



Providing access to quality healthcare for disadvantaged communities



Philips
Foundation

Annual Report 2019

About the Philips Foundation

This report captures the activities of the Philips Foundation in the fifth year of its existence. The Foundation has developed at a fast pace, and we are still evolving. As a registered charity, established in July 2014, the Philips Foundation supports societal activities in all markets.

More and more, with the help of Philips employees worldwide and local societal organizations, the Foundation’s activities are helping to improve access to proper healthcare services for disadvantaged communities. We also initiate activities ourselves, with the goal of effecting lasting change in healthcare systems. Sometimes we do this through donations; at the same time, we support innovation, entrepreneurship and collaboration as major change-makers, while stepping up the use of other financial instruments.

Reflecting our commitment to United Nations Sustainable Development Goals 3 (Ensure healthy lives and promote well-being for all at all ages) and 17 (Revitalize the global partnership for sustainable development), the mission of the Philips Foundation is to **reduce healthcare inequality by providing access to quality healthcare for disadvantaged communities.**

We do this by deploying Philips’ expertise, innovative products and solutions, collaborating with non-governmental organizations around the world, working with Philips experts on local projects, supporting social entrepreneurs with their innovative healthcare solutions, and uniting the Philips workforce for impact through volunteering.

www.philips-foundation.com

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Cover photo:
Our goal is to reduce healthcare inequality by providing access to quality healthcare for disadvantaged communities, by deploying Philips’ expertise, innovative products and solutions.

The Board of the Philips Foundation



Ronald de Jong
Chairman of the
Philips Foundation



Mirjam van Reisen
Secretary of the Board



Wim Leereveld
Board Member



Herman Wijffels
Board Member



Sukai Ceesay
Board Member



Robert Metzke
Board Member

Fighting health inequality together! Now more relevant than ever...

This Annual Report 2019 of the Philips Foundation outlines a year of progress in providing access to quality healthcare for disadvantaged communities. Many new projects were initiated around the globe, and the partnerships with Ashoka, UNICEF, Save the Children, Amref and the ICRC were further strengthened, underlining the relevance and importance of United Nations Sustainable Development Goal 17.

We take pride in our partnerships, are thankful for the productive collaboration, and grateful for what we have been able to accomplish together. With more than 200 projects to date on a local and global level, we have been able to improve the lives of millions of people in disadvantaged communities worldwide. This represents another step towards SDG 3, which aims to realize universal health coverage by 2030.

The year 2019 ended with the outbreak of the COVID-19 virus in China, an event that triggered an unprecedented public healthcare crisis that will affect the livelihood of billions of people.

Today, the mission of the Philips Foundation is more relevant than ever. In fighting COVID-19, we need to ensure we leave nobody behind, further intensify our global partnerships, and ensure proper support for people living in countries with weak healthcare systems.

In this context, I want to highlight the Philips Foundation's focus on scaling social innovation through the healthcare solutions of selected social

entrepreneurs. The Philips Foundation is in its second year of a three-year collaboration with Ashoka; we are united in our belief that social entrepreneurship can be part of the solution for sustainability, scaling and driving system change. The Philips Foundation increasingly aims to invest in social entrepreneurs whose work goes to the heart of our mission, to enable their growth and their positive social impact.

Coordinating Philips' worldwide volunteering activities in 2019 had a concrete impact on childhood pneumonia. In the year ahead, volunteering will be intensified and focused on the fight against COVID-19. It is heartening to see the passion, energy and commitment of thousands of employees offering their valuable skills and time.

I would like to thank Royal Philips for its generous support of the Philips Foundation, the Philips employees involved in the volunteering activities, and the staff of the Foundation for their tireless efforts in fulfilling their mission. I would also like to thank Ashoka for their ongoing efforts to empower social entrepreneurs, and the global NGOs for their commitment to explore innovative solutions in primary care settings.

Together we will continue to reduce healthcare inequality in disadvantaged communities around the world.

Ronald de Jong, Chairman
On behalf of the Philips Foundation Board

Welcoming Sukai Ceesay and Robert Metzke as new Board Members

Sukai Ceesay became a member of the Board on September 27, 2019, and **Robert Metzke** was appointed in 2019 as a Board member from January 1, 2020.

About Sukai Ceesay

Sukai Ceesay is an American Serial Social Entrepreneur, EQ Master Trainer, and Start-up Investor in Europe and West Africa. She founded Royal Blue & Orange International Trading, a global food, equipment and logistics supplier that sources and certifies socially and environmentally safe products for improved food safety while eliminating child and slave labor. She also founded AVIM Leadership Consulting, which helps companies to align people, purpose and passion to achieve a thriving business.

Sukai Ceesay holds several degrees, including an Executive MBA from Harvard Business School, and is a mentor and expert advisor for the University of Amsterdam Entrepreneurship Minor.

About Robert Metzke

Before joining Philips, Robert worked at McKinsey & Company as a consultant in strategy and innovation in the high-tech, healthcare, and public sectors.

Robert is currently Head of Sustainability and Chief of Staff Innovation & Strategy. As Head of Sustainability, he focuses on strategy and policy development and drives the execution of structural sustainability action programs in the company. In his role as Chief of Staff, he is responsible for initiating and driving programs and transformation initiatives across Innovation, Strategy, Design, Intellectual Property & Standards, and Sustainability.

In December 2019, **Ronald de Jong** stepped down from his role as Chief HR Officer and member of the Executive Committee and left Royal Philips. He will remain Chairman of the Philips Foundation Board.

Key figures 2019

38

new projects across the world were approved in 2019, spanning education on healthy living and prevention, through to diagnosis, treatment, and healthcare workforce capacity building. The Philips Foundation supported projects with local NGOs across 22 countries, improving access to care for vulnerable communities.

>5 million

people were able to access one or more healthcare services in 2019 thanks to support provided by the Philips Foundation.*

3.4 million

additional people were reached in 2019 through the Ashoka program, which supports social entrepreneurs.**

5

collaborations with social entrepreneurs were formed through our partnership with Ashoka, which connected with Philips employees to accelerate healthcare access for disadvantaged communities by deploying innovative solutions.

EUR 278,000

was raised by the global employee volunteering program through a variety of fundraising activities supporting the childhood pneumonia campaign. This amount was matched by Philips Foundation to give a total of EUR 556,000.

10

strategic projects were initiated with partners, exploring ways of using health technology to strengthen and innovate elements of healthcare delivery and enable better access to quality care.

>200

projects have around the world have been completed since the start of the Philips Foundation or are in progress, reaching over 15 million people – engaging employees, connecting with patients, and providing access to healthcare for medically underserved communities.

893,000

lives were improved by Philips employee volunteering in the fight against childhood pneumonia (includes Q4 2018).

Access to affordable healthcare



“At the Philips Foundation, we try to effect lasting change, deploying innovation and scalable models”

Margot Cooijmans, Director Philips Foundation

As I write this, we are a few months into 2020, and the world looks completely different.

In 2019, as in the years before, the Philips Foundation put all its efforts into improving access to affordable quality healthcare for disadvantaged communities worldwide.

With the help of skilled Philips volunteers, we supported social entrepreneurs selected by Ashoka throughout the world. This resulted in an additional 3.4 million people being able to use healthcare information and services. Volunteering work with humanitarian and non-governmental organizations on childhood pneumonia added almost another 900,000 lives improved.

Additionally, 38 new projects were shaped and approved in 2019, in close collaboration with Philips teams in countries where the company is present, and local and global NGOs, reaching over 400,000 people.

Communities were trained and equipped with AEDs, pregnant women received pre-natal scans, hypertension/diabetes care paths were established, information on healthy pregnancies was spread, midwives were trained, early detection of pneumonia in children was improved in many geographies – all this and more was achieved in 2019.

In our collaboration with humanitarian organizations we do not just donate: we try to effect lasting change, deploying innovation and scalable models that – in the end – will make healthcare provision more equal, and commonplace for many millions of people.

2020 will be a completely different and challenging year, given what we know about COVID-19 as we write this report. Looking at what we can do for the vulnerable in all societies, we remain fully focused on the disadvantaged communities around the world that lack sufficient access to quality healthcare.

Margot Cooijmans
Director of the Philips Foundation

* The total of 5,096,974 lives improved is calculated as follows. 116,901 through CSR activities in all markets. 640,932 through projects with large humanitarian and non-governmental organizations. In 2019, 893,290 people obtained access to care through the volunteering program (918,429 if we include Q4 2018). The Ashoka entrepreneurs who were supported by skilled advisors from Philips contributed 3,445,851 lives they were able to touch through the collaboration with the Foundation.

** The 3.4 million additional lives improved is calculated as follows. The learnings and discussed ways to scale the preventive information, healthcare services or products of the social entrepreneurs led to a multiplier of their reach. The attribution factor was defined by the Fellows (entrepreneurs) themselves, based on their perception of the impact of the support from Philips Foundation or Philips capabilities received. The 3.4 million is the sum of separately attributed percentages of the impact and scale each entrepreneur operated at by the end of the 2019.

Our work across the globe



Impactful partnerships

Through impactful collaboration with international non-governmental organizations, social entrepreneurs and academic parties, we look at innovative solutions to improve access to healthcare for disadvantaged communities. Exploring health technologies such as telehealth, point-of-care diagnostics and dedicated solutions for low-resource settings, we aim to build the evidence and insights that can help create a platform from which these solutions can scale to larger impact in a sustainable way. In 2019, 10 new projects were approved.

We work with the International Federation of Red Cross and Red Crescent Societies (IFRC), several national Red Cross Societies, UNICEF, Amref Health Africa and Amref Flying Doctors Netherlands, Save the Children, PharmAccess, Malaria Consortium and others to explore healthcare delivery models and solutions that improve access to quality healthcare, especially in low-resource settings. We collaborate with academic partners such as Aga Khan University, the Royal Tropical Institute (KIT) and Amref International University to scientifically investigate the impact of several of our interventions in primary healthcare. We also increasingly work in partnership with social entrepreneurs to help them further develop and expand their innovative business and impact models.



Local projects

Philips' country offices identify projects that aim to provide sustainable impact and scalable solutions to reduce health inequality in disadvantaged communities through the use of Philips innovations and expertise. Guided by the Philips Foundation, these locally relevant initiatives are carried out in collaboration with NGOs. In 2019, the Philips Foundation approved the launch of 20 new market projects. Since the launch of the Philips Foundation in 2014, over 120 of these projects have been set up across the globe.

In 2019, we supported projects with organizations including Kenya Red Cross (Kenya), The Heart and Stroke Foundation (South Africa), Young Impact (Netherlands), Onkocafe Foundation (Poland), Mécénat Chirurgie Cardiaque (France), Liga Contra El Cáncer Seccional Bogotá (Colombia), Instituto Paulo Gontijo (Peru), Global Action Plan (UK) and many more. The projects encompass mother and childcare, diagnostic technology for cardiology and oncology, respiratory care, ultrasound, and education on healthy living.



Social entrepreneurship

Accelerating Healthcare Access (AHA in abbreviation) is an ambitious movement bringing together the Philips Foundation and Ashoka social entrepreneurs to address United Nations Sustainable Development Goals 3 (*Ensure healthy lives and promote well-being for all at all ages*) and 17 (*Revitalize the global partnership for sustainable development*) by scaling social innovation.

Philips Foundation and Ashoka have completed two years of a three-year collaboration to increase access to healthcare around the world. This collaboration leverages business capabilities by connecting leaders from Philips with innovative social entrepreneurs, who have created new, visionary solutions aimed at providing suitable healthcare services and, in certain cases, driving systemic change of healthcare ecosystems to increase access to quality healthcare for all.



Employee volunteering

In collaboration with Philips, the Philips Foundation developed, launched and coordinated a global volunteering program in 2019. The Philips Foundation defines a meaningful global access-to-healthcare goal every year, bringing content and challenges from our NGO partners and social entrepreneurs to engage the full Philips workforce. Combining the capabilities of over 80,000 employees on a shared global healthcare goal makes it possible to have tangible and meaningful impact at scale. Under the campaign banner **#supportthefighttobreathe**, our goal has been to reduce worldwide child mortality caused by childhood pneumonia. In 2019, employees around the world contributed to eight joint projects related to childhood pneumonia.

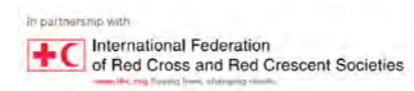
Looking back at the completed campaign, we have experienced the benefit of employees becoming aware of the Philips Foundation via the volunteering program and engaging more deeply in longer-term extra-contribution volunteering across our other Foundation programs. Throughout the campaign in 2018 and 2019, we have seen a significant increase in scale, impact, and employee testimonies.

We believe that as employees engage, those experiences will help them better understand the needs of the people the Philips Foundation seeks to serve, inspiring innovative new ideas on how Philips can help further increase access to healthcare.

Strengthening health systems to enhance access to healthcare

In 2019, we continued to carry out a range of strategic projects in Africa that explore ways of using health technology to strengthen or innovate healthcare delivery. These projects aim to introduce new solutions to enable better access to quality healthcare, especially by strengthening primary healthcare, the first line of care services. This can be in the form of preventive education, as well as enabling early diagnosis within communities and timely treatment by trained staff. We also started similar initiatives in other geographies in need, such as the Indian Subcontinent.

In 2019, we worked with the following international non-governmental, humanitarian organizations and academic institutions to improve access to quality healthcare.



With the **International Federation of Red Cross and Red Crescent Societies (IFRC)** and several **National Red Cross Societies**, we work on projects that enhance the work of community health volunteers, public responders, and other frontline healthcare workers. We also support the **510 initiative of the Netherlands Red Cross** that aims to innovate humanitarian aid by converting data into understanding to help preparedness and response.



We work with the **International Committee of the Red Cross (ICRC)** on the validation and deployment of our jointly developed high-risk pregnancy toolkit and are also scaling this to sizable implementation with the **Kenya Red Cross**.



In projects with **UNICEF**, we aim to improve the maintenance and performance of medical devices in health facilities and implement a project in Kenya to develop innovative, locally designed medical devices to improve access to quality care for women, newborns, and children.



In projects with **Aga Khan University**, **PharmAccess**, **Amref International University**, **Imaging the World**, **doctHERs** and **Ondas de Latinoamerica** we are exploring the opportunities that point-of-care ultrasound offer to improve access to diagnostics much closer to where people live or work.



Several projects are running to explore innovative approaches to combat childhood pneumonia. This includes collaborations with **Save the Children**, social entrepreneur **ZMQ**, **Malaria Consortium**, and a project with the **Netherlands Refugee Foundation** (Stichting Vluchteling) in collaboration with the **International Rescue Committee**.



In 2019, we continued working with **Amref Health Africa** on validating a sustainable financing model for primary healthcare delivery in Makueni County, Kenya. We also embarked on other innovative business model studies, for example with **Healthy Entrepreneurs** in Uganda, where we tested the addition of diagnostics and doctor-at-distance support to their franchise model for community health entrepreneurs. And we provided a start-up grant and expertise support to **AidInnov**.



KIT Royal Tropical Institute is performing a study on the impact of community life centers as a primary care model on the quality and utilization of primary care in Kenya and South Africa.

Improving cardiology care in Africa

Cardiovascular diseases (CVDs) are the number one cause of death globally, and over three quarters of CVD deaths take place in low- and middle-income countries. To raise awareness around heart health and to improve the survival chances of victims of Sudden Cardiac Arrest (SCA), the Philips Foundation has teamed up with the Red Cross on a number of initiatives across Africa.

We continued to support the multi-year campaign BackToRhythm to educate the public about risk factors, reinforcing the need for a healthy lifestyle, and empowering the public to identify warning signs and symptoms. BackToRhythm 2019 was held in Eldoret, Kenya. Over 6,500 people participated in the campaign, cycling, running and walking a total of 10,800 kilometers and securing the donation of 25 defibrillators to the Kenya Red Cross for placement in public spaces. In addition, over 200 health professionals were trained on aspects of cardiac health, ranging from sports cardiology to life support.

In a separate project, we worked with the International Federation of Red Cross and Red Crescent Societies (IFRC) and its Global First Aid Reference Centre (GFARC) on developing a blended learning method to improve the quality, reach and continuity of first-aid training on cardiopulmonary resuscitation and the use of defibrillators. Using a combination of face-to-face sessions and distance learning through the internet, the tool was first deployed by the Red Cross Societies in Niger and Burkina Faso, where 900 people underwent basic first-aid training. The tools are digitally available through the IFRC and the Philips Foundation.



Increasing the reach of ultrasound diagnostics

The availability of compact, portable, and digitally connected ultrasound devices opens up new ways to improve access to diagnostics in remote areas. In projects across the world, we are pioneering new delivery, referral and income models with NGOs and social entrepreneurs.

In projects in Kenya, we are educating midwives to deliver antenatal pregnancy screening in village clinics, while receiving telehealth support from radiologists at distance. With Aga Khan University, we will offer this service at primary care levels in three sub-counties of Kilifi and assess the effects on aspects such as quality of service, uptake of early prenatal care, improved outcome of pregnancy, and communication between pregnant women and community health workers – all ultimately indicators of better maternal and child mortality outcomes. A complementary project with Amref International University focuses on testing the viability of a sustainable income model for business units of midwives offering this service. In this project, 40 midwives have completed the accredited ultrasound training and performed over 1,000 screenings to date.

In a project with social enterprise doctHERs in Pakistan, we will add point-of-care ultrasound to their model of connecting remote female doctors to frontline health workers in different settings, including factory clinics and mobile antenatal clinics.

We are also working with Imaging the World to establish a centralized training facility to train over 200 professionals per year in Uganda, as well as with Ondas de Latinoamerica to enhance ultrasound diagnostics at emergency clinics in Peru.

Innovative approach to combat childhood pneumonia

We run a number of innovation projects in India and Africa, exploring digital and diagnostic tools to support health workers.

The VISHWAAS (Breath of Hope) project with Save the Children, social enterprise ZMQ and Philips India is aimed at developing and proving a low-cost innovative approach for the prevention, diagnosis and treatment of childhood pneumonia. This includes an app-based mHealth solution. Apart from the scalable innovation, the project is set to bring high-quality pneumonia care to approximately 90,000 under-five children in India.

We also worked with ZMQ to create a new genre of storytelling called 'Talking Comics' on childhood pneumonia for women in rural India with lower literacy, to encourage healthy behaviors.

With the Malaria Consortium, we supported a study to assess the reliability of a video annotation tool for counting respiratory rate. This tool has the potential to be used as a new reference standard to support the diagnosis of pneumonia in children under five in low-resource settings.

Philips' ChARM (Children's Automated Respiratory Monitoring) devices are deployed in the VISHWAAS project and will also be used in a project with the Netherlands Refugee Foundation (Stichting Vluchteling) in collaboration with the International Rescue Committee to test whether these monitors can help improve pneumonia diagnostics by low-literate community health workers in crisis and refugee settings in Chad and Uganda.



New income and procurement models

The Philips Foundation is supporting a number of projects with NGOs and social entrepreneurs that develop, explore and scale new income, financing or procurement models.

We continued our project with Amref Health Africa – in collaboration with FMO, Philips and Makueni County, Kenya – that focuses on developing a sustainable financial model to revolutionize primary care in Africa. The model simultaneously improves health prevention, health-seeking behavior and financial risk protection at community level, as well as access to and quality of healthcare services. Implementation in three clinics showed increased service uptake, revenue generation and insurance uptake.

2019 saw the implementation of the joint project with Healthy Entrepreneurs, shaped in the AHA! Collaborative Action. In this project, 50 franchise entrepreneurs expanded their services to include diagnostic tools and access to remote telehealth services, where a remote physician can share the prognosis of the test results, and prescribe relevant drugs that Healthy Entrepreneurs is able to dispense. Results were very positive in terms of health outcomes, income generation and patient and caregiver satisfaction, and Healthy Entrepreneurs is in the process of scaling up the approach.

The Philips Foundation has provided a start-up grant and expertise support to AidInnov, a foundation that is developing a workflow and collaboration platform for procurement and tendering, as well as an open catalog of solutions, products, services and suppliers in the healthcare aid and development sector.

Local projects

Expanding healthcare access one project at a time

United Kingdom

Clean air for schools

The Philips Foundation has launched the Clean Air for Schools program with Global Action Plan (GAP), a leading environmental charity, and the University of Manchester, a leading research institute in the field of air quality.

The program is the largest of its kind in the UK, with 20 participating schools and 6,000 students included in the 10-month study. The program helps schools to improve air quality as well as to understand the impact of air pollution in schools by studying the varying levels of air quality in classrooms and how this affects children's health and academic performance.

Through tailor-made teaching resources that support the national curriculum and the installation of Philips air purifiers in classes, the Philips Foundation and GAP work with Manchester University as part of a research project to monitor the changes in air quality from purification and education.



Czech Republic

Philips employees swim for ALS

Supported by the Philips Foundation, a dedicated team from the Czech Republic used their expertise to help organize and participate in the Prague City Swim, a swimming competition run by several ALS organizations around the world to raise awareness.

The event took place in September 2019, raising funds for global research and personal care for ALS (amyotrophic lateral sclerosis) patients in the Czech Republic. A historic day, as it was the first Prague City Swim organized by ALSA, an association which has been helping patients in the Czech Republic for many years. Their team of speech therapists, physiotherapists, psychologists, and nurses visit patients at home. With the help of the Philips Foundation and dedication of the Philips Czech team, the organization will open a community center in Prague to inform doctors and nurses about how they can improve the lives of ALS patients.

Poland

A Divine Mothers’ Day

October is Breast Cancer Awareness Month. This year, the Philips Foundation and Philips Poland joined forces with the Rak’n’Roll Foundation to raise awareness around the importance of breast cancer examination for pregnant women – the Divine USG program.

In Poland, the number of pregnant women diagnosed with cancer is increasing every year. Breast cancer is particularly difficult to diagnose as the symptoms associated with breast swelling in pregnant women are similar to those associated with breast cancer.

Through a series of impactful nationwide workshops – supported by the Philips Foundation and Philips Poland – obstetricians and gynecologists have been trained to perform ultrasound screenings. The group is now delivering screenings for well over 10,000 pregnant women a year in Poland.



Colombia

Philips Foundation helps target prostate cancer

Philips Foundation has provided funds and equipment to support La Liga Contra el Cáncer in a campaign aimed at raising awareness of prostate cancer, positively affecting close to 2,500 people.

More than 30 workshops have been organized to educate communities on the symptoms of prostate cancer and screen men for the disease. If a man presents signs of prostate cancer, La Liga then works with him to obtain an appointment with a urologist, who can complete diagnosis with a donated Philips ultrasound-guided biopsy.

Prostate cancer has continued to increase in Colombia over the years and on a global scale has become one of the most common ailments in men. Various sources estimate that there are around 6,500 to 8,000 new prostate cancer cases every year. Prostate cancer is now the leading cause of cancer incidence and the second leading cause of cancer mortality in the male population.

Through this program, La Liga and the Philips Foundation hope to increase the rate of early cancer diagnosis using Philips ultrasound technology, improving the prognosis and quality of life for Colombians living with prostate cancer.

Brazil

From capital to countryside – living with ALS

In partnership with the Philips Foundation, travelling project Living with ALS brought information and know-how to the people of São Paulo and four other cities who are affected by the disease.

ALS, or amyotrophic lateral sclerosis, is a rare disease that affects nerve cells in the brain and the spinal cord. A disease, unfortunately, still widely unreported in Brazil. Although some 12,000 patients are diagnosed each year in Brazil, there are still too many people left undiagnosed and too little awareness on how this rare disease should be treated.

From March 12 to April 12, 2019, the Paulo Gontijo Institute (IPG) – in partnership with Philips through the Philips Foundation – organized a road trip to increase societal awareness about ALS in Brazil and to provide free care and diagnosis to people showing symptoms of ALS.

Living with ALS showed Brazilians that there is a way of life after being diagnosed with ALS. After one month traveling from São Paulo to the nearby cities, around 1,020 people in four municipalities were reached and registered, and an audience of 1.3 million were reached through the press, disseminating know-how about ALS.



Netherlands

A football dream coming true

Through the shared belief that there is always a way to make life better, the Philips Foundation, Young Impact and PSV Foundation worked together to help a young person pursue his dream of having a football team of his own.

Young Impact, founded in 2016, believes that young people can have a positive impact on the world and their social surroundings. In 2019, Noah, 17 years old, had a dream of setting up a football team together with his peers who also live with Jeugd zorg, a Dutch institute that cares for young people who, for whatever reason, cannot live with their parents. Noah believes it is important that sport is available to everyone, including those who are not able to live at home.

A dream is often associated with the 'impossible', but not for Noah. Before he even spoke to anyone from the Philips Foundation or the PSV Foundation, he already prepared a step-by-step plan on how to recruit people from the youth care organization where he is staying to sign up for his team. The hope for Noah is to achieve a ripple effect and so mobilize more younger people to do the same.

France

Saving children’s hearts in developing countries

Philips Foundation has teamed up with Mécénat Chirurgie Cardiaque (MCC) to identify and help children suffering from a heart condition in developing countries. The children are identified locally during so-called missions and sent to France for an operation. Starting in 2018 and throughout 2019, six missions took place in Senegal, Ghana, Togo, Republic of Congo, Djibouti and Madagascar.

Thanks to the medical training organized once a year, the non-profit MCC has many medical collaborators in countries where pediatric cardiac surgery does not exist. Once local doctors detect a child suffering from heart disease who could benefit from surgery, they send a medical file for assessment and diagnosis to MCC.

The project has provided better access to heart disease diagnosis thanks to the donation of Philips ultrasound machines and a Lumify mobile ultrasound device. By the end of the missions, 585 children had been screened, with 66 going on to benefit from surgery in France.

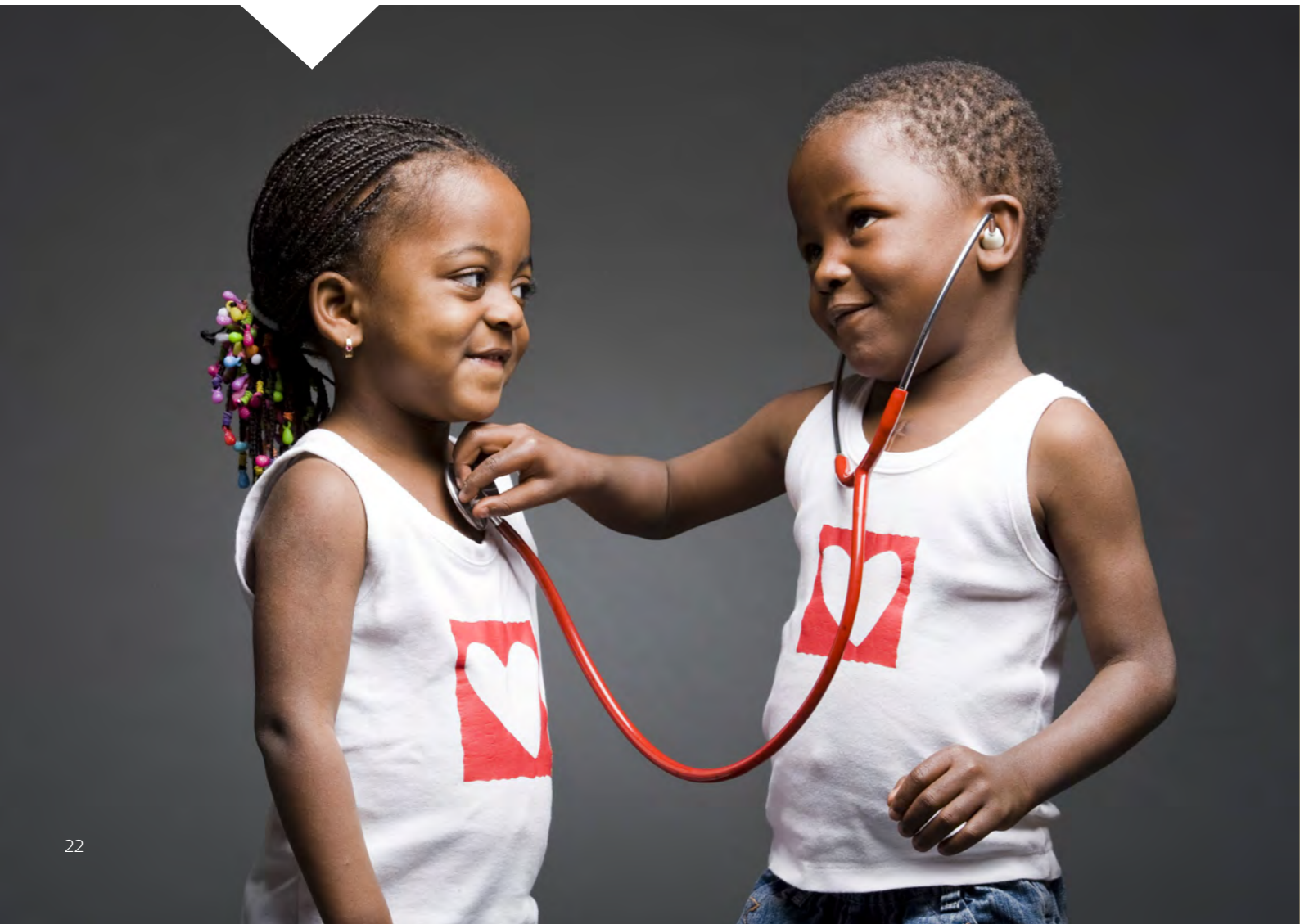
Social entrepreneurship

Accelerating Healthcare Access (AHA)

Leveraging business capabilities in collaboration with social entrepreneurs

2019 was the second year of a multi-year collaboration with Ashoka, where we leverage the capabilities of Philips, as a leading health technology company, to accelerate the system change strategies of social enterprises and the scaling of innovative approaches of leading entrepreneurs focused on increased access to healthcare.

We believe that entrepreneurship can help develop sustainable models to provide affordable access to quality healthcare for underserved communities. The social entrepreneurs that Ashoka selected based on our criteria for collaboration have promising innovative approaches and solutions.



Selecting exciting and innovative social entrepreneurs

Social entrepreneurs selected by Ashoka and the Philips Foundation are helping to shape a new future for healthcare. What separates a social entrepreneur from other entrepreneurs is their commitment to social impact, the bedrock of their mission and strategy.

Social entrepreneurs selected to be AHA Fellows have completed a rigorous vetting process, focused on system-level impact, and demonstrated the success of their innovative idea. AHA supports new fellows by connecting them with Philips experts ('Philips Champions'), providing three years' financial support and giving them access to the innovative community of AHA Fellows focused on access to healthcare.

In the initial years of the partnership, Philips Foundation has supported Ashoka in selecting five social entrepreneurs accelerating access to healthcare in Africa, Asia, and Latin America.





Estación Vital – motivating Nicaraguans to care about their health

Philips Foundation and Ashoka collaborated in 2019 to support social entrepreneur Marcos Locayo of Estación Vital, whose kiosks assess users’ mental health as well as their susceptibility to diabetes, hypertension, and obesity. These health kiosks are free to use and accessible in public spaces in Managua, Nicaragua. Upon completion of the assessment, each user receives tailored treatment options where necessary and is enrolled to discover preventative measures they can take to maintain their health over time.

For many families, the only health assessment they receive is their annual physical. Estación Vital seeks to change that, focusing on improving accessibility of health check-ups, so they may become a regular part of life.

From speaking with users, Marcos observed the impact that traumatic life events could have on nutrition and physical health. This inspired him to add to his kiosks a mental health evaluation for every user to take. For too long, mental health has been a taboo topic in Nicaraguan society, but through his work Marcos is changing the conversation around mental health.

Estación Vital and the Philips Foundation are developing an expansion plan to add stations in Nicaragua and two new stations in Panama. Their franchise model aims to reach both urban and rural areas, allowing more individuals to access free health evaluations and guiding them to seek care.

Smart Medical Services – better price visibility for medical treatment

In 2018, the Philips Foundation, alongside senior leaders from Philips, worked with Ashoka Fellow Amr El-Tayeb of Smart Medical Services to co-create an impact scaling strategy to improve health insurance options for individuals and families across Egypt.

Through the Sehaty app, users receive ‘better offer’ price visibility for medical treatment, enabling price comparison across care providers and ultimately cost savings for users who otherwise would not have access to this information. Insurance providers were ill-equipped to reach vulnerable citizens with varied employment status, socio-economic status, and technological literacy. In collaboration with Amr, Philips Foundation and Philips leaders identified bottlenecks to accessing care and developed solutions for each step.

In 2019, Amr this scaling strategy led to the opening of a call center to reach people without smartphones. It also led to new partnerships with large employers for both traditional and gig economy jobs to enhance their benefit offerings. A pay-as-you-go model was developed to reach those who cannot afford a traditional monthly membership. Finally, Amr built a partnership with a local e-commerce platform to service individuals who do not have bank accounts. Collaboration has been a key factor in Smart Medical Services expanding accessibility.

“System change takes time, but here we’re addressing all parts of the system at once, and most of these ideas were developed during these ‘scaling’ conversations with Philips leaders and others”

– Amr El-Tayeb



SNEHA – multidimensional partnerships for scaling

When we see success, how can we ensure it is replicated widely and sustainably? This was one of the critical questions that emerged when Philips and the Philips Foundation began working with Ashoka Fellow organization SNEHA to scale their intervention. SNEHA has developed an intricate system of community health workers supporting residents of the Dharavi slum in Mumbai. They bring health education directly to the doorsteps of the most vulnerable communities in Mumbai while working with local hospitals to improve their services.

After observing the success of the community health worker model and their system for referring patients, the Philips Foundation brought together Philips India CSR and a cohort of industry experts in advocacy and health management to develop a white paper to guide other organizations to replicate SNEHA’s model. As a direct result, in 2020 they will pilot this model in seven cities across India, again in conjunction with Philips India CSR, the ultimate aim being to recruit governments and other NGOs as implementors around India.



Solvoz – responsible procurement in aid

Good entrepreneurship can be a huge enabler of impact. Sometimes, from outside of the Ashoka framework, we encounter visionary, courageous personalities who want to or have set up a social enterprise around a great idea for improved access to care for low-resource settings. In such cases, we may provide support, not only financially, but – even more meaningful – with business expertise, network, and skills. We have helped set up Solvoz, a procurement platform for humanitarian organizations, which will be built during the first half of 2020.



Sagitarix – access to healthcare for blue-collar workers

In the context of sustainable, affordable, innovative models that provide access to healthcare to disadvantaged communities, Philips Foundation and Ashoka partnered in 2019 with social entrepreneur and innovator in healthcare, Moka Lantum, CEO of Sagitarix Ltd, to promote technology enabling medical support for low-wage workers in Kenya and South Sudan.

Availability, affordability and quality of healthcare provision are recurring challenges in developing countries. The healthcare challenge includes medical costs that continue to rise at 15% annually; only the insured can go for rather expensive outpatient care in high-end hospitals. At the same time, a majority of East African health insurance companies faced underwriting losses in 2019, and companies are opting out of health benefits for their employees, as the premiums are simply prohibitive. Efficient, quality healthcare facilities, combined with smart healthcare technology, are needed to address these challenges.

As the Philips Foundation is constantly looking for sustainable, affordable, innovative models that help provide access to healthcare for underserved communities, Ashoka put Dr Lantum on Philips Foundation’s radar, as both share the mission of providing access to quality healthcare for disadvantaged communities through innovative technology-enabled solutions.



Employee volunteering

Volunteering: Having an impact on a global access to care issue

Our strongest asset is the talent of Philips' employees, and we encourage them to share their skills. The Philips Foundation has helped develop a program focusing the company's volunteering on a single access to care topic each year. Combining the capabilities of over 80,000 employees on a shared global healthcare goal makes it possible to have real impact.

Pneumonia in children under 5 was chosen as the 2018–2019 topic for employee volunteering, due to its many casualties, and the fact that respiratory care is one of Philips' areas of expertise. The program is estimated to have improved access to care for almost 900,000 people in countries as widespread as Afghanistan, Ethiopia, Nicaragua, Malawi and India.

For the coming years, the campaign will focus on non-communicable diseases (NCDs), including cardiovascular disease, cancer, chronic respiratory disease, and diabetes. In countries impacted by the COVID-19 pandemic, employees will also be able to focus their volunteering work on helping to combat the global outbreak.



Fun in fundraising

Amref Africa Classic 2019

Thirteen daredevils committed not only to an epic bike ride of 400 km around Mount Kilimanjaro, but also to raise EUR 5,000 each to support our fight against childhood pneumonia. The team exceeded their goal, raising close to EUR 75,000, which was matched by the Philips Foundation for a total amount of EUR 150,000.

Let us shine a light on this fantastic team that exceeded their goal, supporting Amref and the Philips Foundation in their mission to improve access to healthcare in disadvantaged communities.

From 3–12 October, the team biked no less than 400 km around Kilimanjaro – an exciting trip through the Tanzanian wilderness and surrounding local communities.

“A beautiful and intense experience, in a wonderfully diverse landscape. We cycled between the giraffes and zebras, greeted many happy children but also heard a heartbreaking story of a young Masai woman who had been involuntarily circumcised, and who is now an ambassador for Amref to save the next generation from this practice.”

– Nanda Huizing, head of Brand, Communications & Digital Benelux

Hands-on volunteering

Philips Forest, a tree-planting initiative

On World Pneumonia Day (November 12), Philips employees literally got their hands dirty and planted more than 1,000 trees near Amsterdam. The Philips Forest initiative aims to promote healthy lives and raise environmental awareness.

The mixture of trees and shrubs was specially chosen to provide the best resistance to climate change, drought, diseases and storms – and also to provide a great place for other plants to live in, animals to inhabit, and people to visit.

The Philips Forest is an initiative of the Philips Foundation, our Sustainability function and Philips Benelux, and was carried out with the support of the Dutch Forestry Service.

“Wherever we come from, we all share the same Earth that increasingly needs protection. That is why I highly appreciate that we, as Philips employees, have the opportunity to protect it through this wonderful hands-on activity.”

– Manpreet Singh, Cyber Security Specialist at Group Security



Brain challenge

Teaming up with UNICEF, the Philips Experience Design team has developed multiple concepts to raise awareness around the dangers of air pollution among children in Mongolia.

In 2019, UNICEF and the Philips Experience Design team joined forces to solve one of Mongolia's biggest health problems: the growing air pollution in the country's capital Ulaanbaatar. A fantastic example of how a Philips team deployed their expertise to help those most in need.

The brief of the Philips Foundation and UNICEF asked for a public outreach campaign aimed at reducing the impact of polluted air in Mongolia's urban communities. The campaign would raise awareness about the danger of exposure to heavily polluted air and promote ways to reduce its harmful effects.

Working with Mungunkhishig Batbaatar, Knowledge Management Officer at UNICEF in Mongolia, the team spent a day away from their usual projects and lent their expertise to help communities living in Mongolia's polluted urban environments.

“An inspiring yet humbling experience to help out people in need on pressing healthcare issues.”

– Lilian Krikke, Brand Consultant at Philips Experience Design

Volunteering impact numbers from the childhood pneumonia campaign (Q4 2018 – end 2019)

893,000

lives improved in disadvantaged communities

EUR 554,910

raised by employees going directly to our impact projects

1,990

children treated for pneumonia in **Afghanistan**

2,665

employees participated in **active support**, including fundraising activities for our impact projects, but also in brain challenges and hands-on activities

270

community health workers trained and equipped in **Nicaragua**

6,767

Ethiopian families prepare meals safely thanks to donated cookstoves

29,477

children around the world received free vaccinations

1,386

community health workers trained in **Malawi**

Childhood
Pneumonia
#supportthefighttobreathe



Financial statements

Balance sheet as at 31 December 2019

(in euros after result appropriation)

		2019	2018
		EUR	EUR
Current assets			
Cash and cash equivalents	1	15,051,174	14,715,761
Short-term receivables	2	134,636	3,502
Total assets			
		15,185,810	14,719,263
Equity			
Other reserves	3	8,777,670	5,674,303
Total equity			
		8,777,670	5,674,303
Current liabilities			
Accounts payable	4	64,303	2,650
Accrued expenses	5	6,343,837	9,042,310
Total current liabilities			
		6,408,140	9,044,960
Total equity and liabilities			
		15,185,810	14,719,263

Statement of Contributions and Expenses 2019

		2019	2018
		EUR	EUR
Contributions			
Contribution from Koninklijke Philips N.V.	7	6,700,000	6,700,000
Other contributions			9,009
Total contributions			
		6,700,000	6,709,009
Expenses			
Donations	8	3,561,524	4,447,726
Other expenses	9	32,033	83,097
Financial expenses	10	3,076	66,950
Total expenses			
		3,569,633	4,597,773
Result			
		3,103,367	2,111,236

Notes

Notes to the Balance sheet and the Statement of Contributions and Expenses

General

The Stichting Philips Foundation, registered at the Dutch Chamber of Commerce with number 61055379, is a foundation under Dutch law.

Financial reporting period

These financial statements cover the year 2019, which ended at the balance sheet date of 31 December 2019. The comparative figures cover the year 2018, which started on 1 January 2018 and ended at the balance sheet date of 31 December 2018.

Basis of preparation

The financial statements have been prepared in accordance with the guidelines of RJ640 *organisaties zonder winststreven*.

Going concern

These financial statements have been prepared on the basis of the going concern assumption.

Accounting policies

General

The principles applied for the valuation of assets and liabilities and result determination are based on the historical cost convention. Unless stated otherwise, assets and liabilities are shown at nominal value. Valuation takes place at nominal value less any provision deemed necessary. Provisions for receivables are determined based on individual assessments of the collectability of receivables.

An asset is recognized in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognized in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

Income is recognized in the statement of income and expenditure when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognized when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability.

Assets and liabilities are not included in the balance sheet if economic benefits are not probable and/or cannot be measured with sufficient reliability. Income and expenses are allocated to the period to which they relate. Contributions are recognized in the Statement of Contributions and Expenses when the amount can be determined in a reliable manner, and collection of the related contribution to be received is probable.

Use of estimates

The preparation of the financial statements requires the Board of the Foundation to make judgments, estimates and assumptions that affect the application of accounting principles and reported amounts of assets, liabilities and income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are continually reviewed. The earnings impact of revised estimates is reflected in the period in which the estimate is revised.

Functional currency

The financial statements are presented in euros, which is the Foundation's functional currency. Transactions denominated in foreign currency are translated into euros at the exchange rate applying on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated at the balance sheet date into the functional currency at the exchange rate applying on that date. Exchange differences resulting from the settlement of monetary items, or resulting from the translation of monetary items denominated in foreign currency, are recognized in the Statement of Contributions and Expenses in the period in which they arise.

Financial instruments

Financial instruments comprise only primary financial instruments, such as receivables, cash and cash equivalents and accounts payable. For the principles applying to these instruments, please refer to the treatment of each relevant balance sheet item.

Receivables

Receivables are measured at fair value at initial recognition. After initial recognition, the assets are measured at amortized cost using the effective interest method, less an allowance for uncollectible debts. This allowance is determined by individual assessment of the receivables.

Cash and cash equivalents

Cash and cash equivalents are stated at nominal value. If cash and cash equivalents are not readily available, this fact is taken into account in the measurement.

Current liabilities

At initial recognition, current liabilities are measured at fair value. After initial recognition, the liabilities are measured at amortized cost using the effective interest method.

Other reserves

Other reserves consist of the results of the previous years as well as the current year.

Notes to the Balance sheet

1. Cash and cash equivalents

Cash and cash equivalents mainly relate to current account balances on the Philips Foundation's bank account. Cash and cash equivalents are available without restrictions.

2. Short-term receivables

The short-term receivables as per 31 December 2019 and 31 December 2018 relate to the remittances in transit, sourced from volunteering fundraising, received early in the following year.

3. Equity

Other reserves

	2019	2018
	EUR	EUR
Opening balance	5,674,303	3,563,067
Additions (result for the year)	3,103,367	2,111,236
Total	8,777,670	5,674,303

The other reserves consist fully of the results of both previous years as well as the current year.

4. Accounts payable

	2019	2018
	EUR	EUR
Payables in EUR	64,303	2,650
Total	64,303	2,650

The Accounts payable position on 31 December 2019 relates to an agreement with the Point of Care Ultrasound community center in Pakistan, made in 2019. All outstanding payments from previous years have been settled.

5. Accrued expenses

	2019	2018
	EUR	EUR
Accruals related to strategic projects with global NGOs	2,916,736	1,161,338
Accruals related to Market CSR projects	3,089,004	7,785,357
Accruals related to employee fundraisers	318,858	65,446
Accruals other	19,239	30,169
Total	6,343,837	9,042,310

The 2019 accrual for Market CSR projects relates to projects in, amongst others, Africa, India, Latin America, France and Italy. The accrual for 2018 relates to projects in Africa, India, Central & Eastern Europe, China and Spain.

Other accruals relate mainly to consultancy, audit fees and from 2019 the allowance for Board members to cover their expenses.

6. Fair value

The fair value of the financial instruments stated on the balance sheet, including receivables, cash and cash equivalents and current liabilities, is approximately equal to their carrying amount.

Notes to the Statement of Contributions and Expenses

7. Contribution Koninklijke Philips N.V.

In 2019, Koninklijke Philips N.V. made the commitment to contribute EUR 6.7 million to the Philips Foundation. This contribution was received in full in 2019. The total contribution is equal to the amount received in 2018.

8. Donations

	2019	2018
	EUR	EUR
Donations related to strategic projects with global NGOs	1,930,967	2,188,908
Donations related to Market CSR projects	1,350,111	2,183,891
Donations related to employee fundraisers	281,878	74,927
Donations other	1,432	
Total	3,561,524	4,447,726

The donations made by the Philips Foundation can be categorized as follows: the first type relates to strategic projects with NGOs. The second type of donation relates to Market CSR projects proposed and implemented by Philips country offices with local partners. The third type of donation consists of employee donations for various initiatives and the Foundation's employee volunteering programs.

9. Other expenses

Other expenses in 2019 and 2018 consist of audit fees, consultancy expenses, communications costs, Board expenses and representation costs. Other expenses in 2019 are lower than in 2018, mainly due to lower consultancy costs.

10. Financial expenses

The financial expenses in 2019 consist of banking fees. The financial expenses in 2018 consist of banking fees, interest and a very small currency result. The financial expenses in 2019 are lower than in 2018 as we switched banks and we no longer incur interest costs on positive bank balances. The net interest costs in 2018 were EUR 66,950.

11. Personnel

As at 31 December 2019, the Foundation employed no staff members and had five Board members. The Board members receive no remuneration for their duties. Members of the Board receive a fixed allowance of EUR 250 per Board meeting to cover their expenses. The Foundation's operational team consists of employees of Koninklijke Philips N.V. who are seconded to the Foundation. Their salaries and expenses are paid by Koninklijke Philips N.V.

12. Appropriation of result

The 2018 result has been added to the Other reserves in accordance with the proposal approved by the Board of the Foundation. The Board proposes to add the 2019 result of EUR 3,103,367 to the Other reserves.

Subsequent events

The coronavirus started spreading in China at the end of 2019, and in the first months of 2020 the severity of the effects of COVID-19 became visible. Calls for action by the Foundation came in fast. In January 2020 we made the first donation in kind (ventilators, patient monitoring, CT scanners, air purifiers and other materials) to China. This was followed during February and March by many other responses throughout the world. We expect COVID-19 to be a major focus during 2020, having an effect in terms of Foundation donations and support of more than EUR 3 million.

Apart from this disaster relief, in 2020 the Philips Foundation will start issuing loans, in order to create a (partly) revolving impact fund.

The Board:

Prof. Dr. M. van Reisen

W. Leereveld

Amsterdam, May 28, 2020

Prof. Dr. H. Wijffels

S. Ceesay

Prof. R. de Jong

R. Metzke

Other information

Independent auditor's report

To: the Board of Stichting Philips Foundation

Report on the audit of the financial statements 2019 included in the annual report

Our opinion

We have audited the financial statements 2019 of Stichting Philips Foundation based in Amsterdam.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Stichting Philips Foundation as at 31 December 2019 and of its result for 2019 in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board.

The financial statements comprise:

- the balance sheet as at 31 December 2019;
- the statement of contributions and expenses for 2019; and
- the notes comprising of a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting Philips Foundation in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of the Board's report.

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements and contains the information as required by the Guideline for annual reporting 640.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Board's report.

Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with RJ 640. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;

- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Eindhoven, May 28, 2020

Ernst & Young Accountants LLP

Signed by J.C.F. Lemmens



Philips Foundation