



Providing access to
quality healthcare
through meaningful
innovation



Philips
Foundation

Annual Report 2020

About Philips Foundation

Philips Foundation was established as a registered charity in July 2014. In this report, we reflect on the achievements and progress the Foundation made in 2020 supporting societal activities around the world.

The mission of Philips Foundation is to reduce healthcare inequality by providing access to quality healthcare. We pursue this objective by deploying Philips' expertise, innovative technologies and volunteers, by collaborating with local and global societal organizations, and by supporting social enterprises. At the same time, we continue to step up the use of financial instruments, such as loans and impact investments.

Everything we do reflects our commitment to the 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*). We leverage Philips' capabilities and support, and learn from our collaborating partners along the way, creating a growing knowledge hub that can help seed systemic change towards accessible and affordable healthcare.

www.philips-foundation.com

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The Board of Philips Foundation



Ronald de Jong
Chairman of the
Board



Mirjam van Reisen
Secretary of the Board
(stepped down September 2020)



Herman Wijffels
Board Member
(stepped down September 2020)



Wim Leereveld
Board Member

Towards a just and equal society in which all people have access to quality healthcare

It is fair to say that all of our lives were significantly impacted by the COVID-19 pandemic in 2020. Coronavirus has laid bare the underlying vulnerabilities and weaknesses in society. In many developing countries, it has resulted in a full-blown social and economic crisis affecting billions of people.

In the course of 2020, Philips Foundation was involved in many COVID-19-related initiatives around the world. We wish to specifically mention our partnership with the Noaber Foundation and the AFAS Foundation. In a short period of time, and in the true spirit of SDG 17, we managed to establish a strong collaboration, procuring five 20-bed mobile isolation units that were immediately set up and utilized for corona-affected patients in Lebanon, Italy, and the Democratic Republic of Congo.

As well as responding to the COVID-19 crisis, Philips Foundation continued its journey to reduce healthcare inequality around the world. In 2020, we helped improve the lives of over 7.5 million people, an increase of around 50% compared to 2019. We attach great value to partnerships in pursuing our goals. We continued to work with, among others, UNICEF, Amref, Red Cross Societies and Ashoka and initiated new partnerships with corporate foundations, entrepreneurs and many local NGOs.

In 2020, Philips Foundation formulated its strategic plan for the coming three years. Generously supported by Deloitte Consulting, various workshops were held, resulting in the formulation of new ambitious goals to

dramatically increase our impact in the years to come.

In order to achieve these goals, Philips Foundation will increasingly engage in impact investment to enable social venturing and incubation, the aim being to support the development of scalable healthcare models and ecosystems.

We wish to thank Royal Philips for its generous and ongoing support of Philips Foundation. With Philips providing financial resources, knowledge and many hours of expert volunteer work, Philips Foundation was again able to contribute to the widespread effort to extend access to care.

In 2020, we said farewell to Prof. Mirjam van Reisen and Prof. Herman Wijffels, who had both been active members of the Board since the start of Philips Foundation, playing a crucial role in the development of the Foundation to where it stands today. We thank them for their wisdom, active engagement and advice. At the same time, I am delighted to welcome Liesbeth Rutgers as a member of the Board and the investment committee.

In closing, let me express my sincere wish that the COVID-19 pandemic will ultimately accelerate the transition towards a fair and equal society, where all people have access to good-quality healthcare, with nobody left behind.

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



Sukai Ceesay
Board Member



Robert Metzke
Board Member



Liesbeth Rutgers
Board Member
(appointed September 2020)

Welcoming Liesbeth Rutgers as a new Board Member

Effective September 8, 2020,
Liesbeth Rutgers was appointed
as a member of the Board.

About Liesbeth Rutgers

Liesbeth Rutgers is the founder of Triple R, a consulting firm in the field of risk management, governance and investment policy for foundations, entrepreneurs and family-owned businesses. She started her firm after working for over 25 years in high-level roles within the finance industry. Liesbeth Rutgers is also known for her book on money management, where she gives practical guidance on financial risk management to foundations and NGOs.

Key figures 2020

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new projects across the world were approved in 2020, over half contributing to the global response to the COVID-19 pandemic. We continued our regular program of projects to explore models for strengthening health systems, with the aim of improving access to quality healthcare for underserved communities.

In 2020, we provided support in a way that enabled access to one or more healthcare services that were used by more than **7.5 million people***.

Since the start of Philips Foundation, over 250 projects have been completed or are in progress throughout the world.

Teaming up with NGOs Amref and PATH, Philips employees have supported community health workers in Kenya and life-saving breast cancer screenings in Peru. The EUR 219,858 they raised will **enable access to care for 494,250 people in underserved settings** in these two countries*. Employees have also stepped up to support healthcare providers battling the COVID-19 pandemic, raising close to EUR 42,500 for emergency relief. This amount will be doubled by a donation from Philips.

Throughout the three-year partnership with Ashoka, we have supported **42 social entrepreneurs**, with the aim of accelerating their growth and impact.

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strategic projects were initiated with partners to explore new ways of using health technology to strengthen and innovate healthcare delivery and extend access to quality healthcare.

We supported **over 40 projects as part of the response to the COVID-19 pandemic**, including providing critical health equipment and hospital capacity relief, supporting data and digitally driven information provision, and assisting community support initiatives.

* The total of 7,591,899 million people in 2020 consists of 503,098 through CSR activities in all markets, 1,513,789 people reached through the projects with large humanitarian and non-governmental organizations, and 494,250 people who obtained access to care through the impactful volunteering program (i.e. NGOs Amref and PATH); in addition, the social entrepreneurs who were supported by skilled advisors from Philips attributed 5,080,762 extra lives they were able to touch to the collaboration and support by the Foundation.

The access to care metric is defined per project and per social enterprise as a tangible improvement of access to healthcare services that is relevant for those who are counted. For example, improved general healthcare services are relevant for everyone in the catchment area; improved access to antenatal pregnancy screening only to those women who are actually using the service. The numbers are estimated and provided by the project partners and social entrepreneurs.

Director's message



“2020 – a year revealing the increasing need for access to quality healthcare”

Margot Cooijmans, Director Philips Foundation

At the beginning of last year, in my introductory words to our 2019 report, I wrote: “... we are a few months into 2020, and the world looks completely different...”

What a remarkable year it has been. Philips Foundation normally puts all its efforts into improving access to affordable quality healthcare for disadvantaged communities worldwide. However, in 2020 we were receiving requests to provide relief from every corner of the globe. Philips Foundation redoubled its efforts, leading to over 40 COVID-19-related actions, in addition to the many ‘normal’ projects to improve healthcare systems. In total, we were able to reach more than 7.5 million people.

This would not have been possible without the skilled volunteers, technologies, innovative power and financial support from Philips, as well as the funds raised by its employees. Philips offices worldwide have conducted local activities for the common good. We have actively been working with social entrepreneurs on improving access to care for underserved communities in remote and low-resource settings. And we have been exploring new models potentially leading to self-sustaining healthcare together with strategic partners.

Leading this corporate foundation, I am convinced that donations alone seldom bring about longer-term change. In 2020, revising our strategic direction, we concluded that we need to actively start sharing the learnings from the activities we support if we are to help establish a lasting change in healthcare provision.

It is not about a thousand apps, donating equipment, or funding a societal organization – it is about really understanding what works where and why. Cultural behavior, awareness, standard practices, task shifting, training, digitalization, collaboration, logistics, insurance, maintenance: they are all as important as funding.

We are driving lasting change, using innovation and creating scalable models that – in the end – will make healthcare provision more equal and open to millions of people in the many underserved parts of our world.

I am very grateful for what we are allowed and able to do.

Margot Cooijmans
Director of Philips Foundation

Our work across the globe



Impactful partnerships

Through impactful collaboration with leading non-governmental organizations, social entrepreneurs, academic partners and key opinion leaders, we seek to improve healthcare access for people living in underserved communities. We explore new technologies, innovative business and financial models, and novel ways to deliver healthcare – all with an aim to develop, validate and help scale solutions that are sustainable.

Philips Foundation partners on programs where we can significantly improve health systems by leveraging Philips expertise to better reach underserved people. For example, we explore how point-of-care ultrasound and community outreach can give pregnant women in limited-resource settings a better chance of bringing a healthy child into the world. We investigate technology-driven solutions to strengthen the critical role of community health volunteers and other frontline healthcare workers. We collaborate with various partners to explore digital tools and partnerships that aim to provide high-quality healthcare for millions of families. In 2020, we also supported initiatives that addressed the immediate need to respond to the COVID-19 pandemic and helped improve readiness for future outbreaks.



Local projects

Philips' country offices identified projects that aim to provide sustainable impact and scalable solutions to improve health inequality in disadvantaged communities through the use of Philips innovations and expertise. Guided by Philips Foundation, these locally relevant initiatives are carried out in collaboration with NGOs. In 2020, Philips Foundation approved the launch of 40 new local projects. Due to the scale and urgency of the COVID-19 pandemic, the Philips teams in the markets played a pivotal role in 2020, initiating emergency response to address local needs.

In 2020, we worked on projects together with many Red Cross Societies (France, Italy, Spain, Portugal, Lebanon, and Indonesia). Other partners include Global Action Plan (UK), Emergency Medicine Association of Turkey, the Lebanese Army, MedShare (US), Children's Heart Association (Romania), National Institute of Respiratory Diseases of Mexico and Italy's Civil Protection. Projects in many regions involved addressing COVID-19, but we also continued to focus on diagnostic technology for cardiology and oncology, respiratory care, ultrasound, and healthy living education.



Social entrepreneurship

Entrepreneurship can help create sustainable models to provide underserved communities with affordable, quality healthcare access. Recognizing the need, social entrepreneurs are developing new, visionary solutions to transform healthcare systems and increase access to available healthcare for people in vulnerable communities.

In 2020, we partnered up with Ashoka for a third year to accelerate healthcare access worldwide, leveraging business capabilities by connecting leaders from Philips with innovative social entrepreneurs. Both inside and outside of Ashoka, Philips Foundation managed to connect social entrepreneurs with Philips experts to scale up their operations – particularly those focused on the addressing the COVID-19 pandemic.



Employee volunteering

Philips Foundation's greatest assets are the 80,000 talented and skilled people employed by Philips. At Philips, every employee can dedicate one work day a year to volunteering their time and knowledge to make a positive difference in the world.

Looking back at 2020 and our efforts to address the pandemic, we have found that employees are becoming increasingly aware of the work of Philips Foundation. The Foundation is committed to offering meaningful volunteer opportunities that give Philips employees the chance to use their unique skills and expertise in ways that contribute to existing Foundation projects and profoundly improve people's access to care.

Active engagement gives Philips employees a better understanding of the needs of underserved communities worldwide and inspires innovative ideas about how Philips can make a more significant contribution to the accessibility of quality healthcare.

Strengthening health systems to enhance access to healthcare

In 2020, we continued to collaborate on projects that enable more underserved people to access healthcare. We aim to create evidence for models that address the gaps and barriers in health systems and seek business models that can demonstrate sustainability and scalability. The majority of our projects focus on comprehensive community and primary healthcare, where the biggest strides can be made in achieving the goal of universal healthcare coverage.

In 2020, we worked with the following international non-governmental, humanitarian organizations and academic institutions to improve access to quality healthcare.





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



With the **International Committee of the Red Cross (ICRC), the International Federation of Red Cross and Red Crescent Societies (IFRC)**, several **National Red Cross Societies, Save the Children** and local NGOs such as **Abrassa Mentorship and Empowerment Network** we work on projects that enhance the work of Community Health Workers, public responders and other frontline healthcare workers.



In a project with **UNICEF**, we aim to improve the maintenance and performance of medical devices in health facilities. We do this in a large-scale project, involving 100 health facilities in the Kenyan counties **Kisumu** and **Kakamega**.



In projects with **AfyaPro, Penda Health, and PATH** we are exploring digitally enabled health systems to explore data-driven improvement in decision making, health outcomes, patient experience and cost efficiency.



With **Heart Attack Concern Kenya, Heart Healers International** and the **Global First Aid Reference Center of the IFRC** we work on projects to improve access to cardiac care in underserved settings, such as heart attack management, early detection of Rheumatic Heart Disease, and blended training tools for CPR/AED.



We supported several projects to improve healthcare for refugees in fragile settings. We provided a mobile clinic to support dialysis patients in Syria to **AVC Humanitarian Aid**. We supported **Boat Refugee Foundation** in setting up a mobile clinic for emergency and primary care in Lesbos, Greece. In Chad and Uganda, we work with **Stichting Vluchteling** and **International Rescue Committee** to aid the detection and management of childhood pneumonia in refugee and humanitarian settings.

Tools and technology for community health

Community Health Workers (CHWs) play an indispensable role in delivering basic health services and addressing health worker shortages in low-income countries.

With the Kenya Red Cross Society, we scaled up the use of High-Risk Pregnancy Cards that convey healthy habits and risks/danger signs during pregnancy. Developed with the International Committee of the Red Cross, the cards resulted in a marked increase in knowledge among community members, a notable increase in the number of referrals of at-risk pregnancies, and a reduction in the number of pregnancy complications. Over 250,000 people were reached through the project.

Two projects explored using backpacks containing tools that enable CHWs to diagnose and triage, as well as refer and connect patients to the main health center. In a project with Abrassa Mentorship and Empowerment Network in Kenya's Marsabit county, these Outreach Kits strengthened the role of CHWs. In a project with the International Federation of Red Cross and Red Crescent Societies in Kenya's Tana River County, the use of Outreach Kits with primary diagnostic tests also worked as a motivator to retain CHWs in their jobs.

In the VISHWAAS (Breath of Hope) project with Save the Children India, in collaboration with ZMQ, we explore using mobile health tools to help CHWs improve awareness, prevention, care-seeking and case management practices for childhood pneumonia. The project is set to bring high-quality pneumonia care to approximately 90,000 under-five children across 45 urban wards in Rajasthan and two rural blocks in Uttar Pradesh.





Models for pregnancy monitoring in limited-resource settings

The World Health Organization (WHO) recommends one ultrasound scan before 24 weeks gestation to help identify pregnancy outcome risks. Despite well-known benefits, diagnostic imaging is insufficiently available in rural and remote areas in low-resource settings. Projects explore models to increase access to antenatal ultrasound screening, enabled by the availability of compact, portable and digitally connected ultrasound devices.

In projects in Kenya, we are educating midwives to deliver antenatal pregnancy screening in village clinics, while supported by radiologists at a distance via telehealth. In collaboration with Aga Khan University, we aim to prove that connected digital innovation across the referral chain can increase early antenatal care uptake and healthy births. The project will set up mobile obstetric monitoring (MOM) at the community and health facility level, perform ultrasound (Lumify) at primary care, and will support through supervision, telemedicine centers, and linkage to trained radiographers and clinicians for ultrasound report review and sign off. The project includes more than 20 primary healthcare facilities in Kilifi county in Kenya.

In collaboration with Amref International University, we focused on testing the viability of a sustainable income model for a social franchise of midwives offering access to ultrasound. Based on an approved protocol, the project trained 40 midwives to perform basic ultrasound, enabling more than 1,200 paid ultrasound screenings to date. The project provided rich insight into factors that determine service uptake and willingness to pay for ultrasound screening. An additional project with PharmAccess gave further insights into how willing people in urban versus rural settings were to save and pay through mobile e-wallet services.

Digital and data-driven healthcare system improvement

Digital technologies and data offer enormous opportunities to improve health outcomes and access, as well as reduce cost. We support initiatives that explore this promise.

The AfyaPro project sets up a digital system that lets providers better manage maternal and pediatric care, as well as non-communicable disease conditions like hypertension and diabetes. With AfyaPro, we aim to showcase how clear, electronic patient data can improve health system performance. The project will be implemented in two different Kenyan settings – the public sector and the NGO/semi-private sector – with the goal of measurably improving health outcomes, patient experience, cost effectiveness, and performance of health workers, facilities, and the referral chain.

We are working with Penda Health, a network of medical centers in low-income areas of urban Nairobi, to develop the next generation of blended digital health system that aims to provide low-cost, high-quality care to families. Combining brick-and-mortar centers and digital infrastructure, Penda Health strives to offer streamlined care, diagnosis, treatment, and payment and a telemedicine hotline. With our support, Penda Health will create an open-source digital healthcare system for care providers worldwide.

We teamed up with PATH to develop a Newborn Nutrition Digital Adaptation Kit. This data-driven solution helps improve decision making to optimize feeding of vulnerable newborns with a focus on ensuring exclusive human milk diets. The solution will be developed and piloted in Kenya, building on and linked to the first comprehensive human milk bank model in East Africa. Using a validated human-centered design methodology, the aim is to ensure strong programmatic fit for local scale-up while also being globally replicable.





Improving access to emergency treatment

Together with partners across the world, we explore ways to increase access to emergency medicine, where availability of the right skills and technology can literally be lifesaving.

In collaboration with Heart Attack Concern Kenya, we aim to improve access to community-level heart attack care by addressing these central challenges: lack of skilled healthcare workers, lack of equipment, unavailability of reperfusion therapy, absence of coordinated systems of care and referral, and prohibitive cost of treatment. The project will work on an innovation program in three Kenyan counties aimed at setting standards that can be scaled.

Through NGO Ondas de Latinamerica, we provided emergency medicine physicians in US hospitals with a platform to train their peers in Peru in the use of point-of-care ultrasound through live virtual collaboration. Trained physicians in Peru have since become local champions who leverage their learnings beyond their own practice by educating colleagues. During the pandemic, these local champions served a leading role in using point-of-care ultrasound to support diagnosis and treatment guidance for COVID-19 patients.

With the Global First Aid Reference Center of the International Federation of Red Cross and Red Crescent Societies and supported by designers from Philips, we developed an online toolkit to teach volunteers to recognize the symptoms of sudden cardiac arrest and provide lifesaving first aid. The tool, initially developed for use in Burkina Faso and Niger, has been replicated in other languages and different cultural contexts.

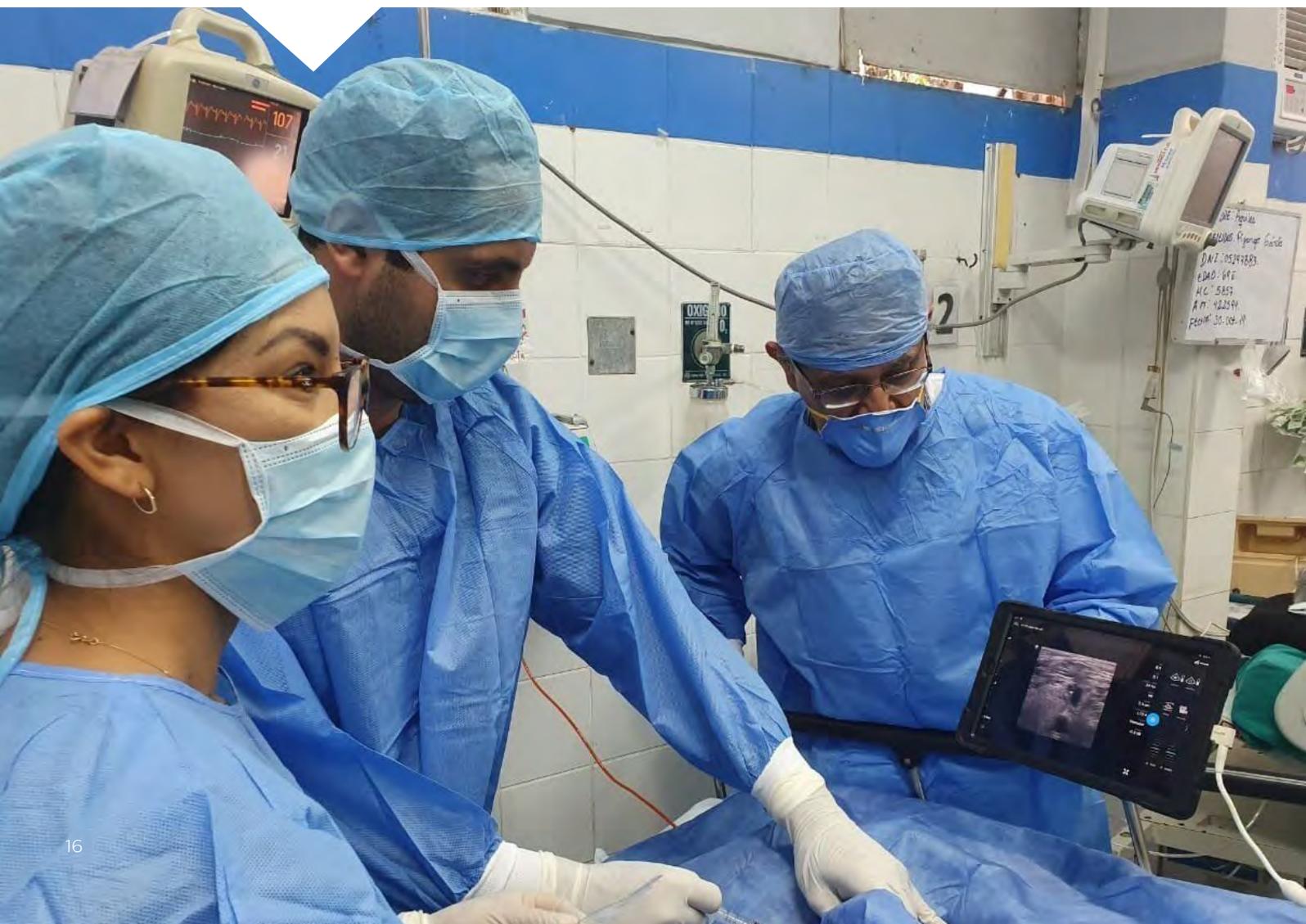
Extending healthcare access at the local level

Peru

Improving emergency care via tele-ultrasound education

In Peru, more than 10 million people lack access to primary healthcare, and many of them access the healthcare system through an emergency department. Barriers to other imaging modalities make point-of-care ultrasound one of the most important technologies in low-resource emergency departments because it helps physicians quickly and accurately diagnose at the bedside.

There were previously no education pathways for emergency medicine physicians in Peru to learn ultrasound, so Philips Foundation and Ondas de LatinAmérica created a fellowship in Peru that trains emergency medicine physicians to be leaders in ultrasound. The project leverages tele-ultrasound and remote education tools combined with high-quality person training. The goal is to expand this model and bring it to other Latin American countries.





Turkey and Lebanon

Strengthening emergency care

In collaboration with Philips Middle East and Turkey, Philips Foundation has supported the Lebanese Red Cross and the Emergency Medicine Association of Turkey in their fight against COVID-19. The aid helps humanitarian organizations in Turkey and Lebanon equip health workers with essential medical equipment. Mobile ultrasound devices and defibrillators, for example, can help those in emergency services and at local care facilities provide immediate care to patients suspected of having contracted the coronavirus.

Ultrasound devices can be used in various environments, including in ambulances and makeshift hospitals, to spot possible cardiac complications and to detect and monitor the virus' progression by scanning for lung abnormalities consistent with COVID-19 imaging markers. HeartStart monitor/defibrillators can be used as bedside monitors in place of traditional bedside monitors for COVID-19 patients.

This critical equipment will help primary healthcare workers quickly monitor the influx of coronavirus patients and provide faster, better care. In addition, the equipment helps strengthen emergency response mechanisms in both countries to better tackle the COVID-19 crisis.

Poland

Safeguarding women from breast cancer

Annually, 19,000 women in Poland develop breast cancer while waiting months for an ultrasound at public healthcare facilities. Nearly 6,500 women die due to breast cancer complications, but a third of these women could have been saved by early diagnosis.

Philips Foundation and Philips Poland secured ultrasound examinations for 1,000 women with limited access to healthcare in Poland as part of the “BreastFit: Woman’s Breast. Man’s Matter” campaign. By doing so, Philips Foundation has supported the OnkoCafe Foundation campaign and joined forces with the campaign’s main partner, Novartis Poland. Next to offering ultrasound examinations, the campaign has raised awareness about breast cancer prevention and understanding the course of the disease among women and their partners.

In addition, with Philips Foundation’s support, a series of workshops was held for women living in smaller towns and rural areas that educated attendees on breast self-examination and how the practice significantly helps in early cancer detection. Participants can use what they learned not only to check their own health but also to share knowledge with other women, encouraging regular self-examinations and doctor visits.





Netherlands

Helping those impacted by the corona crisis

In the Netherlands, the COVID-19 outbreak quickly gave rise to initiatives to help. Philips Foundation and Philips volunteers joined these efforts, reaching out to vulnerable groups. To combat loneliness for elderly people, for example, Philips Foundation helped fund the donation of 100 tablets and five care robots.

Philips Foundation also made a significant financial contribution to the Stichting Zorg na Werk in Coronazorg (ZWIC), an initiative that supports care providers or their next of kin when caregivers enter intensive care or pass away in the line of duty.

At Brainport Eindhoven, a technology region where companies, governments and educational institutions are working together for a better future, Philips Foundation supported four projects that mitigate the harmful effects of the COVID-19 crisis in a sustainable way, providing help to those who need it most. All these projects receive extra support from Philips volunteers, who will also supervise projects at Archipel, GGzE and Vitalis.

Indonesia

Philips Foundation supports Indonesian Red Cross in responding to COVID-19

Understanding the importance of reducing the spread of the coronavirus, as well as accurate and speedy detection of COVID-19 symptoms, Philips Foundation and Philips Indonesia helped supply 2,000 rapid test kits and 150 PCR test kits, as well as six app-based ultrasound devices to the Indonesian Red Cross (PMI). A total of 300 rapid test kits and all 150 PCR test kits will go to PMI volunteers in the red zones of Jakarta, while the remaining 1,700 already have been distributed to the public. The six ultrasound devices have been distributed to hospitals to help medical personnel diagnose suspected COVID-19 patients.

Ultrasound has proven to be valuable in imaging peripheral lung tissue affected by pneumonia, closely tied to COVID-19 lung complications. Imaging patients at the point of care, such as in the emergency room or intensive care unit, also allows physicians to diagnose and monitor patients without moving them around the hospital, reducing the risk of virus transmission to other patients or healthcare workers.





United Kingdom

Reducing air pollution to improve children's ability to learn

In October 2019, Philips Foundation launched the Clean Air for Schools program with leading environmental charity Global Action Plan and the University of Manchester, a top air quality research institute. The largest of its kind in the UK, the program's objective is to investigate the impact of air pollution on children's health and ability to learn.

One key result suggests that maintaining 20% lower air pollution levels could improve the development of a child's working memory by 6.1%, the equivalent of four weeks extra learning time per year. The findings are part of a year-long research program that looked at how air pollution and its effects on children can be tackled in schools across the UK & Ireland. Field research conducted at 19 schools on about 6,000 students across Greater Manchester assessed actions most effective at reducing indoor and outdoor air pollution.

As part of the project, "The Clean Air for Schools Framework" was launched. This free online tool gives teachers, head teachers, parents and local authorities a customized blueprint for tackling air pollution in and around their school. The framework draws from a database of 50 actions that have been validated by existing research, academic insights from the University of Manchester and in school air quality testing. In-classroom research conducted at Russell Scott Primary School in Greater Manchester found that using an air purifier over a short period of time can reduce levels of indoor air pollution (PM25) in classrooms by up to 30%. Philips Foundation, Global Action Plan and Philips called on all schools in the UK and Ireland to adopt and implement the framework

Social entrepreneurship

Accelerating access to care with social entrepreneurs

Leveraging business capabilities in partnership with social entrepreneurs

We believe that entrepreneurship can help develop sustainable models to provide underserved communities with affordable access to quality healthcare. 2020 marked another year of collaboration with innovative social entrepreneurs, while leveraging Philips' capabilities as a leading health technology company. We initiated new partnerships with social enterprises to accelerate their system change strategies and scale up innovative approaches and solutions to improve healthcare access.

Accelerating Healthcare Access (AHA!) in collaboration with Ashoka

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

As of year-end 2020, we have nurtured, together with Ashoka, a global community of 42 social entrepreneurs. Each entrepreneur has participated in at least one program activity to further increase the impact of their innovation. Over the years, the collaboration has shown that systemic impact is best achieved when the system-changing solutions of social entrepreneurs are merged with the business expertise and resources of Philips and its network.

A crucial part of accelerating access to healthcare is recognizing disadvantaged groups and identifying the systemic bottlenecks that prevent them from obtaining care. To that end, within the Accelerating Healthcare Access program, we have identified 12 innovative social entrepreneurs who are implementing targeted solutions to address these bottlenecks. We have connected them with experts and provided financial support so they can focus on their systemic change work.



Healthy Entrepreneurs – expanding scale and scope

Healthy Entrepreneurs is a social business in Uganda that enables men and women to become small business owners, selling essential (over-the-counter) medicines and health products, and disseminating information. The model supports the public system and engages existing Community Health Workers in a cost-recoverable business that allows them to become 'Community Health Entrepreneurs' who improve health in their community while generating an income. Philips Foundation supports Healthy Entrepreneurs in expanding their proven model to scale and reach rural and underserved Uganda and beyond.

In 2020, we completed a joint project with Healthy Entrepreneurs, in which 50 of the franchise entrepreneurs expanded their services to include diagnostic tools and access to remote telehealth services. In this way, a 'Doctor at Distance' can share the prognosis of test results and prescribe appropriate drugs that Healthy Entrepreneurs is able to dispense. The model has proven to work well in terms of increasing awareness of disease, expanding access to healthcare, reducing patient healthcare expenses, and increasing revenues for community health entrepreneurs.

“I find it incredibly powerful how the national government, private investors and the business community work together to take innovation in developing countries to a higher level. This is how we initiate truly sustainable change.”

– Joost van Engen, Founder of Healthy Entrepreneurs



Check-Ups – access to affordable care

In 2020, Philips Foundation expanded its collaboration with social entrepreneur and healthcare innovator, Moka Lantum. He is the founder of CheckUps Medical, which has developed a model of well-equipped, primary healthcare facilities that offer fast, convenient, and affordable high-quality healthcare for low and middle-income blue-collar workers.

CheckUps has successfully integrated telemedicine, medication delivery, and home care, targeting housing estates and populations to facilitate remote monitoring of patients with chronic diseases. Mobility is a cornerstone of their success. Their personnel includes mobile riders paired with nurses and pharmacy lab techs who can reach people in their place of business six days a week.

Philips Foundation provided CheckUps Medical with a loan to expand their model to help more low-wage families access medicines and care. The expansion will include the launch of a fully equipped mobile clinic as well as further development of teleconsultation and home care services. CheckUps also established a Ministry of Health-accredited laboratory within their location at Jomo Kenyatta International Airport. This has positioned CheckUps as an essential resource for COVID-19 testing. Data from the JKIA feeds into the national emergency response system and provides critical data on persons testing positive just before boarding.

“We are fortunate that our business and impact models align with the value systems of Philips Foundation. We achieved 130% year to year. Over 50,000 home visits have been done, enabling us to reach more women and children in the home setting, which is safer than the large public settings. We now have evidence that the CheckUps model creates affordability in healthcare and is a win-win for CheckUps and Philips Foundation.”

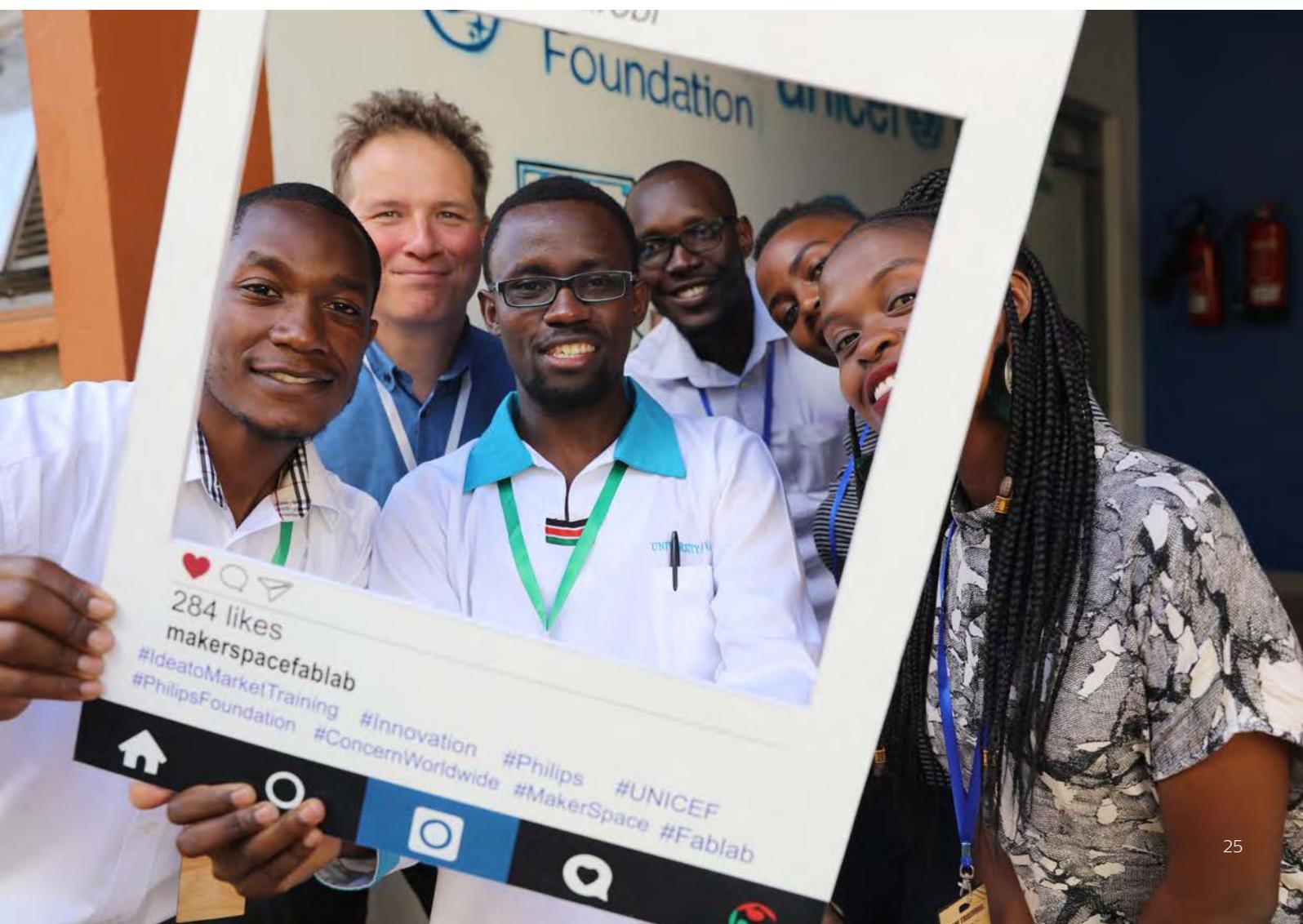
– Moka Lantum, Founder of CheckUps

Employee volunteering

Leveraging the capabilities of Philips' workforce

Our strongest asset is the talent of Philips employees, and we encourage them to share their skills. At Philips, every employee can dedicate one day a year to volunteering, using their time and expertise to impact healthcare and environmental issues worldwide. In this way, Philips Foundation has access to the capabilities of more than 80,000 employees.

In 2020, as the coronavirus spread rapidly, health systems and communities were severely affected. The structure of the volunteer program was also affected by the COVID-19 pandemic. Safety was a critical issue. This meant more skilled volunteering and fewer hands-on team activities in 2020. In 2021, Philips employees will continue to use their time and expertise to support Philips Foundation's mission to provide access to quality healthcare for disadvantaged communities – one that becomes more critical with each passing day.



Preventing childhood pneumonia in Afghanistan

To address the need for access to adequate care in Afghanistan, Philips employees worked together with the International Committee of the Red Cross (ICRC) to redesign a solution for airway support specifically for children.

In early 2019, at the request of the ICRC, Philips Foundation launched a challenge to design a respiratory solution for younger children. Over a period of around 18 months, a diverse team of people from various backgrounds succeeded in coming up with a solution that prevents children in rural Afghanistan from contracting pneumonia.

After consulting with the hospital's clinical pediatric team, the team focused on developing a training tool to guide hospital staff on the set-up and use

of an improvised Bubble Continuous Positive Airway Pressure (CPAP) for newborns and children suffering from severe respiratory complications. One of the challenges was to create a poster to train local hospital staff. In addition to asking staff directly how to use CPAP on children, they also had to overcome cultural and language barriers.

You can read an interview with one of the volunteers [here](#).

“When redesigning existing solutions for specific environments, it is crucial to always keep in mind who the end beneficiary of the solution is. When I heard that our solution had saved the life of a child suffering from severe pneumonia, I realized the incredible importance of this challenge!”

– Pascal de Graaf, Senior Scientist at Philips Research





Connecting social entrepreneurs with experts in their field

Mid-2020, we were able to connect enterprise architects at Philips to social entrepreneur Joost van Engen and his social enterprise Healthy Entrepreneurs. Healthy Entrepreneurs focuses on providing last-mile primary care solutions for remote communities and tirelessly explores how this can be made cheaper, more effective and more sustainable.

Philips Foundation and partner Healthy Entrepreneurs were looking for a solution to support trained healthcare response workers in clarifying any queries they may have. The idea was to quickly set up a new contact center system, with due consideration for privacy, as it handles patients' medical records.

Within two weeks, Philips employees and Healthy Entrepreneurs managed to co-create the solution: a COVID-19 information helpline for 300 healthcare workers for the entire Kampala operations of Healthy Entrepreneurs. Since the solution has been developed in the cloud and is not specific to the Ugandan market, Healthy Entrepreneurs is planning to expand the solution to other countries in Africa, starting in Kenya.

You can read an interview with one of Philips' enterprise architects [here](#).

“Innovation does not always need to be complex and time-consuming. Sometimes a simple innovation can make a huge difference.”

– Prabhakar Rajasekar, Senior Enterprise Architect at Philips

Humanitarian aid through data and digital products

At the beginning of the pandemic, Philips Foundation provided an opportunity for 15 skilled software engineers to directly support the 510 initiative of the Netherlands Red Cross.

Working in sprints between June and September, Philips employees supported the 510 initiative of the Netherlands Red Cross, which aims to improve the speed, quality and cost-effectiveness of humanitarian aid through the use of data and digital products.

121 is a product that falls under the 510 initiative and aims to make Cash-Based Aid safe, fast and fair. Specifically, to help people affected by disasters meet their own needs through digital means. The expertise of Philips employees was deployed to help build this system; funding was also provided for certain components.

In addition to 121, Philips volunteers contributed to an app ('Wegwijzer') co-designed with undocumented migrants with the aim of providing information on how to access assistance, also for healthcare. This allowed the minimum viable product (MVP) to be validated and a pilot project to be carried out in Amsterdam, and it is now being further scaled up both in the Netherlands and internationally.

“Using data to support damage and needs assessments improves the speed and effectiveness of local distribution of humanitarian aid. Shortening the timeline is critical to helping as many people as possible, but also to reaching the right people.”

– Catherine Downey, Data Designer at Philips



Philips Foundation – supporting the fight against COVID-19

In 2020, as the global COVID-19 pandemic unfolded, Philips Foundation sought to ensure access to critical care for those most in need, by leveraging Philips' expertise, innovative products and solutions, in around 25 heavily impacted countries. Acting in partnership with Philips offices, local NGOs and leading healthcare providers, Philips Foundation responded by providing point-of-care ultrasound solutions, patient monitoring, ventilators, emergency kits, medical supplies, and medical attention through mobile clinics.

On a global level, a coalition consisting of Philips Foundation, AFAS Foundation and Noaber Foundation procured and made available five temporary 20-bed hospitals for areas most impacted by the COVID-19 pandemic in Italy, Lebanon and the Democratic Republic of Congo (DRC). In Italy and DRC, the extra capacity was used to relieve the pressure on hospitals contending with the influx of patients, both with COVID-19 and other conditions. In Lebanon, the mobile care unit was first used to take care of patients who had been impacted by the blast in Beirut.

For more information go to www.philips-foundation.com/a-w/covid-19-response



Find out where and how Philips Foundation addressed the COVID-19 pandemic in 2020



United States

Supported global humanitarian organization MedShare in providing supplies to clinics and shelters in underserved communities in the US.

Spain

Supported the 'Red Cross Responds' program to reduce the impact of the COVID-19 pandemic and provided access to quality medical care for the most disadvantaged communities in Spain.

Sub-Saharan Africa

Supported EMGuidance, which provides healthcare information to more than 30,000 African healthcare providers through a mobile reference and learning platform, by creating and implementing country-specific COVID-19 modules in Namibia, Botswana, Kenya, Ghana and Nigeria.

Mexico

Provided ultrasound devices to the National Institute of Respiratory Diseases, located in the center of Mexico's COVID-19 outbreak. With the help of Philips expertise, local health workers were trained to use ultrasound to detect lung abnormalities.

Brazil

Worked with Fundação Faculdade de Medicina da USP to procure and hand over personal protective equipment to primary healthcare workers, along with the installation of emergency equipment, in an effort to combat the coronavirus in São Paulo.



Lebanon and Turkey

Supported the Lebanese Red Cross and the Emergency Medicine Association of Turkey in their fight against COVID-19. By providing mobile ultrasound devices, health workers at local emergency services were equipped to offer immediate care to patients suspected of having contracted the coronavirus.

China

Sent a significant amount of diagnostic, monitoring and protective products to the Thunder God Mountain Hospital emergency hospital in Wuhan when the epidemic unfolded. This included primarily ultrasound solutions, ventilators and patient monitors.

India

Contributed to the emergency measures announced by state governments to support the testing of suspected cases, coronavirus treatment in identified hospitals, and ensuring the safety of healthcare workers. In addition, financial support was provided to vulnerable communities whose livelihoods had been affected by the pandemic.

African continent

Teamed up with GO FAIR Foundation and Kampala International University to support the Virus Outbreak Data Network (VODAN), a data sharing system for COVID-19, with the aim of making linked data useful for global and AI-driven analysis to prevent future outbreaks.

Indonesia

Provided, through the Indonesian Red Cross Society, ultrasound technology as a first-line diagnostic tool for medical professionals, and testing kits for the people who lived in the red zone areas.

South Africa

Implemented artificial intelligence (AI) software in 11 South African hospitals, in collaboration with Delft Imaging, to help triage and monitor COVID-19 patients via X-ray imaging.

Financial statements

Balance sheet as at 31 December 2020

(in euros after result appropriation)

		2020	2019
		EUR	EUR
Non-current assets			
Loans	1	752,061	-
Current assets			
Cash and cash equivalents	2	13,369,006	15,051,174
Short-term receivables	3	4,722	134,636
Total current assets		13,373,728	15,185,810
Total assets		14,125,789	15,185,810
Equity			
Other reserves	4	7,032,912	8,777,670
Total equity		7,032,912	8,777,670
Current liabilities			
Accounts payable	5	-	64,303
Accrued expenses	6	7,092,877	6,343,837
Total current liabilities		7,092,877	6,408,140
Total equity and liabilities		14,125,789	15,185,810

Statement of Income and Expenses 2020

		2020	2019
		EUR	EUR
Income			
Cash contribution from Koninklijke Philips N.V.	9	6,700,000	6,700,000
In-kind contribution from Koninklijke Philips N.V.	11	780,789	776,966
Other contributions		72,538	-
Financial income	1	6,790	-
Total income		7,560,117	7,476,966
Expenses			
Donations	10	8,413,374	3,561,524
Personnel expense	11	780,789	776,966
Other expenses	12	73,810	32,033
Financial expenses	13	36,902	3,076
Total expenses		9,304,875	4,373,599
Result	14	-1,744,758	3,103,367

Notes

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

General

Stichting Philips Foundation, registered at the Dutch Chamber of Commerce with number 61055379, is a foundation under Dutch law, based in Amsterdam, Amstelplein 2, 1096 BC.

Financial reporting period

These financial statements cover the year 2020, which ended at the balance sheet date of 31 December 2020. The comparative figures cover the year 2019, which started on 1 January 2019 and ended at the balance sheet date of 31 December 2019.

Certain comparative information has been updated to bring it into line with the current year's presentation.

Basis of preparation

The financial statements have been prepared in accordance with the Guideline for annual reporting 640 *Not-for-profit organisations*.

Going concern

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

Impact of COVID-19

During 2020, as a result of COVID-19, fewer site visits took place due to travel restrictions. Consequently, representatives of the Foundation were in most cases not able to personally verify the impact of the projects the Foundation donated to. The extraordinary situation led to a relatively high number of immediate relief responses, related to COVID-19.

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.

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.

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 Income 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 Income 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.

Non-current loans

Non-current loans are recognized initially at fair value plus directly attributable transaction costs, and subsequently stated at amortized cost based on the effective interest method. Gains and losses are recognized in the Statement of Income and Expenses when the receivables are transferred to a third party or an (reversal of) impairment is recognized, as well as through the amortization process.

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.

About the key figures on page 6 of this report

The key figures on page 6 reflect the results of Philips Foundation for the full year 2020. Philips Foundation applies its own reporting principles.

The access to care metric is defined per project and per social enterprise as a tangible improvement of access to healthcare services that are relevant for those who are counted. The metric is the attribution (additional number of additional people reached) achieved by the joint activities with the project partners and social entrepreneurs. The attribution factor is, in the case of activities with social entrepreneurs, defined by the specific social entrepreneur in each collaborative project, based on their perception of the impact caused by the support from Philips Foundation and Philips voluntary capabilities received. In the case of collaborations with NGOs, the reported outcome is provided by the project partner.

A 'new project' is a project started in this year, in which we can collaborate to enable more underserved people to access healthcare. The majority of our projects focus on comprehensive community and primary healthcare, where impact can be made towards the goal of universal healthcare coverage. The project is deemed to be completed when the associated goal, which may vary per project, has improved access to quality healthcare for underserved communities.

EY has performed a limited assurance engagement on the Key figures 2020 as included on page 6 of this annual report. Refer to page 40 for the assurance report of the independent auditor.

We may change our approach to how we report our data in future annual reports without prior announcement; we may also change the reporting of specific data and its interpretation.

Notes to the Balance sheet

1. Loans

In 2020, Philips Foundation started to issue loans, as a potential alternative to straightforward donations. Loans may be used to incentivize and promote the self-sustainability of certain social initiatives. As of 31 December 2020, three loans to social entrepreneurs were outstanding, which generated financial income of EUR 6,790. The current portion of the loan is equal to EUR 191.000 per 31 December 2020.

2. Cash and cash equivalents

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

3. Short-term receivables

The short-term receivables as per 31 December 2020 and 31 December 2019 relate to the remittances in transit sourced from volunteering fundraising received early in the following year.

4. Equity

Other reserves

	2020	2019
	EUR	EUR
Opening balance	8,777,670	5,674,303
Additions (result for the year)	-1,744,758	3,103,367
Total	7,032,912	8,777,670

The other reserves consist fully of the results of previous years as well as the current year. All is freely disposable. Foundation capital in 2014 at establishment was EUR: 1.5 million.

5. Accounts payable

	2020	2019
	EUR	EUR
Payables in EUR	-	64,303
Total	-	64,303

The Accounts payable position on 31 December 2019 relates to an agreement with the Point of Care Ultrasound community center in Pakistan. In 2020 all outstanding payments from previous years were settled.

6. Accrued expenses

	2020	2019
	EUR	EUR
Accruals related to strategic projects with global NGOs	4,496,627	2,916,736
Accruals related to Market CSR projects	2,508,325	3,089,004
Accruals related to employee fundraisers	66,282	318,858
Accruals other	21,644	19,239
Total	7,092,877	6,343,837

'Accruals other' relates mainly to 21,644 of audit fees, and includes 43,711 dedicated to the COVID-19 response, raised by employees. The latter is not yet labelled to one project.

7. 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.

8. Off-balance sheet commitments and assets

Stichting Philips Foundation will receive a contribution of EUR 50.000 each year for the next 4 years.

Notes to the Statement of Income and Expenses

9. Cash contribution Koninklijke Philips N.V.

In 2020, Koninklijke Philips N.V. donated EUR 6.7 million to Philips Foundation. The amount is equal to the amount received in 2019. Koninklijke Philips N.V. furthermore seconded a number of employees to the Foundation's operational team, as a contribution in kind (please refer to note 11 below). Of the Other Contributions, EUR 50,000 is secured for 5 subsequent years (2020–2024).

10. Donations

	2020	2019
	EUR	EUR
Donations related to strategic projects with global NGOs	5,801,159	1,930,967
Donations related to Market CSR projects	2,514,607	1,350,111
Donations related to employee fundraisers	97,608	281,878
Donations other	-	1,432
Total	8,413,374	3,561,524

The donations made by 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 donations enabled by Philips employee fundraising activities, for specific projects, which in pre-selected projects, Philips Foundation doubles the amount raised, before paying it forward to the marked NGOs.

11. Personnel expense

In 2020 and 2019, the Foundation employed no staff 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. for EUR 780,789 (2019: EUR 776,996) to carry out Foundation activities. The related costs have been included as 'In-kind contribution' and 'Personnel expense'.

12. Other expenses

Other expenses in 2020 and 2019 consist of audit fees including audit of non-financial statements, consultancy expenses, communications and subscription costs, Board expenses and representation costs. In 2020, Board expenses include board training regarding good governance and an external strategy session.

13. Financial expenses

The financial expenses in 2020 and 2019 consist of banking fees, interest over outstanding loan receivables, and exchange rate differences.

14. Appropriation of result

The 2020 result has been added to the Other reserves in accordance with the proposal approved by the Board of the Foundation. The Board proposes to subtract the 2020 loss of EUR 1,744,758 from the Other reserves.

Subsequent events

For an agreed project that was planned for 2021 in Cuba, it became clear after year-end 2020 that it would not take place. Therefore, this liability (EUR 250,000) will be released in 2021.

Apart from the start with loans in 2020, which will be continued in 2021 to create a (partly) revolving fund, Philips Foundation intends to set up a social impact vehicle to invest in impact ventures providing access to healthcare in underserved communities.

The Board:

Ronald de Jong

Robert Metzke

Sukai Ceesay

Liesbeth Rutgers

Bernard van der Vyver

Allert van den Ham

Amsterdam, May 3, 2021

Other information

Independent auditor's report

To: the Board of Stichting Philips Foundation

Report on the audit of the financial statements 2020 included in the annual report

Our opinion

We have audited the financial statements 2020 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 December 31, 2020 and of its result for 2020 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 December 31, 2020;
- the statement of income and expenses for 2020; 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 of 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.

Emphasis of matter relating to uncertainty about Corona

The developments around the Corona (COVID-19) pandemic have a profound impact on people, society and on the economy. This impacts operational performance of organizations. The impact may continue to evolve, giving rise to complexity and inherent uncertainty. Stichting Philips Foundation is confronted with this uncertainty as well.

The financial statements and our auditor's report thereon reflect the conditions at the time of preparation, including the uncertainty and the impact on significant assumptions, that are disclosed in the notes to the financial statements in paragraph "Impact of COVID-19". We draw attention to these disclosures.

Our opinion is not modified in respect of this matter.

Report on 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. 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 board's report in accordance with the Guideline for annual reporting 640 "Not-for-profit organisations" of the Dutch Accounting Standards Board.

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 the Guideline for annual reporting 640 “Not-for-profit organisations” of the Dutch Accounting Standards Board. 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.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

Amsterdam, May 3, 2021

Ernst & Young Accountants LLP

Signed by J.C.F. Lemmens

Assurance report of the independent auditor

To: The Board of Stichting Philips Foundation

Our conclusion

We have performed a limited assurance engagement on selected indicators in the annual report for the year 2020 of Stichting Philips Foundation at Amsterdam, the Netherlands.

Based on our procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the selected indicators are not prepared, in all material respects, in accordance with the reporting criteria as included in the 'Reporting criteria' section of our report.

The selected indicators consist of: Key figures 2020 (page 6 of the Annual Report).

Basis for our conclusion

We have performed our limited assurance engagement on the selected indicators in accordance with Dutch law, including Dutch Standard 3000A *"Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten)"* (Assurance engagements other than audits or reviews of historical financial information (attestation engagements)). Our responsibilities under this standard are further described in the 'Our responsibilities for the assurance engagement on the selected indicators' 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. This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Reporting criteria

The selected indicators need to be read and understood together with the reporting criteria. Stichting Philips Foundation is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the selected indicators are the reporting criteria developed by Stichting Philips Foundation and are disclosed in section 'About the key figures' of the annual report (page 35).

The absence of an established practice on which to draw, to evaluate and measure the selected indicators allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Limitations to the scope of our assurance engagement

Our assurance engagement is restricted to the selected indicators. We have not performed assurance procedures on any other information as included in the annual report in light of this engagement.

Responsibilities of management for the selected indicators

Management is responsible for the preparation of reliable and adequate selected indicators in accordance with the reporting criteria as included in the 'Reporting criteria' section of our report. In this context, management is responsible for the identification of the intended users and the criteria being applicable for their purposes. The choices made by management regarding the scope of the selected indicators and the reporting policy are summarized in section 'About the key figures' of the annual report.

Management is also responsible for such internal control as management determines is necessary to enable the preparation of the selected indicators that are free from material misstatement, whether due to fraud or errors.

Our responsibilities for the assurance engagement on the selected indicators

Our responsibility is to plan and perform our limited assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is therefore substantially less than the assurance obtained in a reasonable assurance engagement.

We apply the "Nadere voorschriften kwaliteitssystemen" (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The procedures of our limited assurance engagement included amongst others:

- Performing an analysis of the external environment and obtaining an understanding of the sector, insight into relevant social themes and issues, relevant laws and regulations and the characteristics of the company as far as relevant to the selected indicators
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures on the selected indicators. This includes the evaluation of the reasonableness of estimates made by management
- Obtaining an understanding of the reporting processes for the selected indicators, including obtaining a general understanding of internal control relevant to our assurance engagement

- Identifying areas of the selected indicators with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or errors. Designing and performing further assurance procedures aimed at determining the plausibility of the selected indicators responsive to this risk analysis. These further assurance procedures consisted amongst others of:
 - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the selected indicators
 - Obtaining assurance information that the selected indicators reconcile with underlying records of the company
 - Reviewing, on a limited test basis, relevant internal and external documentation
 - Performing an analytical review of the data and trends
- Evaluating the overall presentation, structure and content of the selected indicators

Amsterdam, May 3, 2021

Ernst & Young Accountants LLP

Signed by J. Niewold



Philips Foundation