financial and operational performance, reflecting our commitment to the United Nations' Sustainable Development Goals (SDGs), especially SDGs 3, 12, 13 and 17.

Philips recently updated its Human Rights Policy, further reinforcing our commitment to track and publicly report our activities on human rights on an annual basis. Our Human Rights Report should be seen in conjunction with our Annual Report, as it aims to aggregate the relevant information on this topic. It also gives specific insights into our challenges and progress in addressing various human rights domains throughout the past year and sets out plans for continuous improvement.

“We are committed to making Philips a fair, safe, respectful and inspiring place to work and grow, and also to do everything in our power to protect human rights in the societies we serve.”



Frans van Houten, CEO of Royal Philips

Embedding our commitment to human rights

As a 2007 signatory to the UN Global Compact on sustainable and socially responsible policies, Philips has a long-standing belief that companies have the responsibility to respect human rights and the ability to contribute positively to human rights. In 2020, we sharpened our commitment to human rights by revising and updating our Human Rights Policy, alongside our Fair Employment and Inclusion & Diversity policies. These policies, together with the long-established General Business Principles (GBP), detail how we respect human rights, as set out in the International Bill of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. In this regard, we follow the guidance given in the United Nations Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines for Multinational Enterprises.

On September 14, 2020, Philips further reinforced its commitments as a purpose-driven company with the announcement of an enhanced and fully integrated approach to doing business responsibly and sustainably. Philips' new framework comprises a comprehensive set of key commitments across the Environmental, Social and Governance (ESG) dimensions that support the company's purpose. It includes ambitious targets and detailed plans of action, of which some are specifically related to respect for, and promotion of, human rights.

For more information, please refer to section 5.2 of our Annual Report 2020.

Human rights governance

Our commitment to respect human rights is led from the top. Philips' Sustainability Board, composed of Executive Committee members, business segment and function executives, leads our efforts to respect human rights. This is the highest governing sustainability body within Philips and convenes four times per year. It defines Philips' ESG strategy, programs and policies, including on human rights. It also monitors progress and takes corrective action where needed.

Our cross-functional Steering Committee on Business & Human Rights meets on a bi-monthly basis and is responsible for driving the topic of human rights and ensuring Philips' responsibility for human rights is upheld across the organization. It regularly reviews the progress made and takes important decisions on the general direction of the program. Our cross-functional project team, including professionals from Sustainability, Legal Compliance, Supply Chain and Human Resources, assists the revision and implementation of policies and procedures from a human rights perspective, supports the management of internal and external communication and reporting, as well as the implementation of our due diligence efforts.

Human rights communication and awareness

Throughout the company, we have a variety of communication and awareness programs that help educate our employees on our human rights policy framework. The GBP and underlying policies that cover human rights topics are supported via company-wide communications, e-learning and face-to-face trainings. These trainings help employees understand how to apply and uphold the GBP in their daily work environments and how to report concerns.

In 2020, we developed a targeted training and awareness initiative aimed at increasing our internal capacity in addressing human rights matters. To start, we covered our human rights strategy and its implications during our yearly training program for our General Business Principles (GBP) Compliance Officer network. This group plays an important role in upholding the company-wide grievance mechanism. The focus of the dialogue was especially on human rights awareness and its connection with relevant internal policies and reporting procedures. We expect to deploy comparable initiatives in the coming year, tailoring content to specific key audiences to maximize awareness and impact.

Stakeholder dialogues

Working in partnerships is crucial to delivering on our purpose. Philips is committed to engage with relevant stakeholders to exchange information and explore potential partnerships in addressing shared challenges in the promotion of human rights. In 2020, we engaged with external stakeholders regarding several human rights topics, also as part of our Human Rights Impact Assessment.

Philips continued its journey to improve access to care in underserved communities, both in developing and developed countries, by supporting initiatives to strengthen health systems and local treatment. We have extended our pledge to improve the lives of 400 million people a year in underserved communities by 2030, with a specific focus on women and children. The needs of women and children are critical and at the heart of the vision to achieve Universal Health Coverage.

For more information regarding stakeholder dialogue, please refer to sections 13.1.2 and 13.5.2 of our Annual Report 2020.

Grievance mechanism

Grievance mechanisms represent an important pillar of the UNGP. The Philips Speak Up Policy and underlying SpeakUp mechanism enable our stakeholders (including third parties) to inform Philips of any concerns (including human rights) they may have. This enables Philips to take appropriate corrective action in accordance with principles 29 and 31 of the UNGP.

As established in the Philips Speak Up Policy, we have three reporting channels: 1) directly to the GBP Compliance Officer, 2) via Philips' Speak Up (Ethics line) using the hotline, or 3) via a web intake form. Third parties can file a complaint in Philips Speak Up (Ethics line) 1) via [telephone](#) or 2) via a [web intake form](#). In all countries where it is permitted by law, the Philips Speak Up (Ethics line) is available 24 hours a day, 7 days a week, and 365 days a year. The telephone number is available in most of the main local languages of the countries in which we operate. In most instances, if not legally prohibited, concerns can be raised anonymously. In any event, the 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](#).

Finally, a total of 571 concerns were reported via the three reporting channels in 2020. Of the 571 cases reported, 162 are still pending closure, of which the majority were filed in the last quarter of the year.

For more information on GBP, please refer to section 13.5.1 of our Annual Report 2020.

Human rights due diligence

Philips' commitment to do all that is reasonable and practicable to proactively identify and mitigate (potential) adverse human rights impacts in our operations and value chain is supported by different due diligence mechanisms.

Our approach to human rights due diligence includes defining and addressing our human rights areas of severe impact, performing human rights impact assessments at selected sites, the review of research projects by our Internal Committee for Biomedical Experiments (ICBE), and implementation of supplier sustainability programs.

In our operations

Philips' respect for human rights is expressed in our Human Rights Policy, our General Business Principles (GBP), and supported by several other domain-specific policies. The GBP Self-Assessment validates the implementation of the GBP and related policies worldwide. This assessment includes a number of human rights areas of severe impact, including: business integrity, freedom from child, forced and bonded labor, working hours, non-discrimination, respectful, equal and fair treatment, right to organize, collective bargaining, and remuneration.

In 2018, Philips performed its first dedicated human rights impact assessment (HRIA) in its manufacturing site in Batam, Indonesia. This pilot was an important step in our due diligence approach towards human rights, confirming several human rights areas of severe impact. Follow-up to the agreed action plan was monitored and supported by the global organization throughout 2019 and 2020. Due to travel restrictions caused by the global pandemic, support was provided remotely. Follow-up interviews with the local management and staff are scheduled for the first quarter of 2021.

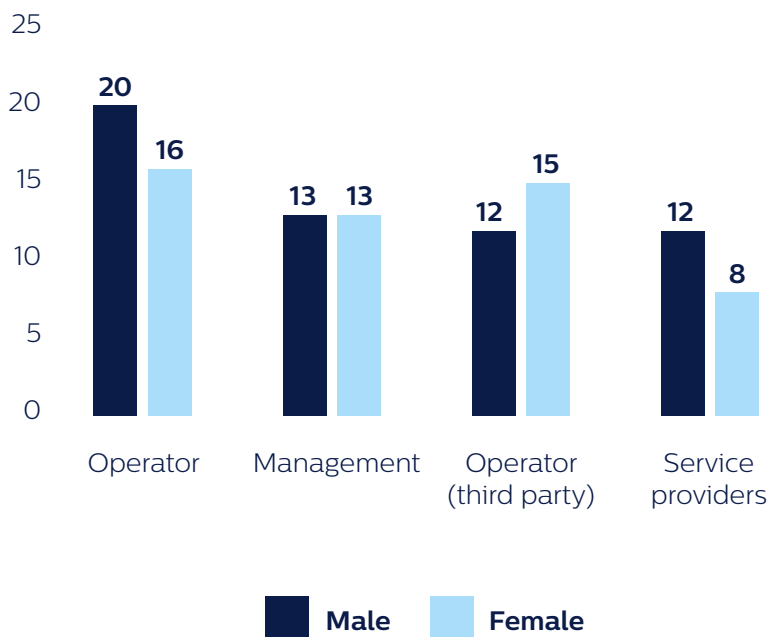
In 2020, a new country risk assessment was performed to identify locations which may have a higher risk of human rights violations. This assessment is updated periodically and considers open-source country analysis as well as global benchmarking reports, for example by the International Trade Union Confederation, to determine at-risk sites. These elements are cross-checked with internal parameters that include, for instance, the number of FTE at manufacturing sites, and the number of reported GBP complaints, to indicate the usage of grievance mechanisms. Based on this analysis, Philips rolled out a revised HRIA approach to five of its manufacturing sites in China, covering 4,000 FTE. With the assessments of 2020, 60% of the identified sites received a dedicated Human Rights Impact Assessment in the past three years. By 2023, we target to perform Human Rights Impact Assessments at 100% of identified sites, which will be repeated every three years.

To ensure our HRIA approach is in line with best practices, we continued to work with an external consultant, Human Rights@Work. Leveraging due diligence practices used in our supply chain, the updated HRIA assessment 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.

Based on the outcomes of the desktop review, on-site assessments were performed by the same team. Stakeholder groups included in the assessment comprised of direct and indirect employees, subcontractors, and local management teams. As Philips already has an elaborate program to improve the human rights performance of its suppliers, we consciously limited the scope of these assessments to exclude the extended value chain.

Involving potentially affected stakeholders is key for a human rights impact assessment. Between November and December 2020, 109 people were interviewed. Refer to the table below for the distribution of stakeholder groups. In the first quarter of 2021, additional validation activities will take place, together with the creation of an action plan by local management.

Table: interviewed stakeholders divided by gender and position.



In research and development

At Philips, guided by the GBP, respect for human rights and integrity governs all our decisions and actions. In Philips Research, this means our Internal Committee for Biomedical Experiments (ICBE) reviews and approves all research projects. The Committee meets on a weekly basis and is composed of 20 members from a variety of nationalities and professional backgrounds. The role of the ICBE is: 1) to protect the rights of research participants, researchers, sponsors, and partnerships; 2) to facilitate the research process, quality, and compliance to regulations, and 3) to ensure excellence through ethics & research integrity.

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

We work with a large number of research participants every year, from donors, doctors, patients to test participants. When dealing with human beings, a number of principles guide our decisions. For instance, we respect human dignity and autonomy, as well as the need to protect the vulnerable. Questions or grievances can be voiced to the responsible researcher for investigation and, if necessary, remediation. For some projects, external grievances mechanisms are also established.

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

At our suppliers

Philips' purpose to improve people's lives applies throughout our value chain. We are committed to improving the lives of 1 million workers in our supply chain by 2025. The GBP and Supplier Sustainability Declaration (SSD) are part of suppliers' contracts. The SSD also embeds requirements from the Responsible Business Alliance (RBA) Code of Conduct. In 2016, Philips implemented its Supplier Sustainability Performance (SSP) program to selected first-tier suppliers. The SSP program focuses on bi-directional interaction with suppliers and progressive development of their integral sustainability capabilities. Suppliers are segmented according to sustainability maturity and relationship, and Philips engages them accordingly. This has proven to effectively help prevent, mitigate and, where appropriate, remediate human rights violations. It focuses specifically on five severe human rights impacts, namely child and forced labor, threats to worker health and safety, fair wages, and environmental impacts. These are considered (Potential) Zero Tolerances and, if identified, immediate action is taken. If the requested additional information and evidence lead to the conclusion that there is no structural Zero Tolerance, the supplier's status will be changed, and the supplier will go back to the original track in the program. If the conclusion gives rise to a structural Zero Tolerance, the supplier is 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
- avoid quick-fixing

Philips defines six Zero Tolerances:

- Fake or falsified records
- Child and/or forced labor
- Immediate threats to the environment
- Immediate threats to worker health and safety
- Failure to comply with regulatory and/or Philips requirements
- Workers' monthly income (covering salary for regular hours and overtime, tax deductions, social insurance) failing to meet regulatory requirements

In 2020, eight Zero Tolerances were found across the following categories: health and safety, remuneration, and environmental impact. Most cases related to fire safety risks at our suppliers. Four of the eight cases were successfully closed in 2020. The remaining are still pending closure, with active mitigation plans in place. Philips measures the impact of SSP engagements through the number of lives improved in the supply chain. This is derived from the improvements that suppliers make in their performance. To determine improvements, we calculate the pro-rata change in performance from one year to the next. In 2020, the overall year-on-year improvement in performance is 36% for suppliers that entered the program in 2019. The number of employees impacted at suppliers participating in the SSP program was approximately 302,000. For those workers, labor conditions improved, the risk of serious injury was reduced, and the negative environmental impact of suppliers was brought down. For more information and a detailed break-down on improvements realized in the past year, please refer to section 13.4.7 of the Annual Report 2020.

Furthermore, Philips 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. Philips annually investigates its supply chain to identify smelters or refiners of Cobalt, as well as Tin, Tantalum, Tungsten, and Gold. We have committed to not purchase raw materials, subassemblies or supplies which are found to contain conflict minerals. Philips also invests in dedicated projects focused on improving the conditions in artisanal small-scale mines in Uganda (Gold) and India (Mica).

From our position in the supply chain as a downstream company, we believe that multi-stakeholder collaboration in the responsible sourcing of minerals is the most viable approach for addressing the complexities of minerals value chains. We are a strategic, founding partner and board member of the European Partnership for Responsible Minerals (EPRM), which is a five-year multi-stakeholder partnership between governments, companies, and civil society actors, working toward more sustainable minerals supply chains by actively increasing the availability of responsibly produced minerals, while improving the practices 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 intends to bring about cooperation between companies, government, trade unions, and NGOs, to prevent abuses within gold production chains.

Human rights areas of severe impact

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

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

Our human rights areas of severe impact are part of our due diligence commitment. The topics listed below represent, in no specific order, our current focus areas. It is not an exhaustive list of all human rights that we address. It highlights specific policies and programs in place, which are also supported by the GBP. It is important to note that some approaches are traditionally more mature and, therefore, offer more material to report. Others are more complex and require greater effort and time to address. Our ability to report will increase as we progress on our journey and deepen our understanding of each potential impact.

Non-discrimination

To fully understand and meet customer and patient needs, our workforce should reflect the society in which we operate and the markets we serve. Philips prioritizes its Inclusion and Diversity ambitions, embedding them in the global Human Resources strategy and connected systems, processes and plans. The execution of this strategy is actively monitored on a monthly basis through dashboards, allowing continued clarity on in-, through- and outflow of talent, focus and accountability. Overviews are also shared at board level, which enables customized goals and support to keep progressing globally.

Our global Human Resources strategy and connected systems – comprising recruitment, appointment and promotion processes – incorporate the principle of non-discrimination. For example, we transparently share open positions and endeavor to attract candidates from a diverse range of backgrounds and install diverse interview panels for recruitment for all leadership positions, resulting in a 50/50 hiring ratio when we recruit externally. Philips has set a new goal of 30% 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 we met before the end of 2020. We increased the number of women in senior positions for the third consecutive year. Finally, building up from previous years, a company-wide training on unconscious bias awareness is part of the long-term program to change habits and create an ongoing dialogue in teams that will help us build and foster an inclusive environment.

Philips received great recognition in 2020 for the journey we are on, including Forbes' Best Employers for both Women and Diversity as well as a 100% score for our 2021 submission to the Human Rights Campaigns' Corporate Equality Index. We were also recognized as one of the top scorers in the 2020 LGBTI Global Benchmark survey of Workplace Pride, in which we participated for the second time, increasing our score to 74.4% and earning us Ambassador status.

For more information and metrics, please refer to section 5.4.3 in our Annual Report 2020.

Respectful, equal & fair treatment

At Philips, as stated in our renewed Fair Employment Policy, we promote a workplace that is free from physical and verbal harassment. We do not tolerate any conduct that creates, encourages or permits an offensive, humiliating or intimidating work environment. To ensure constant awareness and to empower our employees to speak up, an integrated communication approach and various training programs are in place, together with the GBP, which includes standards regarding respectful, equal and fair treatment.

At Philips, we consider it important that our people can be healthy and do well, in addition to feeling cared for and listened to. We want to empower them to look after themselves and each other, so they feel at their best and can bring their best energy and qualities to work. When COVID-19 emerged, Philips provided support to our employees without losing sight of longer-term needs, such as a healthy work-life balance, stress management, resilience, and prevention of mental health issues. For example, we offered global mindfulness sessions, and a global Employee Assistance Program (EAP) launched in China, ensuring our people could find support 24/7 for issues they faced.

Philips stood up against racism after increased racial tensions in the United States and globally. The newly found Black Employees Resource Group (BERG) helped us step up, raise awareness and educate ourselves on topics like privilege and allyship, to understand how to be and do better. Employee networks are on the rise globally, including a Veterans' and LatinX network in North America. Recognizing Veterans Day and Martin Luther King Day as a paid US holiday as of 2021 has been another small step, acknowledging and sparking a dialogue around the different backgrounds and strengths we bring.

For more information, please refer to section 5.7 ESG by key country in our Annual Report 2020.

Freedom from child, bonded and forced labor

As stated in our Fair Employment Policy, we do not make use of child, bonded or forced labor. 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. Philips also addresses the issue of modern slavery through our Supplier Sustainability Performance (SSP) – ‘Beyond Auditing’ program, and we are committed to not purchasing raw materials, subassemblies, or supplies found to contain conflict minerals.

On an annual basis, Philips publicly explains the steps we have taken to identify, assess and manage the risks of modern slavery and human trafficking in our product supply chain, in compliance with the UK Modern Slavery Act 2015. The Philips Modern Slavery and Human Trafficking Statement 2020 is available online.

From our 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. The project is aimed specifically at artisanal and small-scale mines (ASM) and works to establish a sustainable, traceable gold supply chain with improved working conditions for miners and free of child labor. The approach is designed to be scaled up and serves as a potential blueprint for mines in other regions.

For more information, please refer to suppliers due diligence above and section 13.4.7 in our Annual Report 2020.

Remuneration

Philips can only achieve its aim to improve the lives of 2.5 billion people per year by 2030 if we support and empower our people, so they can be their best and perform effectively. All employees deserve a just and fair remuneration that allows them and their families to afford necessities like food and housing, pay for education and have some disposable income. When remuneration is insufficient, it can lead to constant overtime work, which could negatively impact work/life balance, social life, and health and safety. To this end, we conducted a living wage analysis on the lowest salaries in every country in which we operate.

To develop living wage standards that are complete and have a reliable geographic scope, we combined forces with Valuing Nature, several local NGOs, WageIndicator, and other global corporates. In 2020, we re-performed our analysis with updated living wage data. This time, all wages and benefits were above the defined living wage levels in all 78 countries.

Although Philips has undertaken regular pay analysis at country level, in 2020 we took this to the next level to gain a globally recognized Certification in Gender Equality. We are working with an external company to provide us with a robust workforce analytics approach to holistically target areas – both in our systems and processes and in developing our culture – to continue on our journey to achieve greater gender diversity. We started with a pilot in the Netherlands to develop a global framework that benefits all.

For more information, please refer to sections 5.4.7 and 5.4.8 in our Annual Report 2020.

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. We recognize the risks of excessive working hours to our employees' physical and mental health. Thus, working hours are monitored at country level and regularly reported. In the case of overtime, 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 our Fair Employment Policy as well as our Supplier Sustainability Declaration (SSD) and is monitored through the GBP Self-Assessment Questionnaire and Supplier Sustainability Performance (SSP) program respectively.

We recognize and respect the freedom of our 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, we establish a constructive dialogue and engage in negotiations or consultation as required with their freely chosen representative.

Workplace health and safety

At Philips, we strive for a healthy, safe and productive work environment, which means safeguarding employees around the globe from immediate and long-term damage to their physical and mental health. The COVID-19 global pandemic significantly affected Philips' global operations in many ways including government mandated lockdowns, Personal Protective Equipment (PPE) supply chain shortages, travel restrictions, and, most importantly, ensuring employee health and safety whilst maintaining critical operational commitments.

Philips responded by developing a Triple Duty of Care strategy: continuing to fulfill critical customer needs, ensuring the health and safety of employees, and ensuring business continuity. A Group Crisis Operations Team and local Crisis Management Teams were activated to provide a global integrated response. This enabled Philips to disseminate a centralized and consistent message for every employee, regardless of market, business or location. A COVID-19 intranet site with guidance and information was set up and received over 128,000 hits in 2020.

In 2020, Philips continued to build a comprehensive global H&S Management System to monitor and reduce long-term health issues. We completed high-level Risk Assessments at operational sites which identified the highest individual and systemic risks, allowing programs to drive improvements to be developed. This analysis was important in helping focus attention on two critical occupational health issues – ergonomics and mental health & well-being. As a result, programs were developed and successfully deployed to specifically address the issues identified.

Finally, we enhanced training and communication by incorporating an expanded library of Underwriters Ltd. (UL) safety eLearning courses (468 Courses in 10 languages) and improved the process for assigning and tracking completions. In 2020, Philips conducted three global safety campaigns to improve Health and Safety. Hand Safety and Slips, Trips and Falls were identified from analysis of accident data and Mental Health and Well-being was selected due to increasing concerns relating to remote working during the COVID-19 pandemic. As a result, the numbers of hand injuries and slips, trips and falls fell.

For more information and metrics, please refer to sections 5.4.10 and 13.4.6 in our Annual Report 2020.

Privacy and data protection

The processing of personal data (relating to employees, customers, suppliers, and business partners) is key for operating and managing our business. Wrongful exposure of such data represents a serious risk to the rights to privacy and data protection of individuals. Guided by the Philips Privacy Rules, Philips is committed to respecting the privacy of its customers, employees, business partners and other relevant individuals, and to process their personal data in compliance with applicable privacy 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. Furthermore, Philips has established a Privacy framework, which includes policies, standards and procedures (such as Binding Corporate Rules), with the aim of ensuring compliance with applicable data protection laws and regulations and ensuring 'privacy by design' in all our services and solutions.

Our Privacy rules and underlying policies are supported via company-wide communications, e–learnings and face-to-face trainings, thereby enabling our employees to adopt a global and uniform approach in the processing of personal data.

Please visit www.philips.com/privacy for more information on how we deal with personal data.

Product safety

Our business success depends on the quality of our products, services and solutions and compliance with many regulations and standards. Guided by the GBP, we attach prime importance to our customers' safety. We design, produce and supply products and services in compliance with internal and external process, quality and safety regulations and standards.

For more information, please refer to section 6.5 in our Annual Report 2020.

Business integrity

With our General Business Principles (GBP), we set the standard for conducting business with honesty and integrity both at work and in the market, and for professional integrity outside of work. We are committed to identify and mitigate any negative impact on local communities and society in general. We are open, honest and ethical in all our dealings and operations, meaning that we do not employ corrupt practices or commit acts of bribery.

Philips expects the same from its business partners. The GBP are part of our business contracts and are referenced for suppliers upstream through our Supplier Sustainability Declaration (SSD). 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 our partners. This includes, for instance, applying the Philips mandatory Due Diligence Process for selecting distributors and agents.

In addition to the company's customary disclosures on tax contributions that will be made in the Annual Report 2020, Philips will publish a supplemental Country Activity and Tax Report for 2020, which will include the tax contributions for all countries in which Philips operates. This is in line with Philips' commitment to transparency, and the company's view that these tax contributions are social value contributions to the local communities.

For more information, refer to section 6.5 in our Annual Report 2020.

Environmental impacts

Philips believes that sustainable development is one of the most challenging issues facing the world. The company is committed to continuously exploring solutions to successfully balance economy and ecology. We are committed to ensure that our activities are sustainable. For that, we have implemented carbon emission reduction projects and water-saving actions in several locations. These efforts are designed to minimize negative impacts on people living in the areas surrounding Philips' sites and society at large. To decrease our environment impacts, we perform Life-Cycle Assessments (LCAs), which provide insight into the lifetime environmental impact of our products. These are used to steer our EcoDesign efforts and to grow our Green and Circular Solutions portfolio. On September 14, 2020, we launched our ESG commitments, with ambitious targets to be achieved by the end of 2025.

For further information on our environmental commitments, please refer to section 5.3 in our Annual Report 2020.

For any suggestions or comments, please contact philips.sustainability@philips.com

Annex:

Table: Human Rights Areas of Severe Impact

Human rights areas of severe impact, in no specific order, as published in Philips' Human Rights Report 2018, linking them to the corresponding internationally recognized human right, our 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	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	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	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)



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