Philips Human Rights Report 2023
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Foreword

Health is a fundamental human right. Yet half the world’s population lacks access to the health services they need. As a leader in health technology, Philips can help improve people’s health and well-being by expanding access to sustainable and equitable healthcare. We must remain aware of global pressures like climate change, geopolitical conflicts, disease outbreaks, and the rise of chronic diseases that disrupt health systems and slow progress toward health for all. These crises tend to disproportionally impact the lives of women, children, people with disabilities, people of color, and those from ethnic and other minority backgrounds.

At Philips care means the world to us, and we believe that protecting people’s health and that of the planet goes hand in hand. Our company is defined by our fully integrated approach to doing business responsibly and sustainably. Philips’ Environmental, Social & Governance (ESG) commitments give expression to a widely held view that underpins its activities – companies that hold themselves accountable to their stakeholders and increase transparency will be both more viable and valuable.

Designing health technologies that increase access to care and support larger health equity goals requires being consciously inclusive throughout the innovation process, and teaming up to create sustainable, equitable and scalable solutions. In addition, through the work of Philips Foundation, we can improve access to care in underserved communities by supporting innovative, local enterprises.

We cannot realize our purpose without our workforce and a strong supply chain. We strive to be the best place to work for people who share Philips’ passion, promoting personal development, inclusion and diversity, and remaining committed to improving the lives of workers in our supply chain.

This Philips Human Rights Report 2023 details our efforts to uphold human rights both within the Philips organization and throughout our value chain, and highlights key successful initiatives and milestones reached over the last year.

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

As a purpose-driven company, Philips is conscious of its responsibilities towards society. The company sets ambitious environmental and social targets and refines its corporate governance practices to align with global standards and 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 SDG 3 (good health and well-being), SDG 12 (responsible consumption and production), SDG 13 (climate action) and SDG 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 learnings from previous years, this latest Human Rights Report illustrates Philips’ progress in addressing key human rights domains throughout 2023 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 10 Principles covering human rights, labor, the environment and anti-corruption policies, Philips strongly believes that companies have both the responsibility to respect human rights and the ability to protect them.

Philips’ General Business Principles, Human Rights Policy, Supplier Sustainability Declaration, and other relevant policies detail how Philips respects human rights and outlines its expectations for its business partners. These policies align 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 Steering Committee on Business and Human Rights. This committee, comprised of Executive Committee members and senior executives from businesses and functions across the company, 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 Board of Management on a quarterly basis. In addition, the company has also appointed a dedicated Human Rights manager, who ensures alignment of Philips’ activities with its commitment to human rights, and reports directly to the Steering Committee on Business and Human Rights.
Business integrity – General Business Principles

The General Business Principles set the standard for acting with integrity at Philips. They govern all Philips 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 being 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 increase 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 able 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 8,000 employees who are not able to take the online General Business Principles course, an offline version is available. This training, specifically tailored to this group of employees, features relevant examples 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. To achieve meaningful impact, content is tailored to certain key audiences, such as the company’s networks of General Business Principles Officers and Health & Safety Officers. 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.
Philips’ grievance mechanism process

Grievance mechanisms are an important pillar of the [United Nations Guiding Principles on Business and Human Rights (UNGP)]. 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 they may have (including human rights). 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

Philips’ Speak Up (Ethics line) is available 24 hours a day, seven days a week, and 365 days a year.

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.

Philips also monitors and reviews complaints and public allegations relating to conflict minerals from news articles, public reports, industry associations, as well as direct information from suppliers, smelter or refiners (SORs), customers or other stakeholders. Philips uses the information to identify and assess conflict financing risk and other OECD Guidance Annex II risks associated with mineral country of origin (including transit and transportation), suppliers and/or smelters in supply chains.
Philips intends to monitor the progress and findings from these sites and take them on a continuous improvement journey regarding human rights topics.
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 supplemented 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 Philips’ supply chain, the Human Rights Impact Assessment approach consists of a desktop validation phase, with a self-assessment questionnaire 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 input 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.

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 site level (for example, for implementation at country or global level) are taken to country/global leadership to develop harmonized solutions.

Assessments in 2023 and ambitions going forward

In 2023, Philips conducted Human Rights Impact Assessments (HRIAs) at its sites in Pune (India) and Varginha (Brazil), living up to its commitment of conducting HRIAs at 100% of its at-risk sites by 2023. Philips intends to monitor the progress and findings from these sites and take them on a continuous improvement journey regarding human rights topics.

As Philips looks to the future, its primary focus is on enhancing these sites through a dedicated emphasis on maturity and capability building, establishing Philips sites true leaders in this critical field. Philips wants its sites to actively contribute to the promotion and protection of human rights, going beyond compliance to be proactive advocates for a more responsible, sustainable and rights-centered future.
**Human rights in Research & Development**

Philips works with a large number of research participants every year, including doctors and patients. 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, Human rights and integrity need to be respected in every decision and action. In Philips Research, this meant that during 2023, an Internal Committee for Biomedical Experiments reviewed and approved all research projects. The Internal Committee met weekly and was composed of 20 members with a variety of nationalities and professional backgrounds. The Internal Committee had several responsibilities: 1) to protect the rights of research participants, researchers, and partnerships; 2) to facilitate the research process, quality and compliance with regulations, and 3) to ensure excellence through ethics and research integrity.

During 2023, Philips Research (Chief Technology Office) offered a range of online and classroom training for staff members involved in conducting research. This includes mandatory research ethics courses and training on data privacy and AI principles that increased 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 was given to the principles of diversity, inclusivity, sustainability and scientific integrity.

**Philips’ commitment to suppliers**

As part of its purpose to improve people’s health and well-being, 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 embeds requirements from the Responsible **Business Alliance Code of Conduct**.

In 2016, Philips implemented the **Supplier Sustainability Performance program** for 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 lowered. The results of the assessment are shared in the Philips Annual Report, including a breakdown 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 diverse-owned suppliers based in North America by 2024. In 2023, Philips continued to grow its investments in this program to procure in a more meaningful and mindful way by focusing on supplier diversity, alongside quality and cost.
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 input 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.

Freedom from child, bonded and forced labor

As stated in its Fair Employment Policy, Philips prohibits the use of child, bonded, and 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.

Philips sends a worker voice survey ahead of the site visit, which allows for rich input from direct workers, who share their views anonymously.

Non-discrimination

Philips is committed to inclusion, diversity, and equity, which 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 of 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 has increased the number of women in senior positions for the third consecutive year. As of October 2023, the figure stands at 31%.

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 Diversity, Inclusion and Well-being 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 monthly 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.
Across industry worldwide, the vast majority of social and environmental impacts occur in supply chains. In healthcare, 71% of the sector’s carbon emissions are indirect, coming from the production and transportation of goods and services that hospitals purchase, such as medicines, food, equipment, clothing and waste treatment.

Philips’ purpose of improving people’s health and well-being extends beyond innovative products, systems and services to its supply chain. The Philips Supplier Sustainability Performance (SSP) program replaces the traditional approach of supplier auditing, which had been shown to be insufficient in driving sustainable improvements and can lead to audit fatigue. One of the most important behaviors Philips aims to drive is continuous improvement, which means identifying and tackling the root cause of process issues.

With the SSP program, the focus is on ensuring structural, proactive improvement in social and environmental performance, rather than simply reacting to issues that arise. By lending expertise to its suppliers, Philips helps them grow their skills in many areas, including assessment of supplier sustainability performance, management of regulated substances, greening the supply chain, improvement of working conditions, and responsible sourcing.

The SSP approach is long-term and relationship driven. Philips takes time to explain the reasoning behind the program expectations, with the larger aim of building more mature and sustainable supplier management, and this approach is yielding results. Xiamen Salom Electronics in China, a Philips supplier since 2008, joined the SSP program in 2020. Philips has been working together with Salom to improve social performance, reduce energy and water consumption, and help drive overall supply chain sustainability.

Over the past year, Salom has been using the ISO14067 product carbon footprint investigation management system to calculate and evaluate the total amount of carbon dioxide and other greenhouse gases released during its entire product life cycle. The SSP program has helped them establish a management system in three areas – energy, carbon inspection and product carbon footprint. This has helped Salom to better manage energy use, optimize resource allocation, reduce environmental pollution, and improve energy efficiency.

Suppliers are facing very real obstacles when it comes to implementing more sustainable practices, but Philips is committed to tackling these challenges together. Getting suppliers to embrace their environmental responsibilities is one of the most critical steps towards ensuring humane working conditions and transitioning to a low-carbon, low-waste economy.

Case Study

Teaming up with suppliers to protect people and the planet

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Bob Ruers, Philips Supplier Sustainability Director

More than 200 suppliers actively participate in the Philips Supplier Sustainability Performance program and additional suppliers are added each year.

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For 30 years in southwest Georgia in the US, the Emory School of Nursing and the Ellenton Clinic have been expanding access to primary care for the state’s farmworkers and their families. The clinics are run as part of a government-funded, community-led program to help advance health equity for one of the US’s most vulnerable populations. Agriculture workers are the backbone of the state’s farming sector and the country’s food supply chain, and the physically demanding nature of their work means providing access to care is essential. Often medically underserved, migrant workers’ health concerns require bringing care directly to where they live and work. Doing so also helps build trust in the people and resources that are there to support them.

Every June for two weeks, a team of faculty members and students from a variety of Georgia-based medical schools and a variety of disciplines provide care and screenings, including vision, hearing, blood pressure, BMI, and fine motor skills for migrant children enrolled in a summer school program. The team conducts night clinics at the fruit and vegetable farms for adult migrant farmworkers, featuring health screenings, focused care and medication, giving referrals to patients for any health issues that require additional attention.

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Jeff DiLullo, Chief Region Leader of Philips North America

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For medical students, the clinics offer vital experience providing care in the field. This affords them great insight into living and working conditions they would not otherwise be exposed to, as well as how best to treat individuals in underserved communities. Emory nursing students also receive hands-on experience with innovative Philips technologies such as the Lumify tablet-based ultrasound and access to the lifesaving HeartStart AED, all while providing essential care for the farmworker community.

Philips’ support also helped outfit the mobile health vehicle with medical equipment to provide the best care for farmworkers who are unable to visit the clinic. This mobile unit now tours the region, greatly expanding the program’s ability to offer services in the community. The program expects to care for as many as 9,000 farmworkers and their family members over the next year.

This vital program has been expanding and adapting to the needs of Georgia farmworkers for three decades while providing healthcare professionals of the future a service-learning opportunity. Partnering with the Farm Worker Family Health Program to help expand its reach, brings to life our Philips’ goal of improving the lives of 2.5 billion people a year by 2030, including 400 million in underserved communities. This ongoing work, centered on access to care and health equity, is making a real difference for the farmworkers and their families along with the faculty members, students and clinicians providing this critical care.
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 get trained in 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, Philips completed an inaugural mentoring pilot in partnership with its Black Employee Resource Group, aimed at raising awareness and combating racism. Additionally, a second mentoring program was concluded in 2023 in partnership with the Black, Latin, and Asian Employee Resource Groups.

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 own 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 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 has been engaged in 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 for its employees’ physical and mental health. Thus, working hours are monitored at country level and regularly reported. In the case of overtime, Philips Region or Zone Leaders are responsible for acting, 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 internal assessments and the Supplier Sustainability Performance program.

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 with a view to reaching agreement on employment conditions.

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, and remaining attentive to ensure a safe and healthy workplace.

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, Diversity and Well-being 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.

Physical well-being is the ability to perform activities and carry out social roles without being hindered by physical limitations or bodily pain. The Health and Safety team collaborates closely with manufacturing and commercial organizations to educate employees on topics such as ergonomics, safe lifting, and maintaining a healthy lifestyle.

There are several ongoing initiatives, including a Physical Well-being and Ergonomics Campaign, offering training, webinars, on-site ergonomic evaluations, and an Ergonomic Champions program that bring awareness of physical well-being and prevention of ergonomic injuries, as well as a reduction in lost workday injuries.

Philips also focuses on personal health and wellness by providing information on various health topics such as cardiovascular disease, respiratory illnesses, physical activity, skin health, and smoking-related illnesses. This enables employees to take charge of their health and make informed decisions. Healthy employees experience less fatigue and discomfort during their workday, which helps decrease absenteeism, improve morale, and increase employee involvement. Ongoing initiatives include a Health Awareness Campaign, health promotion emails and Intranet publications.

In 2023, Philips deployed and further matured the Annual Self-Assessment process across all its manufacturing and commercial organizations, for the third year, 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

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 protecting personal data and preserving the 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.

Philips is committed to protecting personal data and preserving the privacy of individuals in compliance with applicable privacy and data protection laws and regulations.
In September this year, Philips CEO Roy Jakobs signed the Women’s Empowerment Principles (WEPs), further strengthening the company’s commitment to gender equality. These seven UN principles offer guidance to businesses on advancing gender equality and women’s empowerment in the workplace, marketplace and community.

Philips believes that full and equal participation of women is crucial for fostering innovation, productivity, and sustainable economic growth. The principles provide a supportive framework on how to promote gender equality and women’s empowerment in the workplace. Taking a stand for gender equality is both the right thing to do and makes business sense.

Signing the WEPs does not represent an aspiration on the part of Philips, rather it is reflective of where the company’s culture currently is. Through the ‘Be the change’ and Diversity, Inclusion and Well-being programs, Philips has been supporting women in the workplace, with a clear goal of women holding 35% of the company’s leadership positions by 2025. This target, in combination with the WEPs, holds Philips accountable externally and allows it to join a community of companies who share the same values.

A big part of achieving this gender diversity target and creating this inclusive culture is down to the drive and integrity of the people who work at Philips. For the last five years, Philips Women Lead (PWL) – an internal Employee Resource Group (ERG) – has been striving to achieve a working culture that fully supports, develops and empowers women. A grassroots organization run by employees for employees, PWL was started by a single woman who created the group as part of an International Women’s Day project.

Growing 20% over the last year alone, PWL now boasts thousands of members, and has chapters across the world. With an established presence as the largest ERG at Philips, PWL is now beginning to look into what it can do to grow its presence beyond the company. By partnering with other businesses and NGOs, PWL is looking to keep moving the needle on women’s empowerment within Philips and within the broader MedTech sector in 2024.

Philips wants to have more women in leadership positions, as diversity of working and leadership styles across teams strengthens the company’s culture and ultimately benefits the business. This in turn drives Philips’ purpose of improving people’s health and well-being as the company grows to better represent the clinicians and patients it serves.

With more than 4,100 community members, PWL has 180 local and international ambassadors volunteering and 30 active chapters worldwide.

Indira Wildschut, Global Head of Philips Women Lead

Case Study

Gender diversity: Philips Women Lead (PWL) and signing the Women’s Empowerment Principles

“In September this year, Philips CEO Roy Jakobs signed the Women’s Empowerment Principles (WEPs), further strengthening the company’s commitment to gender equality. These seven UN principles offer guidance to businesses on advancing gender equality and women’s empowerment in the workplace, marketplace and community.

Philips believes that full and equal participation of women is crucial for fostering innovation, productivity, and sustainable economic growth. The principles provide a supportive framework on how to promote gender equality and women’s empowerment in the workplace. Taking a stand for gender equality is both the right thing to do and makes business sense.

Signing the WEPs does not represent an aspiration on the part of Philips, rather it is reflective of where the company’s culture currently is. Through the ‘Be the change’ and Diversity, Inclusion and Well-being programs, Philips has been supporting women in the workplace, with a clear goal of women holding 35% of the company’s leadership positions by 2025. This target, in combination with the WEPs, holds Philips accountable externally and allows it to join a community of companies who share the same values.

A big part of achieving this gender diversity target and creating this inclusive culture is down to the drive and integrity of the people who work at Philips. For the last five years, Philips Women Lead (PWL) – an internal Employee Resource Group (ERG) – has been striving to achieve a working culture that fully supports, develops and empowers women. A grassroots organization run by employees for employees, PWL was started by a single woman who created the group as part of an International Women’s Day project.

Growing 20% over the last year alone, PWL now boasts thousands of members, and has chapters across the world. With an established presence as the largest ERG at Philips, PWL is now beginning to look into what it can do to grow its presence beyond the company. By partnering with other businesses and NGOs, PWL is looking to keep moving the needle on women’s empowerment within Philips and within the broader MedTech sector in 2024.

Philips wants to have more women in leadership positions, as diversity of working and leadership styles across teams strengthens the company’s culture and ultimately benefits the business. This in turn drives Philips’ purpose of improving people’s health and well-being as the company grows to better represent the clinicians and patients it serves.

Indira Wildschut, Global Head of Philips Women Lead

With more than 4,100 community members, PWL has 180 local and international ambassadors volunteering and 30 active chapters worldwide.
Partnering for impact

Philips recognizes the importance of collaboration and collective efforts to drive meaningful impact. 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.

Towards equitable and accessible healthcare

Healthcare is a fundamental human right, yet according to the World Health Organization, half the world’s population lacks access to essential health services.

In a sector that was already grappling with the combined burden of growing and aging populations, the rise of chronic diseases and resource constraints, recent environmental health impacts and the COVID-19 pandemic have underscored the prevalence of health inequities, the urgent need for more sustainable and resilient health systems, and the importance of accelerating progress towards achieving universal health coverage by 2030, the commitment made by all United Nations member states.

As Philips, it is critical to innovate in ways that deliver more equitable and sustainable healthcare – not for some, but for all. This requires addressing the unfair and avoidable barriers to health experienced by marginalized and underserved communities, as well as the devastating effects of climate change, which, while threatening all of humanity, very often hit these same communities earliest and hardest. It is in this context that Philips signed the Zero Health Gaps Pledge, solidifying its commitment to embed health equity in core strategies, operations and investments.

As part of its company purpose to improve 2.5 billion lives a year by 2030, Philips is committed to expanding access to care and advancing health equity around the world – in particular in medically underserved communities in the USA, Europe, China and low- and middle-income countries – with the aim of improving the lives of 400 million people in medically underserved communities by 2030.

Over the past year, Philips has continued its journey to improve access to care in medically underserved communities. Through shared-value partnerships with complementary strengths, Philips is creating innovative digital solutions and new business and financing models that are both sustainable and scalable. Philips’ vision is to strengthen health systems and reach more patients sooner in their disease progression, while lowering costs and bringing care closer to those most in need.

For example, Philips is responsibly embedding AI and data science in its propositions to aid clinical decision making, expand healthcare access, and improve the quality and efficiency of healthcare services. Since 2021, Philips has received the support of the Bill and Melinda Gates Foundation to accelerate global development of AI algorithms on the Philips Lumify Handheld Ultrasound. The AI algorithms simplify six key measurements during pregnancy and reduce training time from weeks to just hours, hugely expanding the pool of frontline health workers who can learn to use the technology and integrate it into routine care.

Early research results this year have shown that the technology has helped drive better-informed decision-making when triaging pregnant women in rural underserved communities in Kenya. The new funding boost, announced in November 2023, will support further development of the AI-assisted tool for underserved communities globally.

Similarly, in India, Philips is helping to improve cardiovascular health through its HeartPrint service. This innovative service, using people’s own smartphones, provides a personal, holistic report of their cardiovascular health and risks associated with it, while alerting to seek medical help if needed. It empowers people to understand and take care of their own heart health. India HeartPrint service was made available to all Philips employees in India, with the ambition to successfully scale going forward.

In 2023, Philips continued to grow its portfolio of vendor-agnostic digital solutions that facilitate collaboration and smart insights. For example, in partnership with customers in Australia, Philips brings intensive care units (ICUs) to remote areas. By using Philips’ eCareManager (eCM), remote collaboration and oversight between medical professionals are enabled, while clinical decision support for individual patients can be provided.

Looking ahead, laying the foundation for digital health solutions in low- and middle-income countries will help unlock its potential to expand access to care. Therefore, Philips continues to expand its participation in the Digital Connected Care Coalition (DCCC), a cross-sector digital health coalition that helps implement game-changing digital health solutions, like growing a cross-country health data infrastructure that can be used by all parties in the healthcare industry, improve patient care, and repair the referral chain.
**Responsible sourcing of minerals**

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

Philips recognizes the need to systematically address all extractives-related issues worldwide, such as human rights abuses, including child labor, forced or bonded labor, as well as health and safety, and environmental issues. The company ensures responsible sourcing in affected regions without creating de facto embargoes. For this purpose, it leverages its position as a strategic partner in the European Partnership for Responsible Minerals (EPRM), which is a public-private cooperation that supports and complements the EU conflict minerals legislation. Additionally, Philips collaborates with industry programs and groups, such as responsible sourcing and upstream impact programs initiated under the Responsible Minerals Initiative (RMI).

Through its engagements, the company aims to foster the wider adoption, improvement, and reliability of relevant programs, tools and standards.

Philips also addresses the complexities of 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, gold and cobalt. Through a combination of due diligence efforts and multi-stakeholder initiatives, companies and other stakeholders can work towards the achievement of two 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 regions, including, but not limited to, the DRC and adjoining countries, thereby supporting the development of the local economy and communities.
Philips Foundation has been supporting a program to tackle Rheumatic Heart Disease (RHD) in Uganda since 2018 and launched it in the Philippines in 2023. RHD is a life-threatening disease that the World Health Organization says flourishes 'where poverty is widespread and access to health services is limited' and begins as a bacterial throat infection and is most common in childhood. Able to pass easily from person to person, the infection leads to rheumatic fever which damages the heart valves of the children it affects. This can lead to heart failure and death when sufferers reach their early 20s and is a significant concern for women during pregnancy.

Around 40 million people in the world have RHD, and the incidence is increasing. Tackling RHD requires a concerted public health response. Philips Foundation’s project in Uganda, in partnership with Heart Healers International, uses Philips’ handheld Lumify ultrasound technology to scan children who are asymptomatic to spot any signs of RHD in their hearts. Any children showing signs are then connected with an RHD clinic and put on a course of antibiotics that lower the chance of heart injury.

The initial trial was successful in demonstrating that antibiotic treatment reduced the progression of RHD when detected early, leading Philips Foundation to look at what could be achieved in a similar project in the Philippines, in collaboration with the World Heart Federation. Echocardiography is key in the fight against RHD as portable ultrasound improves access to screening and can be used within primary care programs. However, ultrasound skills take time to develop, and Philips Foundation partners in Uganda are exploring the use of AI to further improve the process of diagnosis. With this application, it is hoped that even more cases can be caught early, saving the lives of more children in medically underserved communities.

Launching this year and extending until June 2025, the pilot project in the Philippines targets the combination of low disease awareness, lack of healthcare access and treatment, and inadequate diagnosis and medical training. The goal of this new project is to drive a comprehensive approach to alleviating the burden of RHD on the local health system. What began as a simple collaboration to explore the value of portable ultrasound technology in the field has grown into a broader advocacy program that looks to take those learnings and apply them to Philips Foundation’s guiding mission – providing access to quality healthcare for underserved communities around the globe.

Case Study
Improving access to care in the fight against Rheumatic Heart Disease

“Philips Foundation is supporting a kind of ‘implementation research’. We’re using the existing system to detect early and treat Rheumatic Heart Disease, but we’re also trying to generate evidence that this can work within primary healthcare in very different geographical locations.”

Margot Cooijmans,
Director of Philips Foundation

Up to September 2023, more than 3,000 studies have been performed as part of the Adunu Project in Uganda with a 5.5% positive screen rate and 82 confirmed cases of RHD.

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## Appendix

### Table: Human rights areas of severe impact at Philips

<table>
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<tr>
<th>Human rights areas of severe impact at Philips</th>
<th>Internationally recognized human rights</th>
<th>Activities (affected stakeholders) Possible impacts</th>
<th>Most vulnerable groups Possible impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-discrimination</td>
<td>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)</td>
<td>Operations/Supply chain/Other activities (Employees/workers and local communities)</td>
<td>Women, LGBTI, minorities, persons with disabilities, local communities (including indigenous peoples)</td>
</tr>
<tr>
<td>Respectful treatment</td>
<td>Freedom from degradation (UDHR art 9) / 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)</td>
<td>Operations/Supply chain (Employees/workers)</td>
<td>Women, LGBTI, minorities, persons with disabilities</td>
</tr>
<tr>
<td>Freedom from child labor</td>
<td>Freedom from child labor (ICCPR 24 – ICESCR 10.3) / Right to education (UDHR art 26) / Right to a family life (UDHR art 16.3)</td>
<td>Operations/Supply chain/Other activities (Employees/workers, local communities)</td>
<td>Children</td>
</tr>
<tr>
<td>Freedom from forced and bonded labor</td>
<td>Right not to be subjected to slavery, servitude or forced labor (UDHR art 4 and 5) / Freedom of movement (UDHR art 13)</td>
<td>Operations/Supply chain/Other activities (Employees/workers)</td>
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</tr>
<tr>
<td>Equal and fair treatment</td>
<td>Equal pay for equal work (UDHR art 23.2) / Right to just and favorable working conditions (UDHR art 23.1)</td>
<td>Operations/Supply chain (Employees/workers)</td>
<td>Women, LGBTI, minorities, persons with disabilities</td>
</tr>
<tr>
<td>Remuneration</td>
<td>Right to a just remuneration (UDHR art 23.3)</td>
<td>Operations/Supply chain (Employees/workers)</td>
<td>Women, Migrant employees/workers</td>
</tr>
<tr>
<td>Working hours</td>
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<td>Operations/Supply chain (Employees/workers)</td>
<td>Migrant employees/workers</td>
</tr>
<tr>
<td>Right to organize and collective bargaining</td>
<td>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))</td>
<td>Operations/Supply chain (Employees/workers)</td>
<td>Employees/workers (in general)</td>
</tr>
<tr>
<td>Workplace health and safety</td>
<td>Right to health (ICESCR art 12.1) / Right to life (UDHR art 3)</td>
<td>Operations/Supply chain (Employees/workers)</td>
<td>Pregnant women, night workers, workers in dormitories and young workers</td>
</tr>
<tr>
<td>Privacy and data protection</td>
<td>Right to privacy (UDHR art 12)</td>
<td>Operations/Other activities (Employees/workers, consumers/customers)</td>
<td>Employees/workers, consumers/customers (in general)</td>
</tr>
<tr>
<td>Product safety</td>
<td>Right to health (ICESCR art 12.1) / Right to life (UDHR art 3)</td>
<td>Throughout the product lifecycle (Consumers/customers)</td>
<td>Consumers/customers (in general)</td>
</tr>
<tr>
<td>Business integrity (addressed in Philips Annual Report)</td>
<td>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)</td>
<td>Operations/Other activities (Local communities)</td>
<td>Local communities (in general)</td>
</tr>
<tr>
<td>Environmental impacts (addressed in Philips Annual Report)</td>
<td>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)</td>
<td>Operations/Supply chain/Other activities (Local communities)</td>
<td>Local communities (in general)</td>
</tr>
</tbody>
</table>
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.