

The Philips Foundation

Operational Policy 2021

Contents

- Introduction.....2
- Mission..... 3
- Vision..... 3
- Philosophy and approach..... 3
- Geographical Scope 4
- Program Structure and way of working..... 4
- Monitoring and Evaluation 7
- Funding of the Philips Foundation 8
- Organization and structure..... 8
 - Board members..... 9
 - Operational Team 9
 - ANBI, Articles of Association, Chamber of Commerce..... 10
- Contact Details..... 10

Introduction

In 2014, Koninklijke Philips N.V. (Royal Philips) established Stichting Philips Foundation (the Philips Foundation), an organization dedicated to supporting underprivileged and underserved communities around the world in the areas of healthcare, lighting and healthy futures. The Philips Foundation is a separate, non-commercial organization.

In September 2020, Philips launched an integrated approach designed to enable it to fulfil its purpose, comprised of a comprehensive set of commitments and corresponding targets across the three Environment Social Governance (ESG) dimensions. The Philips Foundation is fully aligned with Philips on its purpose and plays a crucial role in the fulfillment of Philips' Social commitments as part of its ESG strategy.

This document outlines the mission, governance, organization, activities and funding of the Philips Foundation.

Mission

The Philips Foundation's mission evolved during 2017-2020 towards dedication to support underprivileged and underserved communities around the world in the area of healthcare. The mission is to reduce healthcare inequality, by providing access to quality healthcare to disadvantaged communities, through innovation.

Vision

When pursuing this mission, the Foundation benefits from Royal Philips' expertise and knowledge and (financial) resources to help develop low-cost, easily accessible solutions that provide access to care for underserved /underprivileged communities. Together with partners from selected non-governmental and governmental organizations, as well as with social entrepreneurs, we aim to drive system change, resulting in measurable social impact, contributing to finally provide access to care to a 100 million people in underserved settings by 2030, based upon multidimensional innovation (social and technical innovation, as well as new

business models and ways to disseminate innovations).

Within five years of its establishment, the Foundation has made measurable impact in chosen communities by enabling social innovation through collaboration, donations and skilled innovation driving resources, leading to better awareness, prevention and diagnosis of diseases for around five million people annually (pushing to 35 million people according to the social entrepreneurs that substantiate the added value of mentoring by Philips skilled volunteers).

The Philips Foundation strives to be recognized within the international business-, healthcare-, humanitarian- and government communities, as an energetic force for the enhancement of global healthcare access.

Philosophy and approach

We believe that through innovation, we can solve many of the world's toughest challenges. Innovation starts with people, and innovation focused on addressing societal problems can make a significant difference to people's lives.

We support social innovation by providing expertise and financial support (loans or grants) to parties that can make a meaningful and lasting impact on healthcare in local communities, especially communities that are underserved and have little resources.

Philips and the Foundation are united under the Philips brand and in pursuit of a common purpose. The Foundation's activities benefit fully from the company's expertise and healthcare solutions.

It is the Foundation's aspiration to enable healthcare access to 100 million people in underserved communities by 2030, which also contributes to the company's ambition of improving the health of 400 million people in underserved communities by 2030.

Philips supports the Foundation with donations, but also by bringing to bear its considerable multi-disciplinary resources globally, including specialist knowledge, employee time, brand and communications support.

The Foundation acts in the following areas:

- Identify, coordinate and activate Corporate Social Responsibility (CSR) activities, amongst this, healthcare related disaster relief across the world. The budget for disaster relief is capped at 25% of the annual budget due to its nature as incidental help, instead of the desired system change.
- Funding of targeted projects/social impact initiatives to develop scalable local care providing eco-systems (middle/bottom pyramid) with a focus on care delivery, ensuring to maximize

- opportunities to scale by leveraging Philips' resources and know-how in this space.
- Make Philips technology available to the emerging markets that need it, adapting solutions to the local needs, customs and affordability.
 - Maximize opportunities to scale by leveraging Philips' resources and know-how.
 - Partner with third parties that complement the support that Philips provides to the Foundation and that contribute to targeted care delivery eco system development mentioned above.
 - Enabling / initiating collaboration with social partners and -entrepreneurs to innovate complementary and impactful models in future markets. The Foundation will identify innovative solutions and frugal innovation supporting the access to care- ambitions.
 - Mobilize employee volunteers (skilled volunteering) in support of targeted activities / initiatives, to deliver measurable impact.

At the core of our approach involvement in the above mentioned ways, rather than solely providing financial support or in-kind contributions. When choosing programs and projects, we focus on the access to care mission and drive healthcare system change.

In the projects we support, we strive for true partnership with the aim to be a key contributor and make a visible difference with knowledge and expertise, rather than just being one of the (funding) participants, building upon the Philips Foundation name.

Geographical Scope

The Philips Foundation mainly supports projects in countries where Royal Philips or one of its subsidiaries are present. This is a broad geographic scope as Royal Philips is present in 155 countries. When entering other countries in order to bring healthcare innovation, we assure collaboration with a strong (NGO-) partner and / or social entrepreneur on the ground.

Program Structure and way of working

The Philips Foundation works along several lines:

1. Philips is organized in several Markets, Businesses and Functions. All of these can submit innovative, not-for-profit proposals, to support disadvantaged communities get better healthcare provision.
2. Next to that, with renowned non-governmental or humanitarian organizations (NGO's), the Philips Foundation tries to determine the exact healthcare need on the ground, and innovate

towards new solutions, in order to improve the healthcare system. The Foundation will also work with NGO partners to identify impactful community projects to increase access to healthcare of disadvantaged communities.

3. The Philips Foundation (financially) supports social entrepreneurs who pioneer solutions to provide better access to care, to grow the scale of their innovative approach, and improve their model, deploying Philips expertise in a mentoring and support mechanism, with the end goal to create system change and large scale access to quality healthcare for underserved communities.
4. In extreme cases, like in 2020 during the COVID-19 outbreak in various countries, the explosion in Beirut, and in times of earthquake or hurricane, The Philips Foundation works to provide disaster relief to regions as quickly as possible. We do this through partnerships with national societies of the Red Cross, UN bodies, governments and NGO's, providing medical equipment to those in need, digital healthcare solutions, funds, as well as by facilitating Philips employees to donate funds.
5. The work of the Philips Foundation it facilitates community service opportunities and NGO-support opportunities around the world for volunteering employees from Royal Philips.

The Philips Foundation builds upon technology, service or delivery model innovations developed or piloted by Royal Philips. Next to donating cash, the Foundation may donate such solutions or people's expertise to NGO initiatives. For example, ultrasound machines for rural healthcare settings, mobile telehealth, and pneumonia and malnutrition testers.

We provide support to social innovators and non-profit organizations focused on creating Base of the Pyramid solutions to improve the life in underserved and underprivileged communities.

Financial support can be a grant/donation, a loan or a repayable grant. The intention is always to improve access to care for the disadvantaged.

Partnerships

The Philips Foundation works with Royal Philips, its country organizations, and non-governmental organizations (NGOs), international organizations (IOs), governmental organizations (GOs) and social entrepreneurs. Many of the entrepreneurs come to us through our collaboration with Ashoka. <https://www.ashoka.org/en-nl>

The Philips Foundation will assess potential partners against a checklist including the following criteria:

- Reputation and brand
- Advocacy on key development issues
- Global or multi-country reach
- Skills, expertise and interest in key areas of health
- Opportunity for employee engagement from Royal Philips employees
- No religious or political association/affiliation
- Project and program management capabilities

Flowchart for projects of the Philips Foundation



Project Approval Process

Criteria to assess project proposals or to initiate activities include (but are not limited to):

1. Healthcare related project which fits with overall aim of providing access to healthcare;
2. Use of Philips innovation, digital expertise, resources within expertise fields (preferred over donating money alone);
3. Addresses health inequality to benefit disadvantaged groups;
4. Considers long term sustainability of the solutions;
5. Preferably scalable / replicable;
6. Absence of a private interest goal for Philips;
7. In principle, no grants directly to national or local governments, generally working NGO's;
8. Significant reach within target audience (# per x euro);
9. For employee volunteering projects: Significant volunteering activation and optimal use of know-how, expertise and experience.

New project proposals up to an amount of 100,000 euros, can be decided upon by the Foundation's director, based on transparent criteria as mentioned above.

During the Board meetings (4 times a year) the Board is informed regarding approved projects up to 100,000 euro by the operational team. The Board reviews projects with a higher budget, selected and presented by the operational team, also based on the above mentioned criteria. The Board decides to approve or to decline the projects (or requests further clarification).

New projects can be proposed by Royal Philips employees, NGO or GO partners or third parties. The Foundation Director performs a first screening on alignment with the Foundation's criteria. To be able to benefit from Royal Philips' expertise and knowledge, proposals may be submitted, where appropriate, for input to the respective Royal Philips Market Leader in whose geographical area of responsibility the proposed project would run and / or experts within Royal Philips. The Foundation Board takes the final decision on approval or rejection of the project proposals above 100,000 euros. The Philips Foundation, the members of the Board and the Foundation Director acknowledge their responsibility in respect to the standard of integrity laid down in the General Business Principles of Royal Philips and compliance with all applicable laws and regulations.

Contributions

The Philips Foundation will primarily contribute its funds to projects run with a selected (non-) governmental organization or social entrepreneur. No funding will be provided to unrenowned organizations. Due diligence on the parties to be funded, is conducted before accepting any proposal in accordance with the Philips DDP screening process. The Foundation will contribute solely to projects that fit its mission of supporting underprivileged and underserved communities around the world in the area of access to healthcare.

Monitoring and Evaluation

All project partners of the Philips Foundation will be responsible for reporting to the Foundation on the progress of the joint project on a regular basis, or, if agreed, at the end of the project. The partner organization will be responsible for tracking KPIs and reporting any issues in the set up and implementation of the project to the Philips Foundation. There will be regularly contact between the Philips Foundation and the organizations, as well as between the Philips Foundation and involved employees of Royal Philips.

The Foundation uses a thorough monitoring and evaluation process to assess progress in the agreed programs and projects. On an annual basis, there will be an internal audit to assess compliance. Annually the Philips Foundation issues an Annual Report, which is audited by a

renowned external accountant.

The Foundation actualizes its website and newsletters on a regular basis, and promotes its activities among Philips employees and external target groups.

Funding of the Philips Foundation

The Philips Foundation began in 2014 with a start-up capital of 1.5 million euros provided by Royal Philips. From 2015 onwards, Royal Philips, in addition to the Foundation resourcing, provided an annual contribution in cash to the Philips Foundation. Meanwhile, Philips contributes 6,7 million euro's annually, to be paid by the 1st of July. The Foundation will actively look for co-investors in specific projects, establishing strategic relationships with donors and other (corporate) Foundations.

Royal Philips also provides the Philips Foundation in-kind contributions of expert volunteers, community volunteers, the resources for the operational team of the Philips Foundation, as well as products and services (to charitable prices).

Royal Philips furthermore supports the Foundation with office space, provide IT and travel support, supports the Foundation website on Philips servers and provides meeting space for the Board. In addition to the dedicated staff, ad-hoc support is provided by various Functions at Royal Philips. These Functions include but are not limited to: Legal, Treasury, Brand, Communication and Digital (BC&D), Group Sustainability, Design and Research.

Organization and governance

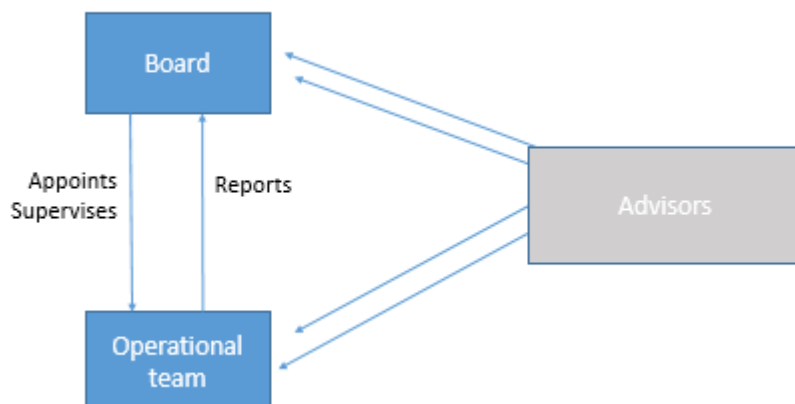
The Philips Foundation's Board has the final responsibility for the strategy, policies, performance and operation (including funds management) of the Foundation.

The Board consists of a minimum of three and a maximum of seven members. The majority of Board members are independent from Royal Philips.

The Philips Foundation is managed on a daily basis by the Foundation Director and is supported by an operational team. This team consists of Royal Philips employees who are made available at no cost to the Foundation by Royal Philips. The team manages the Foundation on behalf of, and reports to, the Board. In addition, other Royal Philips employees may support the Foundation on an ad-hoc or part-time basis.

The Foundation seeks advisors to support the operational team as well as the Board on strategic and operational issues, on project proposals and grant requests when desired. Advisors can be

Royal Philips employees as well as external individuals or organizations.



Philips Foundation Board Members

Ronald de Jong – Chairman of the Board

Distinguished Professor of Practice in Business, School of Economics and Management, Tilburg University

Retired Member Executive Committee Royal Philips

Robert Metzke

Global Head of Sustainability, Royal Philips

Sukai Ceesay

Global Village Children, AVIM Leadership Consulting

Global Ambassador for the Princess Maxima Center for Pediatric Oncology

Liesbeth Rutgers (as per September 2020)

Consultant Risk management and Impact Investment strategies, Triple-R

Allert van den Ham (per march 2021)

Country Director Laos & Myanmar at SNV

Bernard van der Vyver

Global Talent Strategies & Learning Solutions Leader for Deloitte Consulting

Foundation operations team

Mr Margot Coijmans

Director, Philips Foundation

Koen Joosse

Program manager strategic projects

Victor de Boer

Program manager local country (CSR) projects

Eddine Sarroukh

Head of Innovation, opportunity scout

Yannick Eshuijs

Communications

Timea Nemeth

Assistant and project support

ANBI Charity Status, Articles of Association, Ch o C.

The Philips Foundation has the ANBI status as defined in Dutch tax law. It has the legal form of a Stichting, with its own Articles of Association. Chamber of Commerce number (the Netherlands): 61055379 (Stichting Philips Foundation), based in Amsterdam.

Contact details Philips Foundation

Stichting Philips Foundation, Philips Center
Amstelplein 2, 1096 BC Amsterdam, The Netherlands

Email: philipsfoundation@philips.com

Website: <https://www.philips-foundation.com/>