

## Philips

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Subject: Responsible Sourcing of Minerals

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Dear Mr., Mrs.,

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 the east of the Democratic Republic of Congo (DRC), adjoining countries, and other Conflict-Affected and High-Risk Areas (CAHRAs), 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 (these companies are typically several tiers removed from our direct suppliers). The supply chain for the metals of concern consists of many tiers, including mines, traders, exporters, smelters, refiners, alloy producers and component manufacturers, before reaching Philips' direct suppliers.

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 \(RBA\)](#) and [GeSI](#). 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 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 trade in conflict minerals that benefit armed groups in conflict-affected and high-risk areas (CAHRAs), DRC, and adjoining countries.
- Enable legitimate minerals from these regions to enter global supply chains, thereby supporting the development of local economy and communities that depend on these exports.

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. 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, 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. The multi-stakeholder initiatives and responsible sourcing projects enable legitimate minerals from the region to enter global supply chains, thereby mitigating risk in mineral supply chains and supporting the local economic and social development.

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 gradually other minerals (e.g., cobalt) used in our products.

Kind regards,

Júlia Knauer Carvalho

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Philips Group Sustainability

More information:

- Public reporting about our conflict-free program and results on [Philips website](#) and [Annual Report](#)
- [Philips Conflict Minerals Declaration \(CMRT\)](#)
- [Philips Position on Responsible Sourcing of Minerals](#)