

Supplier Sustainability Declaration

June 2022

Document version history

<i>Date</i>	<i>Author</i>	<i>Version</i>	<i>Reasoning</i>
June 2022	Philips Group Sustainability Office / Philips Group Procurement	PHGR-GS-BP01-010	Inclusion of Philips desired ESG clauses / footnotes on Philips understanding to standard RBA clauses v7 (2021).
January 2021	RBA / Philips Group Sustainability Office / Philips Group Procurement	PHGR-GS-BP01-010	Update of the RBA code, new version V7.0 available and active per January 1 st 2021.
December 2017	EICC / Philips Group Sustainability Office / Philips Group Procurement	PHGR-GS-BP01-010	Update of the EICC code, new version V6.0 available and active per June 1 st 2018.
April 2015	EICC / Philips Group Sustainability Office / Philips Group Procurement	PHGR-GS-BP01-010	EICC membership held a special out-of-cycle vote to further amend section A1 – Freely Chosen Employment – of the Code with regard to recruitment fees paid by workers. Applicable per January 2016.
January 2015	EICC / Philips Group Sustainability Office / Philips Group Procurement	PHGR-GS-BP01-010	Revision of the policy in line with version 5.0 of the EICC Code of Conduct November 2014
October 2012	EICC / Philips Group Sustainability Office	CSO-BP01-2012-005	Revision of the policy in line with version 4.0 of the EICC Code of Conduct April 2012
September 2009	EICC / Philips Group Sustainability Office	CSO-BP01-2009-012	Updated based on EICC code revision release 3.0 in June 2009
December 2006	EICC / Philips Group Sustainability Office	CSO-BP01-2006-015	-

Preface

At Philips, our purpose is to improve people's health and well-being through meaningful innovation. We are committed to delivering long-term value to our customers and shareholders, while acting responsibly towards our planet and society, in partnership with our stakeholders. This goal extends beyond our products, systems and services to our supply chain. We invest in relationships with suppliers who provide a safe working environment, treat workers with respect, and work in an environmentally sound way.

Philips' Supplier Sustainability Declaration sets out the standards and behaviors we require from our suppliers and their suppliers to structurally improve conditions for workers and promote a cleaner environment for local communities.

We endorse the Responsible Business Alliance (RBA) Code of Conduct. The required clauses in our Supplier Sustainability Declaration are from the RBA code of conduct (Version 7.0). We expect all Philips' suppliers providing Philips's products, components, parts, sub-assemblies, materials, packaging, services or solutions to or on behalf of Philips to comply¹ with this Supplier Sustainability Declaration.

Next to the RBA clauses, the 2022 version of Philips' Supplier Sustainability Declaration includes various desired ESG clauses. They represent higher levels of ESG norms for enterprises to work towards. By encouraging these behaviors, we want to bring our suppliers – and our broader industry – along in our sustainability journey with us.

¹ Compliance to (all) elements of the code is subject to the type of operations and/or type of business of an individual Philips supplier.

Contents

Document version history	2
Preface	3
Responsible Business Alliance code of conduct	6
A. Labor	7
1) Freely Chosen Employment	7
2) Young Workers	7
3) Working Hours	8
4) Wages and Benefits	8
5) Humane Treatment	8
6) Non-Discrimination	8
7) Freedom of Association	8
8) Desired ESG Standards	9
B. Health and Safety	10
1) Occupational Safety	10
2) Emergency Preparedness	10
3) Occupational Injury and Illness	10
4) Industrial Hygiene	11
5) Physically Demanding Work	11
6) Machine Safeguarding	11
7) Sanitation, Food, and Housing	11
8) Health and Safety Communication	11
C. Environment	12
1) Environmental Permits and Reporting	12
2) Pollution Prevention and Resource Reduction	12
3) Hazardous Substances	12
4) Solid Waste	12
5) Air Emissions	12
6) Materials Restrictions	12
7) Water Management	13
8) Energy Consumption and Greenhouse Gas Emissions	13
9) Desired ESG Standards	13

D. Ethics	14
1) Business Integrity	14
2) No Improper Advantage	14
3) Disclosure of Information	14
4) Intellectual Property	14
5) Fair Business, Advertising and Competition	14
6) Protection of Identity and Non-Retaliation	14
7) Responsible Sourcing of Minerals	15
8) Privacy	15
9) Desired ESG Standards	15
E. Management System	16
1) Company Commitment	16
2) Management Accountability and Responsibility	16
3) Legal and Customer Requirements	16
4) Risk Assessment and Risk Management	16
5) Improvement Objectives	16
6) Training	17
7) Communication	17
8) Worker Feedback, Participation and Grievance	17
9) Audits and Assessments	17
10) Corrective Action Process	17
11) Documentation and Records	17
12) Supplier Responsibility	17
13) Desired ESG Standards	17
References	19
Document History	20

Responsible Business Alliance code of conduct

The Responsible Business Alliance (RBA), formerly the Electronic Industry Citizenship Coalition (EICC), Code of Conduct establishes standards to ensure that working conditions in the electronics industry, or industries in which electronics are a key component, and its supply chains are safe, that workers are treated with respect and dignity, and that business operations are environmentally responsible and conducted ethically.

Considered as part of the electronics industry for purposes of this Code are all organizations that may design, market, manufacture, or provide goods and services that are used to produce electronic goods. The Code may be voluntarily adopted by any business in the electronics sector and subsequently applied by that business to its supply chain and subcontractors, including providers of contract labor.

To adopt the Code and become a participant ("Participant"), a business shall declare its support for the Code and actively pursue conformance to the Code and its standards in accordance with a management system as herein.

Participants must regard the Code as a total supply chain initiative. At a minimum, Participants shall also require its next tier suppliers to acknowledge and implement the Code.

Fundamental to adopting the Code is the understanding that a business, in all of its activities, must operate in full compliance with the laws, rules, and regulations of the countries in which it operates.² The Code also encourages Participants to go beyond legal compliance, drawing upon internationally recognized standards, in order to advance social and environmental responsibility and business ethics. In no case can complying with the Code violate local laws. If, however, there are different standards between the RBA Code and local law, the RBA defines conformance as meeting the strictest requirements. In alignment with the UN Guiding Principles on Business and Human Rights, the provisions in this Code are derived from and respect internationally recognized standards including the ILO Declaration on Fundamental Principles and Rights at Work and the UN Universal Declaration of Human Rights.

The RBA is committed to obtaining regular input from stakeholders in the continued development and implementation of the Code of Conduct.

The Code is made up of five sections. Sections A, B, and C outline standards for Labor, Health and Safety, and the Environment, respectively. Section D adds standards relating to business ethics. Section E outlines the elements of an acceptable system to manage conformity to this Code.

² The Code is not intended to create new and additional third party rights, including for workers.

A. Labor

Participants are committed to uphold the human rights of workers, and to treat them with dignity and respect as understood by the international community. This applies to all workers including temporary, migrant, student, contract, direct employees, and any other type of worker. The recognized standards, as set out in the References, were used in preparing the Code and may be useful sources of additional information.

The labor standards are:

1) Freely Chosen Employment

Forced, bonded (including debt bondage) or indentured labor, involuntary or exploitative prison labor, slavery or trafficking of persons is not permitted. This includes transporting, harboring, recruiting, transferring, or receiving persons by means of threat, force, coercion, abduction or fraud for labor or services. There shall be no unreasonable restrictions on workers' freedom of movement in the facility in addition to unreasonable restrictions on entering or exiting company-provided facilities including, if applicable, workers' dormitories or living quarters. As part of the hiring process, all workers must be provided with a written employment agreement in their native language³ that contains a description of terms and conditions of employment. Foreign migrant workers must receive the employment agreement prior to the worker departing from his or her country of origin and there shall be no substitution or change(s) allowed in the employment agreement upon arrival in the receiving country unless these changes are made to meet local law and provide equal or better terms. All work must be voluntary, and workers shall be free to leave work at any time or terminate their employment without penalty if reasonable notice is given as per worker's contract. Employers, agents, and sub-agents may not hold or otherwise destroy, conceal, or confiscate identity or immigration documents, such as government-issued identification, passports, or work permits. Employers can only hold documentation if such holdings are required by law. In this case, at no time should workers be denied access to their documents. Workers shall not be required to pay employers' agents or sub-agents' recruitment fees or other related fees for their employment. If any such fees are found to have been paid by workers, such fees shall be repaid to the worker.

2) Young Workers

Child labor is not to be used in any stage of manufacturing. The term "child" refers to any person under the age of 15, or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. Participants shall implement an appropriate mechanism to verify the age of workers. The use of legitimate workplace learning programs, which comply with all laws and regulations, is supported. Workers under the age of 18 (Young Workers) shall not perform work that is likely to jeopardize their health or safety, including night shifts and overtime. Participants shall ensure proper management of student workers through proper maintenance of student records, rigorous due diligence of educational partners, and protection of students' rights in accordance with applicable laws and regulations. Participants shall provide appropriate support and training to all student workers. In the absence of local law, the wage rate for student workers, interns, and apprentices shall be at least the same wage rate as other entry-level workers performing equal or similar tasks. If child labor is identified, assistance/remediation is provided.

³ Although native language is the preferred language, any language accessible to the worker can also be accepted in certain situations, especially if a certain level of fluency is expected as work is to be performed in such a language.

3) Working Hours

Studies of business practices clearly link worker strain to reduced productivity, increased turnover, and increased injury and illness. Working hours are not to exceed the maximum set by local law. Further, a workweek should not be more than 60 hours per week, including overtime, except in emergency or unusual situations. All overtime must be voluntary⁴. Workers shall be allowed at least one day off every seven days.

4) Wages and Benefits

Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. In compliance with local laws, workers shall be compensated for overtime at pay rates greater than regular hourly rates. Deductions from wages as a disciplinary measure shall not be permitted. For each pay period, workers shall be provided with a timely and understandable wage statement that includes sufficient information to verify accurate compensation for work performed. All use of temporary, dispatch and outsourced labor will be within the limits of the local law.

5) Humane Treatment

There is to be no harsh or inhumane treatment including violence, gender-based violence, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, bullying, public shaming, or verbal abuse of workers; nor is there to be the threat of any such treatment. Disciplinary policies and procedures in support of these requirements shall be clearly defined and communicated to workers.

6) Non-Discrimination/Non-Harassment

Participants should be committed to a workplace free of harassment and unlawful discrimination. Companies shall not engage in discrimination or harassment based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information or marital status in hiring and employment practices such as wages, promotions, rewards, and access to training. Workers shall be provided with reasonable accommodation for religious practices. In addition, workers or potential workers should not be subjected to medical tests, including pregnancy or virginity tests, or physical exams that could be used in a discriminatory way. This was drafted in consideration of ILO Discrimination (Employment and Occupation) Convention (No. 111).

7) Freedom of Association

In conformance with local law, participants shall respect the right of all workers to form and join trade unions of their own choosing, to bargain collectively, and to engage in peaceful assembly as well as respect the right of workers to refrain from such activities. Workers and/or their representatives shall be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation, or harassment.

⁴ Philips requires overtime to be evenly distributed, as much as possible, among the workforce population.

8) Desired ESG Standards

Living Wage

To adequately ensure the right to life, workers should be compensated according to livable wage standards applicable to the location of work, which may exceed minimum wage standards. A living wage is remuneration received for a standard work-week that is sufficient to allow for a decent standard of living for the worker and their family. Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs, including provision for unexpected events and discretionary income.

Excellence in Equality, Diversity and Inclusion

Companies should actively recruit, promote, and retain diverse talent in their teams. Companies should be able to demonstrate their commitment to fostering a workplace where people feel included, valued, and empowered to contribute through all aspects of workplace operations and management. Clear consideration should be given to equality of opportunity in employment, skill development and career advancement, particularly with under-represented segments of society in the area of operations.

B. Health and Safety

Participants recognize that in addition to minimizing the incidence of work-related injury and illness, a safe and healthy work environment enhances the quality of products and services, consistency of production and worker retention and morale. Participants also recognize that ongoing worker input and education are essential to identifying and solving health and safety issues in the workplace.

Recognized management systems such as ISO 45001 and ILO Guidelines on Occupational Safety and Health were used as references in preparing the Code and may be useful sources of additional information.

The health and safety standards are:

1) Occupational Safety

Worker potential for exposure to health and safety hazards (chemical, electrical and other energy sources, fire, vehicles, and fall hazards, etc.) are to be identified and assessed, mitigated using the Hierarchy of Controls, which includes eliminating the hazard, substituting processes or materials, controlling through proper design, implementing engineering and administrative controls, preventative maintenance and safe work procedures (including lockout/tag-out), and providing ongoing occupational health and safety training. Where hazards cannot be adequately controlled by these means, workers are to be provided with appropriate, well-maintained, personal protective equipment, and educational materials about risks to them associated with these hazards. Reasonable steps must also be taken to remove pregnant women and nursing mothers from working conditions with high hazards, remove or reduce any workplace health and safety risks to pregnant women and nursing mothers, including those associated with their work assignments, and provide reasonable accommodations for nursing mothers.

2) Emergency Preparedness

Potential emergency situations and events are to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures including emergency reporting, employee notification and evacuation procedures, worker training, and drills. Emergency drills must be executed at least annually or as required by local law, whichever is more stringent. Emergency plans should also include appropriate fire detection and suppression equipment, clear and unobstructed egress, adequate exit facilities, contact information for emergency responders, and recovery plans. Such plans and procedures shall focus on minimizing harm to life, the environment, and property.

3) Occupational Injury and Illness

Procedures and systems are to be in place to prevent, manage, track and report occupational injury and illness, including provisions to encourage worker reporting, classify and record injury and illness cases, provide necessary medical treatment, investigate cases and implement corrective actions to eliminate their causes, and facilitate the return of workers to work.

4) Industrial Hygiene

Worker exposure to chemical, biological and physical agents is to be identified, evaluated, and controlled according to the Hierarchy of Controls. If any potential hazards were identified, participants shall look for opportunities to eliminate and/or reduce the potential hazards. If elimination or reduction of the hazards is not feasible, potential hazards are to be controlled through proper design, engineering, and administrative controls. When hazards cannot be adequately controlled by such means, workers are to be provided with and use appropriate, well-maintained, personal protective equipment free of charge. Protective programs shall be ongoing and include educational materials about the risks associated with these hazards.

5) Physically Demanding Work

Worker exposure to the hazards of physically demanding tasks, including manual material handling and heavy or repetitive lifting, prolonged standing, and highly repetitive or forceful assembly tasks is to be identified, evaluated, and controlled.

6) Machine Safeguarding

Production and other machinery shall be evaluated for safety hazards. Physical guards, interlocks, and barriers are to be provided and properly maintained where machinery presents an injury hazard to workers.

7) Sanitation, Food, and Housing

Workers are to be provided with ready access to clean toilet facilities, potable water and sanitary food preparation, storage, and eating facilities. Worker dormitories provided by the Participant or a labor agent are to be maintained to be clean and safe, and provided with appropriate emergency egress, hot water for bathing and showering, adequate lighting and heat and ventilation, individually secured accommodations for storing personal and valuable items, and reasonable personal space along with reasonable entry and exit privileges.

8) Health and Safety Communication

Participants shall provide workers with appropriate workplace health and safety information and training in the language of the worker or in a language the worker can understand for all identified workplace hazards that workers are exposed to, including but not limited to mechanical, electrical, chemical, fire, and physical hazards. Health and safety related information shall be clearly posted in the facility or placed in a location identifiable and accessible by workers. Training is provided to all workers prior to the beginning of work and regularly thereafter. Workers shall be encouraged to raise and health and safety concerns without retaliation.

C. Environment

Participants recognize that environmental responsibility is integral to producing world class products. Participants shall identify the environmental impacts and minimize adverse effects on the community, environment, and natural resources within their manufacturing operations, while safeguarding the health and safety of the public. Recognized management systems such as ISO 14001 and the Eco Management and Audit System (EMAS) were used as references in preparing the Code and may be a useful source of additional information.

The environmental standards are:

1) Environmental Permits and Reporting

All required environmental permits (e.g. discharge monitoring), approvals, and registrations are to be obtained, maintained, and kept current and their operational and reporting requirements are to be followed.

2) Pollution Prevention and Resource Reduction

Emissions and discharges of pollutants and generation of waste are to be minimized or eliminated at the source or by practices such as adding pollution control equipment; modifying production, maintenance, and facility processes; or by other means. The use of natural resources, including water, fossil fuels, minerals and virgin forest products, is to be conserved by practices such as modifying production, maintenance and facility processes, materials substitution, re-use, conservation, recycling, or other means.

3) Hazardous Substances

Chemicals, waste, and other materials posing a hazard to humans or the environment are to be identified, labeled and managed to ensure their safe handling, movement, storage, use, recycling or reuse, and disposal.

4) Solid Waste

Participants shall implement a systematic approach to identify, manage, reduce, and responsibly dispose of or recycle solid waste (non-hazardous).

5) Air Emissions

Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting substances, and combustion byproducts generated from operations are to be characterized, routinely monitored, controlled and treated as required prior to discharge. Ozone-depleting substances are to be effectively managed in accordance with the Montreal Protocol and applicable regulations. Participants shall conduct routine monitoring of the performance of its air emission control systems.

6) Materials Restrictions

Participants are to adhere to all applicable laws, regulations, and customer requirements regarding the prohibition or restriction of specific substances in products and manufacturing, including labeling for recycling and disposal.

7) Water Management

Participants shall implement a water management program that documents, characterizes, and monitors water sources, use and discharge; seeks opportunities to conserve water; and controls channels of contamination. All wastewater is to be characterized, monitored, controlled, and treated as required prior to discharge or disposal. Participants shall conduct routine monitoring of the performance of its wastewater treatment and containment systems to ensure optimal performance and regulatory compliance.

8) Energy Consumption and Greenhouse Gas Emissions

Participants are to establish a corporate-wide greenhouse gas reduction goal. Energy consumption and all relevant Scopes 1 and 2 greenhouse gas emissions are to be tracked, documented, and publicly reported against the greenhouse gas reduction goal. Participants are to look for methods to improve energy efficiency and to minimize their energy consumption and greenhouse gas emissions.

9) Desired ESG Standards

Science-based targets to reduce Greenhouse Gas Emissions

Companies are to establish corporate-wide greenhouse gas emission reduction targets in line with the Paris Agreement and approved by the Science-Based Target Initiative (SBTi). Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.

Circular Economy

Companies are to embrace circularity principles, and materials should be kept in the economy as much as possible to provide future value. This can be done by designing products and components for longer life, producer collection and repair of used components, leasing models, and design for serviceability

Packaging

Philips aims to adopt circular economy principles in all its operations; a significant challenge is incoming packaging from suppliers. Generally, the preferred packaging applied is reusable packaging that can easily be returned to suppliers and rarely generates waste. Next preferred is corrugated cardboard, including inserts due to global ease of recycling. Next, compostable materials, or easily recyclable materials in the destination location. Companies should avoid packaging that is difficult to recycle or creates a waste stream. While ensuring product safety and quality, unnecessary packaging should be avoided.

D. Ethics

To meet social responsibilities and to achieve success in the marketplace, Participants and their agents are to uphold the highest standards of ethics including:

1) Business Integrity

The highest standards of integrity are to be upheld in all business interactions. Participants shall have a zero-tolerance policy to prohibit any and all forms of bribery, corruption, extortion and embezzlement.

2) No Improper Advantage

Bribes or other means of obtaining undue or improper advantage are not to be promised, offered, authorized, given or accepted. This prohibition covers promising, offering, authorizing, giving, or accepting anything of value, either directly or indirectly through a third party, in order to obtain or retain business, direct business to any person, or otherwise gain an improper advantage. Monitoring, record keeping and enforcement procedures shall be implemented to ensure compliance with anti-corruption laws.

3) Disclosure of Information

All business dealings should be transparently performed and accurately reflected on the Participant's business books and records. Information regarding participant's labor, health and safety, environmental practices, business activities, structure, financial situation and performance is to be disclosed in accordance with applicable regulations and prevailing industry practices. Falsification of records or misrepresentation of conditions or practices in the supply chain are unacceptable.

4) Intellectual Property

Intellectual property rights are to be respected, transfer of technology and know-how is to be done in a manner that protects intellectual property rights, and customer and supplier information is to be safeguarded.

5) Fair Business, Advertising and Competition

Standards of fair business, advertising, and competition are to be upheld.

6) Protection of Identity and Non-Retaliation

Programs that ensure the confidentiality, anonymity, and protection of supplier and employee whistleblowers⁵ are to be maintained, unless prohibited by law. Participants should have a communicated process for their personnel to be able to raise any concerns without fear of retaliation.

⁵ Whistleblower definition: Any person who makes a disclosure about improper conduct by an employee or officer of a company, or by a public official or official body.

7) Responsible Sourcing of Minerals

Participants shall adopt a policy and exercise due diligence on the source and chain of custody of the tantalum, tin, tungsten, and gold in the products they manufacture to reasonably assure that they are sourced in a way consistent with the Organisation for Economic Co-operation and Development (OECD) Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas or an equivalent and recognized due diligence framework.

8) Privacy

Participants are to commit to protecting the reasonable privacy expectations of personal information of everyone they do business with, including suppliers, customers, consumers, and employees. Participants are to comply with privacy and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted, and shared.

9) Desired ESG Standards

Extended Scope for Responsible Sourcing of Minerals

Companies should extend their policies and due diligence procedures to minerals that have been associated with gross human rights abuses in their sourcing. Programs should consider all risks present in Annex II of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

Animal Welfare

Animals should be treated respectfully with pain and stress minimized. Animal testing should be prevented, reduced and eliminated as much as possible, by replacing with non-animal alternatives, reducing the number of animals, and refining procedures to minimize distress. Animal testing must only be conducted if it is unavoidable for research or for demonstrating regulatory compliance, and no alternative methods are available and if the animal testing is allowed under applicable law for this purpose, or, when it is required by national law.

E. Management System

Participants shall adopt or establish a management system with a scope that is related to the content of this Code. The management system shall be designed to ensure: (a) compliance with applicable laws, regulations and customer requirements related to the participant's operations and products; (b) conformance with this Code; and (c) identification and mitigation of operational risks related to this Code. It should also facilitate continual improvement.

The management system should contain the following elements:

1) Company Commitment

Corporate social and environmental responsibility policy statements affirming Participant's commitment to compliance and continual improvement, endorsed by executive management and posted in the facility in the local language.

2) Management Accountability and Responsibility

The Participant clearly identifies senior executive and company representative(s) responsible for ensuring implementation of the management systems and associated programs. Senior management reviews the status of the management systems on a regular basis.

3) Legal and Customer Requirements

A process to identify, monitor and understand applicable laws, regulations, and customer requirements, including the requirements of this Code.

4) Risk Assessment and Risk Management

A process to identify the legal compliance, environmental, health and safety⁶ and labor practice and ethics risks associated with Participant's operations. Determination of the relative significance for each risk and implementation of appropriate procedural and physical controls to control the identified risks and ensure regulatory compliance.

5) Improvement Objectives

Written performance objectives, targets and implementation plans to improve the Participant's social, environmental, and health and safety performance, including a periodic assessment of Participant's performance in achieving those objectives.

⁶ Areas to be included in a risk assessment for environmental health and safety are production areas, warehouse and storage facilities, plant/facilities support equipment, laboratories and test areas, sanitation facilities (bathrooms), kitchen/cafeteria and worker housing/dormitories.

6) Training

Programs for training managers and workers to implement Participant's policies, procedures, and improvement objectives and to meet applicable legal and regulatory requirements.

7) Communication

A process for communicating clear and accurate information about Participant's policies, practices, expectations, and performance to workers, suppliers, and customers.

8) Worker Feedback, Participation and Grievance

Ongoing processes, including an effective grievance mechanism, to assess workers' understanding of and obtain feedback on or violations against practices and conditions covered by this Code and to foster continuous improvement. Workers must be given a safe environment to provide grievance and feedback without fear or reprisal or retaliation.

9) Audits and Assessments

Periodic self-evaluations to ensure conformity to legal and regulatory requirements, the content of the Code, and customer contractual requirements related to social and environmental responsibility.

10) Corrective Action Process

A process for timely correction of deficiencies identified by internal or external assessments, inspections, investigations, and reviews.

11) Documentation and Records

Creation and maintenance of documents and records to ensure regulatory compliance and conformity to company requirements along with appropriate confidentiality to protect privacy.

12) Supplier Responsibility

A process to communicate Code requirements to suppliers⁷ and to monitor supplier compliance to the Code.

13) Desired ESG Standards

Supplier Diversity

Working with diverse-owned companies not only fosters strategic and business relationships, but also stimulates economic development and strengthens communities. Companies should offer opportunity for diverse-owned business⁸ to provide goods and services to their company, subject to local certification where applicable.

⁷ Philips requires adherence to Supplier Sustainability Declaration and its principles, including by means of Supplier's own code of conduct and policies in place, as long as not materially conflicting with this Declaration.

⁸ Definition of diverse owned is based on location of owning entity, in general would relate to ownership by one or more protected group, for example: indigenous peoples, race, gender, LGBTQIA, disabled, veteran etc.

Human Rights Due Diligence

Companies should conduct or participate in Human Rights Impact Assessments to proactively manage potential and actual adverse human rights impacts with which they are involved in their own operations and supply chain. This assessment should be conducted in accordance with internationally recognized frameworks (such as the United Nations Guiding Principles on Business and Human Rights), and include consultation with relevant internal and external stakeholders (or their representatives).

Grievance Mechanisms

Grievance mechanisms and whistle-blower policies should go beyond own operations and cover supply chain and third parties (or their representatives), either directly or via association with industry initiatives. These procedures may allow for amicable settlement and should be legitimate, predictable, accessible, equitable, transparent, based on engagement and dialogue and rights-compatible, in accordance with Principle 31 of the UN Guiding Principles on Business and Human Rights.

References (RBA Code of Conduct)

The following standards were used in preparing this Code and may be useful sources of additional information. The following standards may or may not be endorsed by each Participant.

Dodd-Frank Wall Street Reform and Consumer Protection Act
<http://www.sec.gov/about/laws/wallstreetreform-cpa.pdf>

Eco Management & Audit System
http://ec.europa.eu/environment/emas/index_en.htm

Ethical Trading Initiative
www.ethicaltrade.org/

ILO Code of Practice in Safety and Health
www.ilo.org/public/english/protection/safework/cops/english/download/e000013.pdf

ILO International Labor Standards
www.ilo.org/public/english/standards/norm/whatare/fundam/index.htm

ISO 14001
www.iso.org

National Fire Protection Association
www.nfpa.org

OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas
<http://www.oecd.org/daf/inv/mne/OECD-Due-Diligence-Guidance-Minerals-Edition3.pdf>

OECD Guidelines for Multinational Enterprises
www.oecd.org/investment/mne/1903291.pdf

Universal Declaration of Human Rights
www.un.org/en/universal-declaration-human-rights/

United Nations Convention Against Corruption
<https://www.unodc.org/unodc/en/treaties/CAC/>

United Nations Convention on the Rights of the Child
<https://www.ohchr.org/en/professionalinterest/pages/crc.aspx>

United Nations Convention on the Elimination of All Forms of Discrimination Against Women
<https://www.ohchr.org/EN/ProfessionalInterest/Pages/CEDAW.aspx>

United Nations Global Compact
www.unglobalcompact.org

United States Federal Acquisition Regulation
www.acquisition.gov/far/

SA 8000
<http://sa-intl.org/programs/sa8000/>

Social Accountability International (SAI)
www.sa-intl.org

Document History (RBA Code of Conduct)

Version 1.0 – Released October 2004.

Version 1.1 – Released May 2005. Converted document to EICC format, minor page layout revisions; no content changes.

Version 2.0 – Released October 2005 with revisions to multiple provisions.

Version 3.0 – Released June 2009 with revisions to multiple provisions.

Version 4.0 – Released April 2012 with revisions to multiple provisions.

Version 5.0 – Released November 2014 with revisions to multiple provisions.

Version 5.1 – Released March 2015 with revision to A1 to take effect January 1, 2016.

Version 6.0 – Released January 2018 with revisions to multiple provisions.

Version 7.0 – Released January 2021 with revisions to multiple provisions.

The RBA Code of Conduct was initially developed by a number of companies engaged in the manufacture of electronics products between June and October 2004. Companies are invited and encouraged to adopt this Code. You may obtain additional information from

<http://www.responsiblebusiness.org>

