



Fair Employment Policy

December 2024

Purpose and scope

The purpose of this Philips Fair Employment Policy is to create a fair and equal workplace. It helps create an environment of inclusion and belonging, where all employees and other workers are treated fairly, free from discrimination, harassment, and other prohibited behaviors. This policy details the ethical and social principles that govern the company's relationship with its employees and other workers worldwide. The policy promotes transparency, accountability, and a positive work environment.

This Fair Employment Policy should be read in conjunction with our General Business Principles (GBP) and its other underlying policies such as our Human Rights Policy and Diversity & Inclusion Policy.

This Fair Employment Policy applies to workers employed by Philips (through a permanent or temporary contract, employed 'at will', or through an employment scheme/WGP) and to 'other workers' (which includes contingent workers (hired via an agency), interns, as well as contractors and their respective employees).

Employees are welcome to share their suggestions for improvement and concerns about this policy directly with their direct people leader, their People Function representative or their GBP Compliance Officer. Alternatively, anyone can report a (potential) violation, with the possibility to do so anonymously, using the Philips Speak Up platform, either online or via a hotline. Speak Up is available 24/7, 365 days a year, and in most of the main local languages of the countries in which we operate. This policy is made available to all employees via the Philips intranet page and externally on our [ESG website](#).

Philips is committed to fair employment, including equal pay

At Philips, we want to attract, develop and retain talented people who share our purpose. Our recruitment, employment, reward and development practices, as well as our approach to working arrangements, are designed and regularly assessed to attract and retain diverse talent and to accommodate individual needs at different career and life stages. To support and strengthen employee engagement, we believe it is important to formalize our commitments and obligations with respect to making Philips not only a fair, safe and respectful environment, but also an inspiring place to work and grow.

Fostering an inclusive workplace, where all employees and other workers feel valued and respected, is a central part of our culture. The unique experiences and perspectives of our diverse workforce drive our innovation and business performance. As a global company, we strive to create an inclusive culture, in which differences are recognized and valued in every one of our geographies and every part of our business. Our Diversity & Inclusion Policy further details our commitments on the topic.

We are committed to being free from forced, bonded and child labor

In accordance with conventions of the International Labor Organization (ILO), we do not make use of forced, bonded or child labor. In this context, a 'child' is defined as a person younger than any of the following: the age of 16, the age for completing compulsory education in his/her country, or the minimum age for employment in his/her country, whichever is higher.

We support legitimate workplace learning programs which comply with all laws and regulations, such as legal apprenticeships, short-term work experience schemes, or work that forms part of an educational program. Work must not be mentally, physically, socially or morally dangerous or interfere with their education. Employees below the age of 18 shall not perform any type of hazardous work.

All work must be voluntary, and employees must receive a written document detailing terms and conditions of employment, in a language accessible to them, prior to beginning their work at Philips. Unless required by local law, Philips employees shall not be required to deposit original government-issued identification, passports or work permits as a condition of employment. Likewise, (prospective) employees will not bear any fees or other unreasonable related costs for their recruitment or employment. If any such fees are found to have been paid by an employee, such fees shall be reimbursed to the employee.

Subject to local law requirements, employees will be free to terminate their employment with Philips upon agreed notice. Employees are free to move and leave company premises during breaks and at the end of their shift, except for reasonable restrictions for safety and security reasons.

We encourage a healthy work-life balance

Working weeks are not to exceed the maximum set by local law. A typical working week should not exceed 48 hours on a full-time basis. In any given week, working hours should not exceed 60 hours, including overtime, except in emergency or exceptional circumstances with the employee's consent to meet short-term business demand. Overtime work shall be voluntary, unless agreed in a collective labor agreement or union contract, or in emergency or exceptional circumstances. All employees are granted at least one day off per seven-day period, except in emergencies or exceptional circumstances.

Philips is committed to Equal, fair and respectful treatment

We believe a diverse workforce is essential for a thriving, innovative business and strive to attract and retain employees from a wide range of backgrounds. We do not discriminate based on race, color, ethnicity, age, gender, gender identity or expression, sexual orientation or identity, marital status, language, background, religion, health status, pregnancy, political or other opinions, disability, national or social origin/birth or any other status in our recruitment, hiring, training, promotion, compensation or employment practices.

We commit to providing a workplace where employees are free from physical, verbal and sexual harassment or abuse. We do not tolerate any conduct that creates, encourages or permits an offensive, humiliating, hostile or intimidating work environment. Harassment includes any offensive verbal, physical or visual behavior, or action that fails to respect the dignity and feelings of the individual to whom it is directed. Abuse includes any harsh or inhumane treatment of employees, including corporal punishment, mental or physical coercion, verbal abuse or the threat of any such treatment.

Any unwelcome sexual advance, request for sexual favors, display of sexually explicit images or other conduct of a sexual nature is considered to be sexual harassment. This also includes situations where such actions are stipulated as a condition of employment, the response to such conduct is used as a basis for employment decisions, or it has the purpose or effect of interfering with work performance.

Philips employees have the right to organize and collective bargaining

We recognize and respect the freedom of employees to associate with any organization of their own choosing under local law without fear of reprisal, intimidation or harassment. Where employees are represented by a legally recognized labor union or other employee organization, we establish a constructive dialogue and engage in negotiations or consultation as required with their freely chosen representatives. We strive to follow International Labor Organization principles with respect to local legislation and legitimate associations representing employees' collective interest, with whom we can enter dialogue about workplace issues.

No employee's employment will be made subject to the condition that they refrain from joining a union or that they relinquish trade union membership. Furthermore, we will not cause the dismissal of – or otherwise prejudice – an employee by reason of union membership or representation. We will not interfere with or finance labor organizations or take other actions with the object of placing such an organization under the control of Philips.

Philips respects – within the framework of law, regulations and prevailing labor relations and employment practices – the right of employees to be represented by labor unions and other employee organizations and ensures that managers are aware of that right. Philips will negotiate, either on its own or through employers' associations, to reach agreement on employment conditions.

We ensure all employees receive a living wage

Remuneration must at the very least be consistent with the provisions of all applicable labor laws, including those relating to minimum wages, overtime hours and legally mandated benefits. Overtime is compensated at a premium rate in accordance with local law. We ensure all employees receive a living wage, calculated in accordance with best practices as determined in collaboration with external experts.

We provide all employees with fair and equal development opportunities

We see employee development as a reciprocal process: Philips and its people owe it to each other to promote high levels of performance, personal development and employability over the course of their employment.

In this spirit, we provide all employees with fair and equal opportunities to add to and hone their skills, and to realize their full potential through on-the-job training, learning from others (such as through coaching and mentoring) and virtual and classroom courses. This continuous learning approach supports both our growth strategy and performance and strengthens our relationship with employees.

We monitor and continuously improve our policies

This policy supports our purpose of improving people's health and well-being through meaningful innovation by upholding human rights and by meeting or exceeding consistently high workplace standards. We recognize, at a minimum, the International Bill of Human Rights, the fundamental Conventions of the International Labor Organization, and locally applicable laws and regulations. We also follow the guidance given in the United Nations Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines for Multinational Enterprises.

Philips has been a signatory to the United Nations (UN) Global Compact since 2007, committing itself to upholding the Compact's ten principles governing human rights, labor standards, environmental responsibility and anti-corruption. We have adopted internal procedures and guidelines in accordance with each of these principles, some of which are detailed in this policy. In support of the ILO's drive to establish universally accepted labor standards, we have adopted internal procedures and guidelines in accordance with its fundamental Conventions, including the prohibition of forced labor, child labor and discrimination, and the protection of employees' right to organize, in the form permissible under local law.

Appendix

Any documents included in the appendix support this enterprise-wide policy through more specific policies, standards guidelines, or procedures which are maintained by the enabling function(s) provided that such derivatives remain substantively aligned with and do not exceed the parameters established by this enterprise-wide policy.



Policy Owner: Chief People Officer
Approved by the Board of Management

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