

Business and Human Rights Resource Centre: Parallel imports in Russia

Philips Response 19 May 2023

Question 1: Has your company put in place appropriate internal mechanisms and tools to carry out enhanced due diligence of your supply chains, intermediaries, customers and end-users to understand the risk of your products' diversion to Russia? If yes, please provide details.

At Philips we understand that our reputation and license to operate depends on our compliance with global regulations and standards. Philips is committed to patient safety and delivering the highest-quality products, services and solutions compliant with all applicable laws and standards.

Patient safety, Quality and Integrity are always at the heart of our culture and of our company purpose. While pursuing our business objectives, we aim to be a responsible partner in society, acting with integrity towards our customers, employees, business partners and shareholders, as well as the wider communities in which we operate.

Everyone at Philips is expected to always act with integrity, and Philips rigorously enforces compliance of its [General Business Principles](#) (GBP) throughout the company. In the highly regulated world of healthcare, integrity requires in-depth knowledge of the applicable rules and regulations and a sensitivity to healthcare-specific issues. The GBP incorporate and represent the fundamental principles by which all Philips businesses and employees around the globe must abide. They set the minimum standard for business conduct, both for individual employees and for the company and our subsidiaries. Our GBP also serve as a reference for the business conduct we expect from all our business partners.

Our team is monitoring risk areas, and continuously addresses risks and performs relevant activities to the extent possible and in full compliance with applicable laws and regulations as relevant. More specifically, Philips has an export controls and sanctions compliance program in place that includes extensive due diligence and review for all transactions, entities, and products to assess risks and ensure compliance with all applicable laws and regulations.

Philips has substantially reduced its activities in Russia since February 2022, including (but not limited to) suspending shipment of personal health products (except for certain baby care products), and stopping

marketing activities. Philips' activities in Russia are in line with the guidance provided by the US Department of Treasury in their Fact Sheet on 'Preserving Agricultural Trade, Access to Communication, and Other Support to Those Impacted by Russia's War Against Ukraine' published on April 19, 2022.

We took these steps as we acknowledge the increased risks of product diversion to Russia. We are continuously exercising due diligence to take any measures needed to prevent Philips products being re-exported to Russia.

Question 2: Does your company consider potential red flags that suggest the use of front companies that may hide the true end-users of your products and thereby evade sanctions and export controls? If yes, please provide details. (Potential red flags may include companies registered recently; companies based in Armenia, Belarus, Turkey, Kazakhstan, Kyrgyzstan, Uzbekistan or other countries helping Russia circumvent sanctions; companies making large orders of products within a short space of time; companies with obscure beneficial ownership structures, etc.)

Our team is monitoring risk areas and continuously addressing risks and performing relevant activities in full compliance with applicable export controls and sanctions as well as other relevant laws and regulations. Philips has an export controls and sanctions compliance program in place that includes extensive due diligence and review for all transactions, entities and products to assess risks and ensure compliance with all applicable laws and regulations.

Question 3: Has your company taken any other actions to prevent re-export of your products to Russia?

Our team is monitoring risk areas and continuously address risks and perform relevant activities to the extent possible and in full compliance with applicable export controls and sanctions as well as other relevant laws and regulations. Philips has an export controls and sanctions compliance program in place that includes extensive due diligence and review for all transactions, entities and products to assess risks and ensure compliance with all applicable laws and regulations.