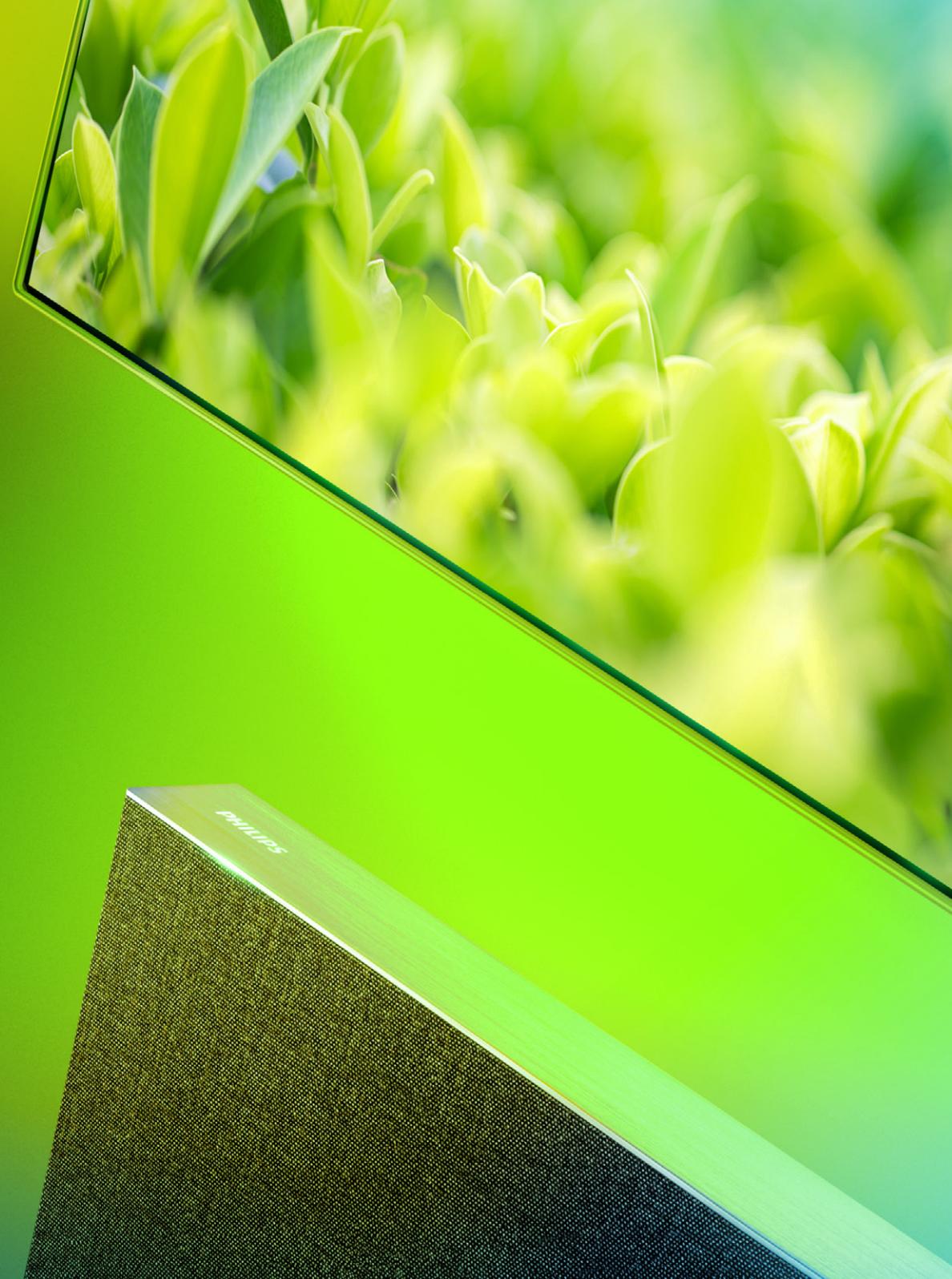


**TPVISION**

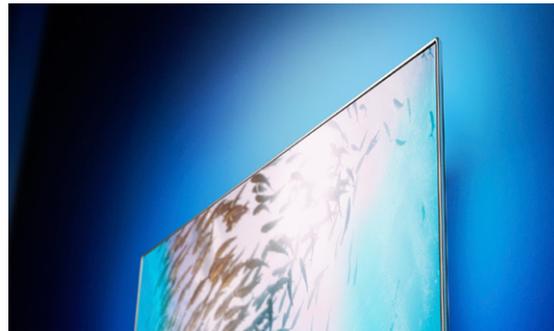
PHILIPS

# Sustainability Report 2020

Sustainable solutions & sustainable impact



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# Message from the CEO

A common feature of all good, well managed businesses is the willingness to listen.

Our mother company TPV Technology is an authority in the world of (audio) visual digital entertainment and as a company we are committed to be the leader in the world of (audio) visual digital entertainment and to lead with Philips TV and Philips Sound in the market. In order to do so, we continue creating high-quality products and work closely with Royal Philips and other strategic partners who are at the very top of their game in their fields and share the same passion when it comes to products, quality and experiences.

One of our major milestones of last year was TPV becoming a signatory of the UN Global Compact and committing to its ten principles. The ten principles lay out fundamental responsibilities for businesses in the areas of human rights, labor, environment and anti-corruption.

By incorporating the ten principles of the UN Global Compact into strategies, policies and procedures, and establishing a culture of integrity, we do not only uphold our basic responsibilities to people and planet, but we also set the foundations for sustainable business growth. With this commitment, sustainability as a whole moves beyond a mere consideration and becomes the guiding principal at the heart of everything we do.

We do not just strive to perform well and contribute to the economy through our high-quality products and services. We are also committed to being a responsible business and contributing to the sustainable development agenda. Sustainability has become a guiding principal in our product development.




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This journey has only just begun for our company and we are excited and driven to take further steps in the near future. At TP Vision, we care for a sustainable future. We have an obligation to be among the top of sustainable brands in our industry with practical and forward-looking solutions, within the context of our industry. Our partners, our clients and the governments in the markets we serve have high expectations on us to add value to society, from a social and environmental perspective. As an organization, we want to be able to contribute to all of the SDGs but in particular to the ones where we can make the most impact with our most material topics, which are packaging, sustainable products, circularity, and transparent supply chains.

At TP Vision we are taking concrete steps to make our products, systems and services more sustainable, as part of our Premium Build Quality standard. This holistic approach, we believe, is the optimal route to contribute to a sustainable future.

This sustainability report is focused on TP Vision's consumer lifestyle brands Philips TV & Sound and its B2B products of PPDS. It is our first sustainability report in which we are presenting the progress in reaching our sustainability ambitions. We aim to report on an annual basis to share and track the progress we make together with our partners. We invite you to learn about the journey we have embarked on, and to actively contribute as well, as we build towards a responsible and sustainable future.

**Kostas Vouzas**

CEO TP Vision (Philips TV & Sound)  
Europe & Americas

# Message from the CMO

## Embracing Sustainability

The impact of climate change is visible all around us. This requires society, governments, institutions and companies to think differently and more responsibly about a sustainable future. With our technology and products touching many lives across the world, there is a huge opportunity for our company and brands to be a part of progress and make an impact on a more sustainable value chain. For this, we listen to consumers who tell us, amongst other things, that they are concerned with disposing old appliances when buying their new and long wished TV or headphone. We see it as our responsibility to look into ways we can make a difference, step by step.

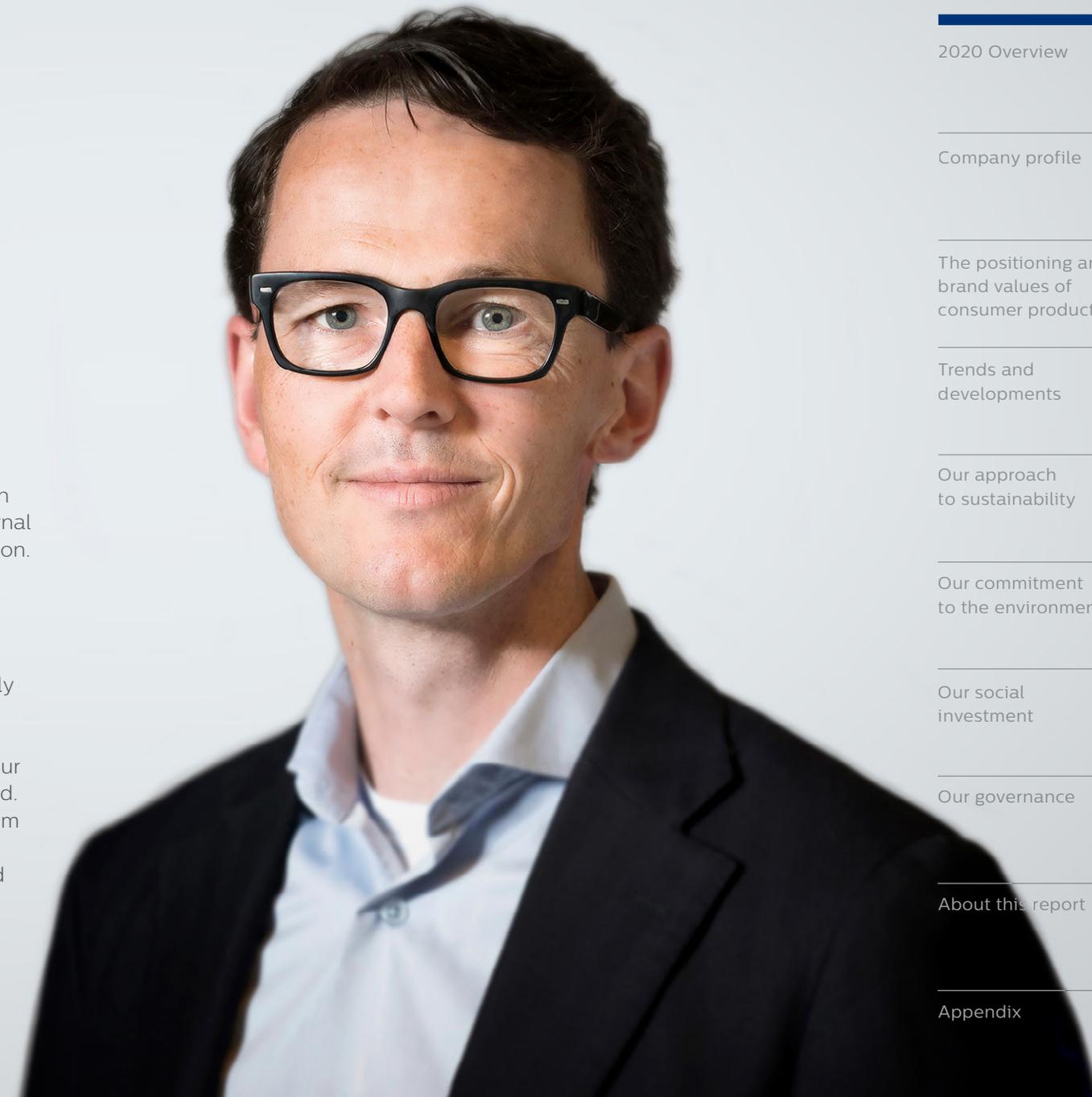
In January 2020, we announced to our retail and press partners that we want to put a lot more focus and investment on integrating sustainability into our business and brand DNA. We want to see this reflected in our products and service offering as well as our company mindset and organization.

Since then, we have done a lot. Most of the activities and learnings we describe in this first edition of this sustainability report. From research with consumers, business stakeholders and internal teams to benchmarking ourselves with competition.

From assessing our performance to defining key activities for the near future and from learning to establishing sustainability as a fixed item on the agenda throughout in the organization. The newly installed cross-functional Sustainability Team is to be the driver and accelerator and will engage with both internal and external stakeholders in our joint ambition, for Philips TV & Sound and beyond. 2020 has been a year of 'start up'. For 2021 we aim to define and fine tune our goals and ambitions, and we look forward to sharing our learnings and milestones along the way.

### Martijn Smelt

CMO TP Vision (Philips TV & Sound)  
Europe



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# 2020 Overview

To get a better understanding of the context in which this report was written, please find below an overview of highlights for TP Vision in 2020. From design awards to new partnerships and progress on our sustainability work, the year 2020 has been quite a ride.



JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
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## Design awards in Q1

Q1 was a great way to start the year for TP Vision, with four iF Awards (product design) in February already for the OLED855 high-end TV and the Fidelio X3 headphones. European design and craftsmanship are key pillars for Philips TV & Sound products and it's great to see that we also get the recognition in that department.

Subsequently, we also won five 2020 Red Dot Awards for Outstanding Product Design and Craftmanship, for the same Philips OLED855 TV and Fidelio X3 (wired over-ear), but also the new Fidelio L3 (wireless over-ear) headphones. To top it all off, our Philips OLED804 TV landed us the Best Value TV of the Year award at the AVTECH media 2019/2020 Awards.

## New partnerships in Q2

Q2 saw us finding new ways to collaborate with partners during the ongoing pandemic. We teamed up with Dezeen's Virtual Design Festival (April 15th-July 10th 2020), the world's first online design festival, to further showcase and celebrate European Design. Leading architects and designers from all over the world were invited to share their insights and thoughts through interviews, talks and much more. Rod White, Chief Design Officer of TP Vision, joined an Online Talk with Chief editor of Dezeen Marcus Fairs.

Furthermore, we sponsored a series of ten screen-time videos on European Design, including talks with Simon Skinner, Adam Nathaniel Furman and Jalila Essaidi.

During summer we also helped music platform Audio Obscura with a special series of livestream performances. Famous DJs like Joris Voorn, Detroit Swindle gave sunset performances from a DJ booth on well-known locations throughout The Netherlands (for example Kinderdijk and Euromast). With a Philips TV, they were able to monitor their live performance and give a great show despite nightclubs being closed.



JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
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## Innovation, appreciation and CSR in Q3

In September, IFA is always the one thing to look forward to. This year, we replaced our traditional IFA presence in Berlin with an innovative online experience for both media and retailers across Europe from September 1st-10th, with great success. There, we also announced the launch of our newest products, including the high-end Philips OLED+935 TV and the new Philips TV & Sound Wireless Home System. The latter is an exciting new product range, considering it helps our customers create a wireless, multi-room eco-system for Philips TV & Sound product.

Our efforts did not go unnoticed in Q3 either: we won two EISA (Expert Imaging & Sound Association) awards: the EISA Best Buy OLED TV 2020-2021 Award (OLED805 TV) and the EISA Home Theatre TV of the Year 2020-2021 Award (OLED+935).

Something we are particularly proud of is the start of our CSR Foundation in Q3. Together with our colleagues in AOC and MMD, we started this initiative, streamlining our community investment efforts. The aim? Supporting projects that contribute to the communities we are part of – more info on this can be found in ‘Our stakeholders’.

## Doing good & awards in Q4

In Q4, we started a partnership with Mercy Ships as part of our CSR Foundation. For more than 40 years, Mercy Ships has provided free surgeries and medical care in countries where it is needed most and healthcare is scarce. Through our partnership we help them achieve just that. An important part of their programs also is to set up training centers. In 2020, we supported Mercy Ships with displays, monitors, headphones and soundbars for their eLearning program in Guinea.

To top off a successful year, Q4 saw more awards and praise for our products. Our OLED805 TV won Best TV of the Year at the Pocket-Lint awards November, while the Philips Fidelio X3 headphone was praised by audio experts, both for its design and great sound quality. In 2020, Philips TV won 105 awards compared to 100 in 2019, and Philips Sound won 48 awards compared to six in 2019.

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## Our business model

### TPV

TPV Technology Ltd. (TPV), which is TP Vision's mother company, has a 40-year history in the global display industry and has become a leading display solution provider, specializing in the design and production of monitors and LCD televisions. TPV is part of an industry group with operations in semiconductor and electronics components.

TPV designs and produces PC monitors and LCD TVs on Original Design Manufacturing (ODM), but also distributes products under its own brand, Original Brand Manufacturing (OBM).

TPV is the largest monitor manufacturer in the world and one of the biggest TV ODMs in terms of unit shipment. TPV has been a key manufacturing partner of Philips for many years.

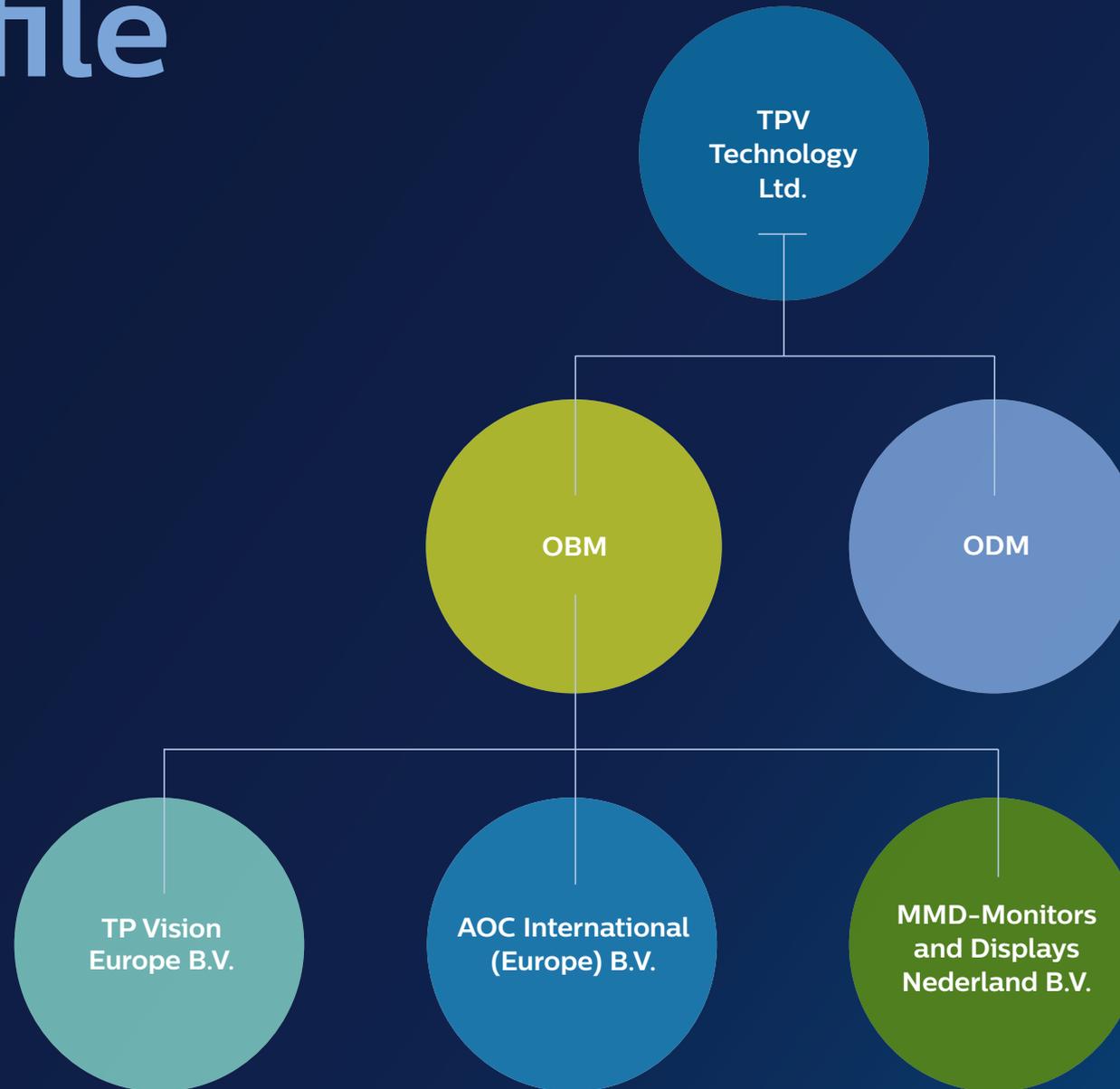


Figure 1: Simplified organizational chart of TPV.

# TPVISION

TP Vision is a market leader in the field of visual digital B2B solutions and consumer entertainment. Within TP Vision we can distinguish three divisions; Philips TV, Philips Sound and PPDS. The PPDS division serves the B2B market, such as the hotel industry, with innovative display solutions. In the consumer market, TP Vision is the official licensee of the renowned Philips TV and Philips Sound products, respectively since 2012 and 2018. The company introduced its first Philips Sound collection at IFA in 2019.

TP Vision's products stand for premium quality. This is made possible by combining TP Vision's European design expertise and innovative Philips TV heritage with the operational excellence, flexibility and speed of TPV, TP Vision's mother company. With these combined strengths, we bring premium quality TV sets and displays to market: Smart and easy to use with sophisticated styling. We believe in creating products that touch the human senses and are within reach of all consumers in the markets we operate in. Four years ago, TP Vision implemented a new strategy to reposition Philips TV & Sound as consumer lifestyle brands.



In order to do so, all organizational disciplines started building their activities around four principles: European Design, Effortless Use, Joy to Experience and Exceptional Quality. The four principles are based on the Philips business model, which means that we keep our customers at the heart of everything we do. Therefore, we listen to what consumers find important and we continuously explore how we can anticipate their (future) needs. Based on consumer research, we create products that make a difference for consumers. Our four principles guide us to create impactful products.

This approach is reflected in the design process of each product. The company is on a continuous journey to improve the consumer experience. Further integration of organizational design, production and marketing disciplines will enable the company to do so. We fully concentrate on the TV & Sound developments that we believe are most beneficial for and wanted by our customers: for example, ultrathin design, a comprehensive Smart TV offering and the best picture quality. The operational synergies of TP Vision, with advantages such as fast time to market and competitive pricing, enhance the Philips TV brand proposition.



TP Vision is registered in the Netherlands, with its head office in Amsterdam and is a consumer electronics key player in TV and audio entertainment. TP Vision concentrates on developing, manufacturing and marketing Philips-branded TV sets (Europe, Russia, Middle East, South America, India and selected countries in Asia-Pacific) and Philips-branded audio products (Globally) under trademark license by Koninklijke Philips N.V. We combine the strong Philips brand with our product development and design expertise, operational excellence, and industry footprint of TPV. We believe in creating products that offer a superior audio and visual experience for our consumers and customers.

PPDS is a trading name of TP Vision Europe B.V. ("TP Vision") and MMD-Monitors & Displays Nederland B.V. ("MMD"), registered in the Netherlands, with their head offices in Amsterdam. PPDS brings these two companies together under one trading name to exclusively market and sell Philips-branded professional displays, covering professional TVs, signage and LED solutions, worldwide under trademark license by Koninklijke Philips N.V.

By combining the Philips brand promise with TPV's manufacturing expertise in displays, PPDS employs a competitive and focused approach to bring innovative products to market – from its 10" touchscreen through to unlimited LED displays. Designing solutions that make a positive impact, both for resellers and for end-customers – at the right time and in the right places.

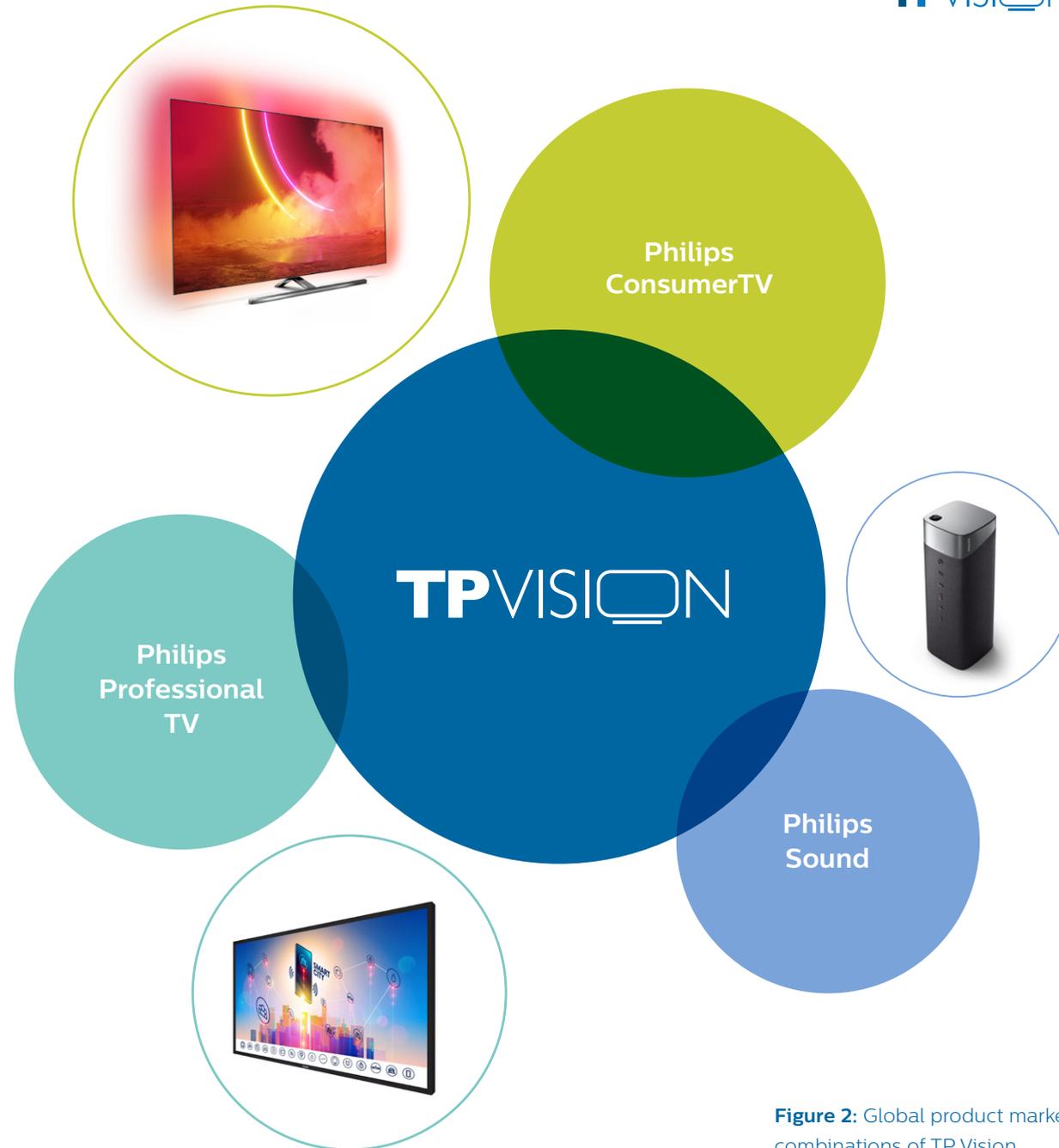


Figure 2: Global product market combinations of TP Vision

## Sister companies



AOC is one of the global top brands in the display market. High quality, first-rate service, attractive designs as well as environmentally friendly, ergonomic, and innovative products at competitive prices are the reasons why more and more consumers, corporate decision-makers, and distribution partners trust in AOC. AOC offers displays which cater to every type of user, be it for professional, home, entertainment, or gaming use.

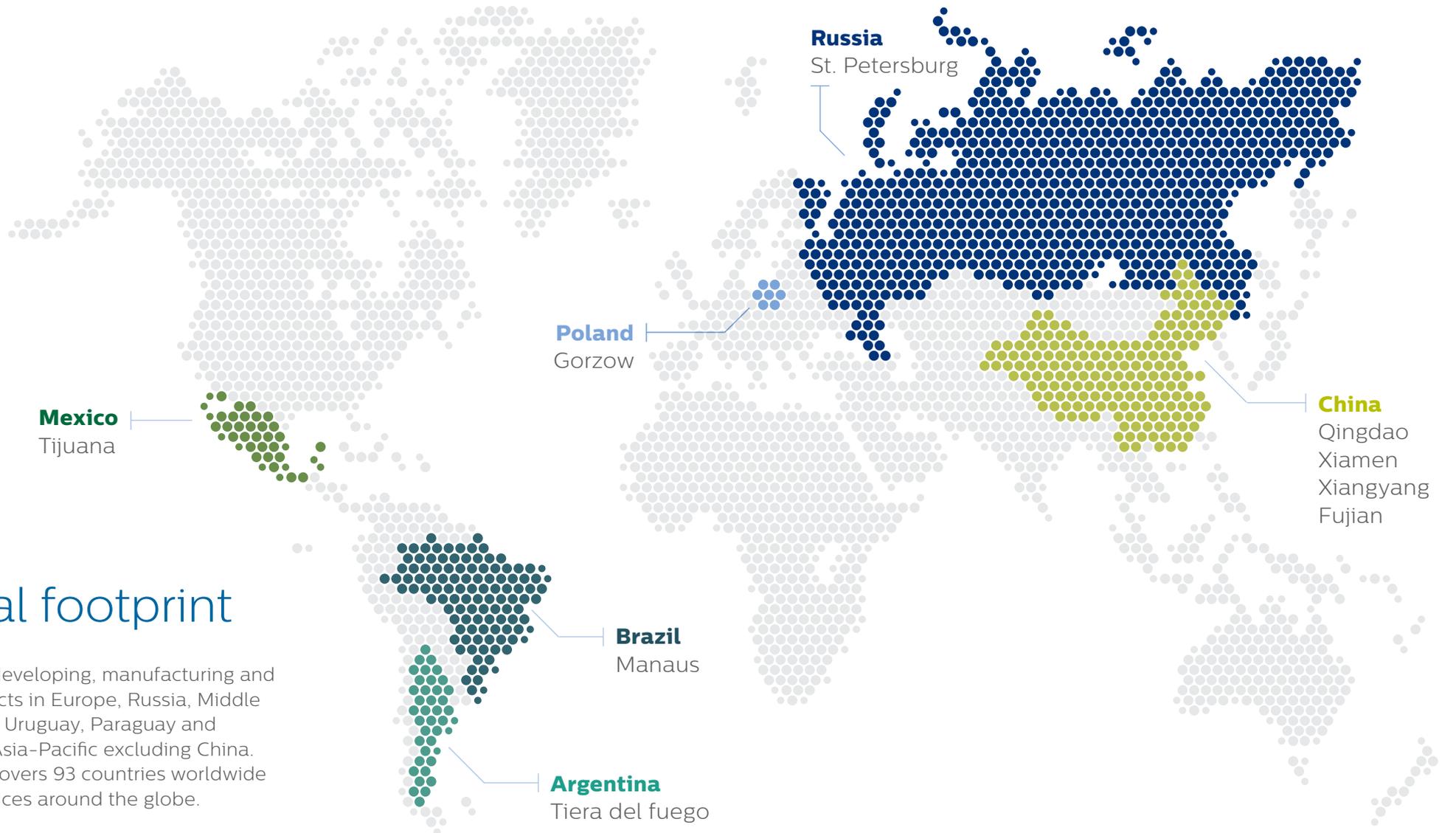


MMD-Monitors & Displays Nederland B.V. ('MMD'), exclusively markets and sells Philips branded LCD displays worldwide. By combining the Philips brand promise with TPV's manufacturing expertise in displays, MMD uses a fast and focused approach to bringing innovative products to market.

## Our global footprint

TP Vision engages in developing, manufacturing and marketing OBM products in Europe, Russia, Middle East, Brazil, Argentina, Uruguay, Paraguay and selected countries in Asia-Pacific excluding China. Our sales geography covers 93 countries worldwide and we have Sales Offices around the globe.

We have nine production facilities of televisions and displays in the following countries and cities:



# The positioning and brand values



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# The positioning and brand values of consumer products

At TP Vision we listen to and talk with consumers. We understand what they need, how they use and why they buy our products. To be relevant in this world, one of the most important decisions we make as a company is deciding what to make. What is good enough to put our name to. We want to be really clear about what we stand for. And what we stand for - in many ways what we've always stood for - are four principles that have always defined Philips TV and Philips Sound.

## The four pillars of our positioning





# Our brand values in the context of TV & Sound





## The positioning and brand values of the professional solutions

### It starts with ‘powering evolution’

We enable our customers. We make their ideas come to life. And we inspire them to push the boundaries to create and deploy new ideas that they didn't know were possible. Our brand stands for the new. For the digital. And for connecting today's people into the technology of tomorrow.

We do this by working alongside our customers to understand their needs so that we can develop the right technology to support them in achieving their goals. Our team is also integrated with market leaders to form new technology and innovations that power the evolution of digital engagement.

#### Our brand pillars.

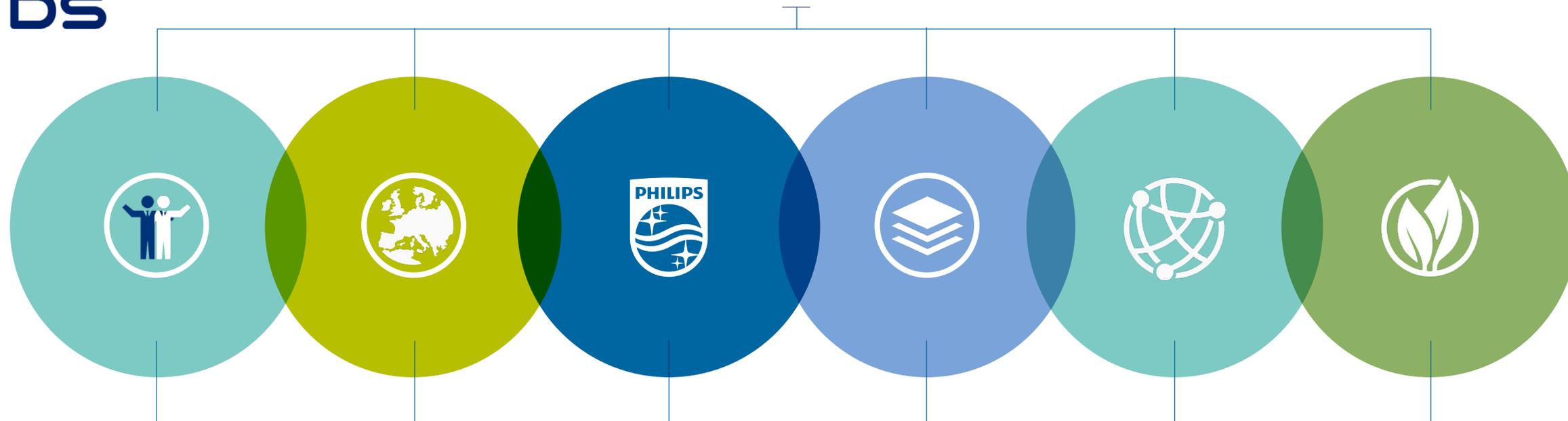
We have four sides of our personality to play with. **Progressive. Human. Versatile. Creative.** Depending on what we're communicating and who we're engaging with, we can emphasise one or more of these aspects:

- To introduce new **product** to business customers, we'd be more **progressive**.
- To speak with **customers** on social sites and forums, we'd be more **human**.
- To communicate a **solutions** message, we'd be more **versatile**.
- To demonstrate the benefit of our **brand**, we'd be more **creative**.





## Powering Evolution – business pillars



### Human touch

We are a passionate team of people close to the markets, who strive to be reachable and accessible to better support our eco system of partners and customers.

### European origins

PPDS' global organization is headquartered in Europe.

Our top #3 position in Europe to power top #3 position globally.

### Philips

Philips is a leading technology brand in the professional display environment and one of the most powerful worldwide brands, according to latest 2020 Interbrand ranking.

### Total Solutions

After choosing Android™ as Technology platform, PPDS is breaking silos between hardware and software provision by encouraging full and easy integration with third party innovative companies.

### Global approach

We want to break the boundaries and serve our customers on a global scale using our fully integrated organization to become a global partner with financial power and manufacturing footprint.

### Green Environment

From a global #2 position in the 100 most sustainably managed companies in the world our licensee encourages PPDS to strive towards even better sustainability in the B2B environment. (Source: Wall Street Journal 2020)



The strategic pillars to make our vision and mission tangible



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# Trends and developments

The year 2020 was dominated by a global pandemic, and Covid-19 remains a challenge throughout 2021 as well. Just as every company, we have been experiencing difficulties as a direct result of Covid-19.

Our production facility in China was closed for some time, and many marketing activities were postponed. The ever-changing situation in light of the pandemic however, triggers us to think outside the box, learn and apply new things, quickly.

We continue to grow our business and we are dedicated to deliver and inspire with products that meet our Premium Build Quality standard. This includes steps in environment, social investment and governance in collaboration with our partners.

We executed an intensive consumer research on TV watching behavior with fieldwork in The Netherlands, Germany, France, Spain, Poland and Italy in 2020. The research provided an understanding of how sustainability plays a role in purchasing products and what today's expectations of consumers are towards brands. When people buy a TV, the most important criteria are the price/quality ratio, the picture quality and the quality of the sound. This is followed by sustainability. Having a closer look at sustainability, 76% of the consumers state that they care about the environment and 57% claim that a company communicating about their environmental contributions influences the decision to buy a product.



Almost half of the respondents would even pay more for a TV with environmental claims. When we evaluate different environmental claims, a recycling program offered for an old TV scores the highest with 57% and is closely followed by the use of environmentally friendly materials (51%) and material recyclability (50%).

These consumer insights illustrate that there is a big opportunity for TP Vision to take further steps in its ambition to create a more sustainable product life cycle and support local communities.

## TV

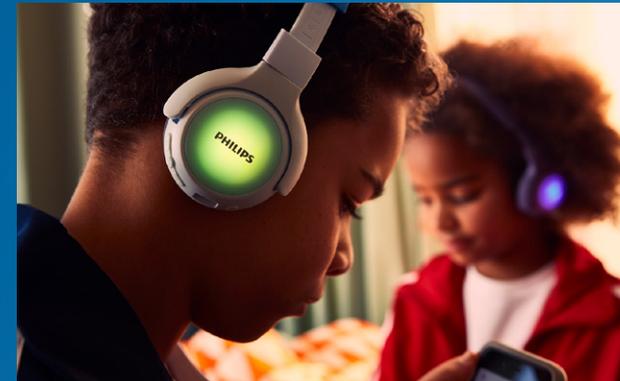
From 1 March 2021, regulation on energy labelling for electronic displays (EU) 2019/2013 will replace the current Regulation (EU) 1062/2010. Televisions and other electronic displays, like computer monitors and signage displays, will be labelled on an energy efficiency scale that ranges from A (most efficient) to G (least efficient). The new and the old classes are not comparable, as the new scaling system is improved and better considers the screen area. The new labels will also show the efficiency of a product when it shows content in HDR, as it can consume twice as much energy as other settings. In addition, the label will also show information on the diagonal size of the display and the resolution level, so that consumers can better compare similar displays.

A new element to the labels is a QR code. Consumers can use their smartphones to scan the codes and get additional information. To help consumers further understand the changes, the private sector and NGOs are currently developing apps to further assist in the buying experience, by helping to calculate appliance running costs, for example. TP Vision welcomes this new regulation and will implement it on all Philips TV products across Europe, bringing about transparency and ensuring consumers and vendors have access to this key product information.

## Sound

Looking at the trends of headphones we expect that the market for biometric sensors will grow, with features such as sleep tracking, body temperature, blood sugar measurements, blood pressure, etc. Hearables is also expected to be a trend in the upcoming years. These are products positioned to be somewhere between a hearing aid and a regular true wireless system. Bluetooth Low Energy will help to push this trend with new features being available.

With headphones, but also with soundbars, we notice that consumers increasingly want to have smaller products without compromising on sound. Headphones with active noise cancelling are increasingly popular and gaining market share. In addition to developing beautiful products with excellent sound quality, we also pay attention to the risks of noise. For example, in 2020 we developed an app that allows parents to set a timer on the sound duration and the maximum volume of the sound from their children's headphones. This product will be launched in Q1 2021.



# Professional TV



In today's fast-paced world, guest expectations are increasing almost on a daily basis. Craving the luxury of the hotel experience, guests also need the connected technology they enjoy at home. Ranging from seamless networks to personalized guest services, these technologies enable home from home experiences wherever consumers are. The range of exciting embedded services doesn't stop there. Our MediaSuite features Chromecast built-in, which allows guests to securely share their personal content directly from their own device onto the TV in their room.

Completely wireless and without the need for external dongle technology, and including streaming services such as Netflix, Disney +, Prime Video, YouTube and Spotify. Built on PPDS' built-in Android SoC, the Philips MediaSuite range delivers on the organization's 'extended lifetime' promise, with Android updates delivering the latest functionality and benefits for existing MediaSuite TVs, keeping them at the cutting-edge for longer and effectively reducing WEEE. Furthermore, we start offering our clients finance solutions that enable new models where clients can switch from capex to opex models.

New business models will emerge where revenue streams are alternatively modelled (additional services, broadcast, narrowcast, pay per view, freemium etc.)

Circular products and solution designs combined with predictive maintenance and flexible finance solutions are the pillars under the pro-tv and signage strategy of PPDS that contribute to a more sustainable future.



# Our approach to sustainability

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# Our approach to sustainability

At TP Vision, our winning aspiration is to establish ourselves as one of the leading brand(s) in consumer entertainment and lifestyle products, and experiences.

Our promise to the market is to deliver products and solutions that meet our four foundational pillars, meaning our products always comprise European Design elements, deliver a superior Immersive Experience, they are Intuitively Smart and consist of Premium Build Quality.

As an organization, we are committed to take further steps in realizing a more sustainable product life cycle – from product design to manufacturing, launch and aftercare – while reducing impact on the environment and contributing to local communities.

## Materiality assessment

A materiality assessment to determine key focus areas for the organization has been executed in 2020. The first step in this assessment was to select a long list of material topics by means of a peer- and media analysis. We also developed a stakeholder mapping to select the most important internal and external stakeholders that we wanted to involve in the materiality assessment. The next step was to execute a survey and interviews with these internal and external stakeholders. The questionnaire consisted of questions related to our risks and opportunities, improvement areas, our commitment to society, the contribution to the SDGs and the ranking of material topics.

On the next page you can find the materiality matrix that has been validated by the management and board of the organization. The materiality matrix is a graphical demonstration which sets forth key areas of importance to our internal and external stakeholders. Packaging, sustainable products, circularity and transparent supply chains were selected as most important topics for our organization. For each material topic we defined a workstream where representatives of the different business units work together closely to define roadmaps and KPIs. Every year, the outcome of the materiality assessment will be validated and adjustments will be made to the strategic spearheads of the policy and material topics where necessary.



Figure 3: CSR & Sustainability Strategy.

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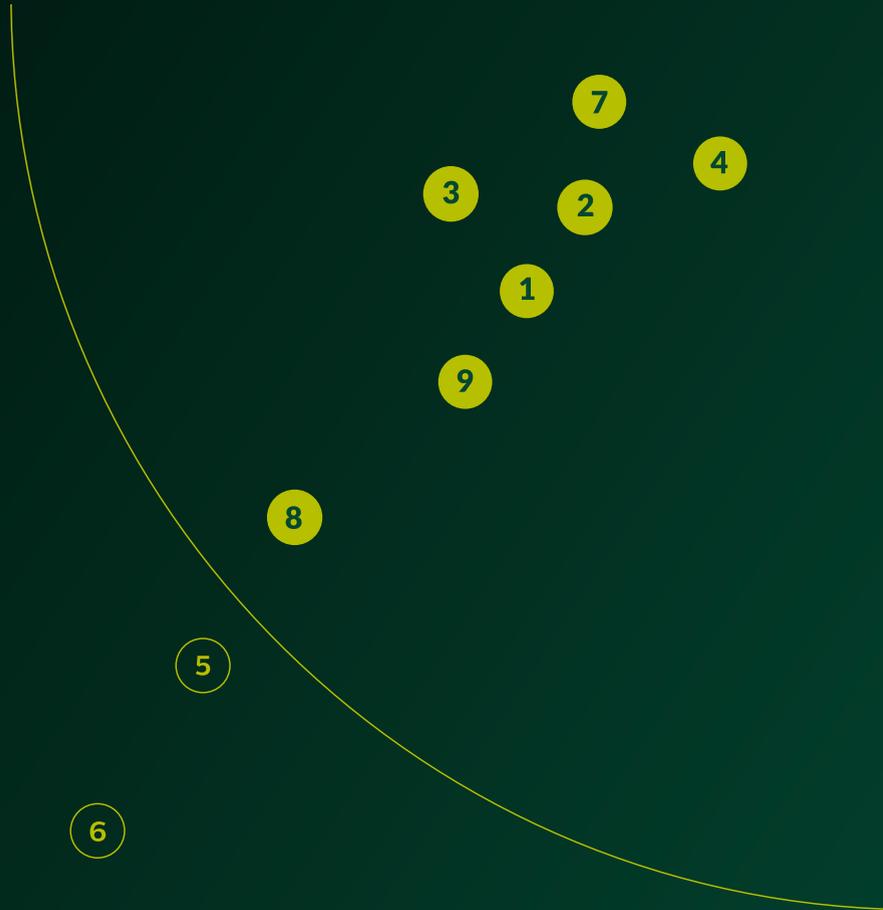
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RELEVANCE BY INTERNAL AND EXTERNAL STAKEHOLDERS



## Results materiality assessment

- 1 Packaging**
- 2 Sustainable products**
- 3 Circularity**
- 4 Climate change**
- 5 Collaboration with partners
- 6 Communication & transparency
- 7 Transparent supply chains**
- 8 Talent attraction and retention**
- 9 Health and Safety**

Figure 4: Materiality matrix TP Vision.



To streamline community investment efforts, TP Vision launched its CSR Foundation with our colleagues from AOC & MMD. The aim of the CSR Foundation is to support projects that contribute to the communities we are part of and the projects are closely linked to our focus areas of Environment, Social Investment and Governance, and are linked to specific UN Sustainable Development Goals, which will be explained further in this report. Because we are a global operating organization we have a number of long-term partnerships with partners for all entities, but specific collaborations can be distinguished per entity.

# Key sustainability pillars

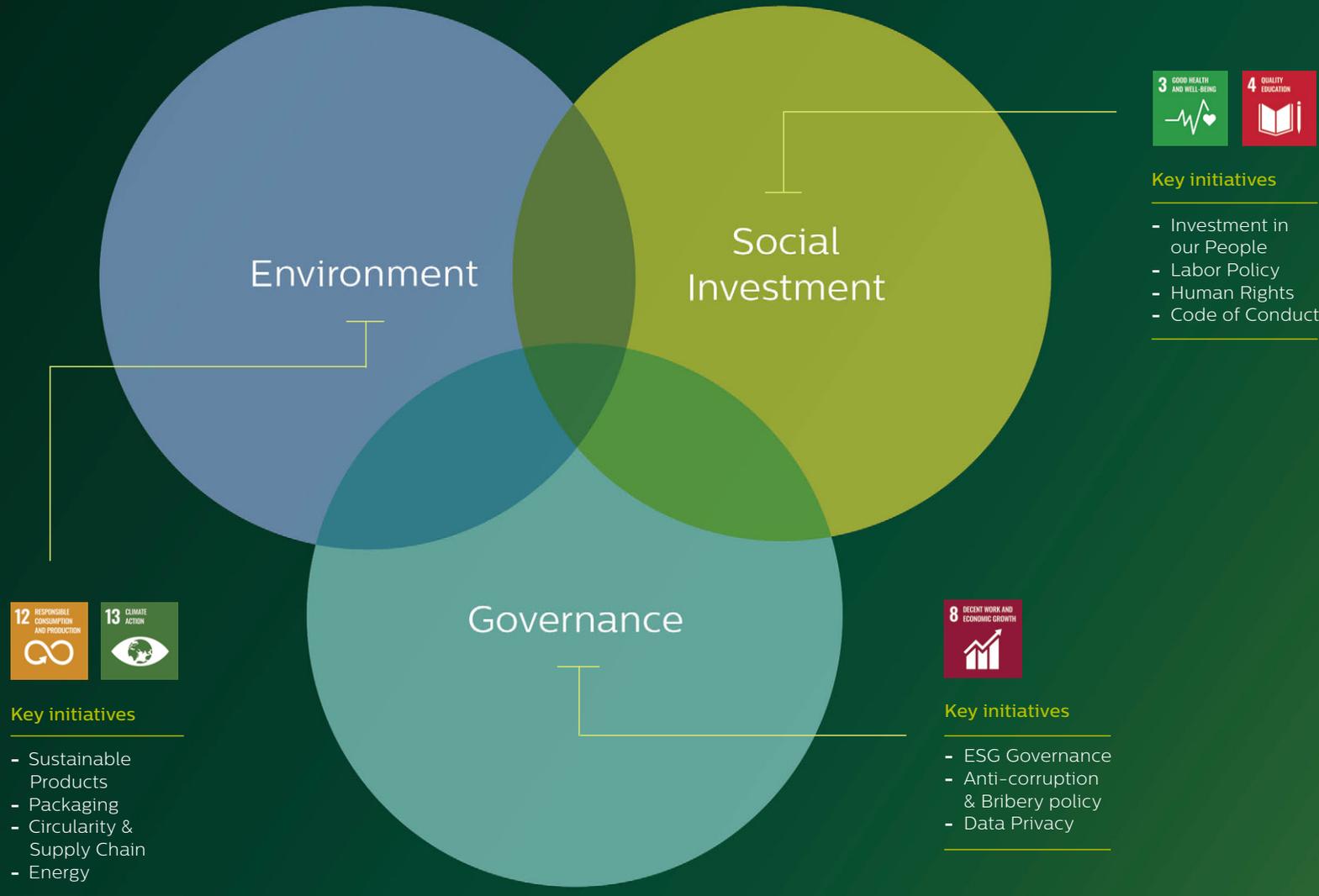
Our sustainability approach evolves around the following key pillars and initiatives, which we will elaborate upon:

**- Environment:** Our commitment to reducing impact on the environment in the entire product life cycle. This covers the material topics Packaging, Sustainable Products, Circularity, Climate Change and Transparent Supply Chains.

**- Social Investment:** Our investments to make our people and communities that we are active in thrive. This covers the material topics Talent Attraction & Retention and Health & Safety.

**- Governance:** Our contributions to labor opportunities and economic growth. This covers the material topics Communication and Transparency.

It is our ambition that in 2023, TP Vision will operate more sustainably by making measurable progress in each sustainability pillar, delivering a Premium Brand Quality experience to our customers, employees and peers. The current sustainability efforts and next steps that will be taken in the year 2021 are laid out in the following table and paragraphs.



## Pillar

### Environment

## Goals for 2023

### Sound:

- Two pilot cases with clients regarding sustainable packaging
- Two ranges of headphones and soundbars with full brown cardboard box
- Development of roadmap to eliminate plastics and polyfoam
- Introducing paper tray packaging of new headphone launches in 2021

### TV:

- Brown cardboard packs with a local color sticker for our core 2021 ranges
- Development of roadmap to eliminate plastics and polyfoam
- For the paper and cardboard used: > 90% recycled content or 100% from certified renewable sources
- All other packaging material 100% reusable, recyclable or compostable

### PPDS:

- 50% of our displays are produced with 95% recycled materials
- Our packaging of all products is of fully recycled material
- 50% of our displays contains health monitoring
- Extend product lifetime by 50% through Modular Product Design

### Social Investment

- Partnership with at least three NGOs with a clear link to our products, material topics and SDGs
- Further development of TPV e-learning system
- Implementation of Activity Based Working concept in 2021

### Governance

- Development and implementation of human rights policy, including a UK Modern Slavery Act with TPV
- Development of Science Based Targets with TPV

# Sustainable Development Goals

The SDGs (Sustainable Development Goals) are 17 goals and 169 targets agreed by governments as the blueprint to achieve a better and more sustainable future for all. The SDGs have been agreed by the countries that are members of the United Nations (UN) and the SDGs are the successors of the Millennium Development Goals, which ran from 2000 to 2015.

The SDGs can be seen as a common framework to address global issues like poverty, inequality and climate change. As an international operating company, we are aware of the fact that we can contribute to these global challenges when we integrate the SDGs in our strategy and business model.

The targets, the UN SDG indicators, are thereby a useful mechanism to define the contribution of our company in a more tangible way. It also gives stakeholders the opportunity to compare our efforts and results with peers.

To identify which SDGs are the most vital we performed a peer and customer analysis, and we executed a survey and interviews with both internal and external stakeholders.

SDG 3, 4, 8, 12 and 13 are the most material SDGs for our company. Since this is the first year of reporting regarding CSR & Sustainability we will disclose the impact of our collaborations in next year's report. Based on the overview of activities, we have set initial ambitions for the near future which we aim to have reached progress in by the end of 2021.



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## SDG



**SDG 3 aims to achieve universal health coverage, and provide access to safe and effective medicines and vaccines for all.**



**SDG 4 aims to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.**

## Our contribution

### Key initiatives:

- Investment in our People
- Labor Policy
- Human Rights
- Code of Conduct

### Partnerships:

- Mercy Ships: Sharing knowledge and products to provide medical care where healthcare is scarce.

### Key initiatives:

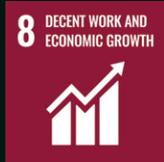
- Investment in our People
- Labor Policy
- Human Rights
- Code of Conduct

## Goals for 2023

- Explore new ways to use Technology for Good, e.g. through expansion of current and creating new partnerships to support local communities.
- Development of human rights policy.

- Invest in education and learning opportunities.
- Establish a new partnership with an educational partner to bring technology to local communities and help the young generation thrive.

## SDG



**SDG 8 promotes sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.**



**SDG 12 aims to ensure sustainable consumption and production patterns.**



**SDG 13 aims to combat climate change and its impact.**

## Our contribution

### Key initiatives:

- ESG Governance
- Anti-corruption & Bribery policy
- Data Privacy

### Key initiatives:

- Sustainable Products
- Packaging
- Circularity & Supply Chain
- Energy
- Technology

### Partnerships:

- Muirhead

### Key initiatives:

- Reparability Index
- New Energy Labels
- Circular Revenue Streams
- Packaging Pilots

## Goals for 2023

- Invest in governance quality.
- Development of human rights policy.
- Further advancing labor and human rights in the supply chain (increase engagement with suppliers and increase audits).

- Set science-based targets to improve sustainable production and consumption.
- Work with local recycling experts and partners to explore product circularity and upcycling of Philips TV & Sound products.
- Work together with Muirhead to reduce carbon emissions in leather product manufacturing.

- Set science-based targets to improve sustainable production and consumption.
- Roadmap for a more sustainable packaging (outside and inside material use).



# Our commitment to the environment



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## Sustainable products & packaging

In the global marketplace we see the topic of ‘sustainability’ has entered the consciousness of the mainstream consumer. Across Consumer Electronics we start to see seeds of sustainability entering proposition touchpoints from alternative packaging solutions to upcycled materials in products.

Product packaging previously was required to show the product either through transparent plastic or full color packs in order to sell, but consumers are becoming more convinced and comfortable with brown cardboard as a proof point of a responsible brand. Given this year’s massive shift from traditional store shopping to online the need for packaging that sells has further eroded.

In TP Vision we design our Philips products under our positioning of European Design. This informs all points of the design process and over the last years has created a partnership of other like-minded premium brands, including Muirhead, Bowers & Wilkins and Georg Jensen.

Their design and manufacturing process, as well as the fabric and leather features are at the leading edge of sustainable practices and together we create product ranges leveraging their expertise together with a focus on recyclable metals.

For packaging in IT Accessories, we developed brown cardboard packs with dedicated offline and online packs. Our online packs are full cardboard with brown cardboard inner tray.

## A conversation about design and sustainability

Rod White, Chief Design Officer at TP Vision, believes the time is now to rethink sustainability. Sustainability as a holistic approach, enabling and ensuring a healthy organization, and as an integrated part of the design process. In his role, Rod is fully responsible for all creative direction, design strategy, team development and leadership for the Product, Communication and Trends Analyst designers based in Amsterdam, Taipei and Shenzhen.



“Our European Design partner Muirhead operates a circular manufacturing process, working with waste leather from the meat industry to create premium products whilst massively reducing carbon intensity. A unique and inspirational company, contributing to our own circularity ambition”

**Rod White**  
Chief Design Officer at TP Vision

## Testing new grounds in sustainability

Sustainability and design have always had a strong connection at TP Vision. Ten years ago, the Philips Econova was created by Rod and his team; an industry first, sustainable television and well ahead of its time in 2010. Designed with a 360 approach, with all the TV and stand parts coming from recycled aluminum, a solar panel on the back of the remote control and full brown cardboard packaging.

Two years before that, the team created the Flavors range of TV and home cinema sound. This was intended to give consumers the ability to personalise their products. The first range was launched in Europe focusing on color and finishing, but the second wave of Flavors which was market tested was intended to allow consumers to buy only what they needed regarding connectivity, sound, stands and accessories, thus reducing waste.

At that time, and through those explorations, it became clear consumers were not receptive to products selling on a promise of sustainability. However in 2020 times are changing, and consumers are now more ready than ever to appreciate and validate sustainability efforts in the field of consumer electronics.

“The Netherlands is amongst the leading countries worldwide when it comes to sustainability, and China, where part of our R&D and production is based, is where the latest tech innovations are born. That enables us to work with premium partners worldwide to help design the future of consumer electronics”

**Rod White**  
Chief Design Officer at TP Vision



## A glimpse ahead

The design team conducts annual market and design research, including a trend report. By spotting societal shifts in behaviour and aesthetic shifts they can design for the future.

One of the key trends over the last few years among especially the younger audience is the sharing economy: steering from ownership to co-owning or renting. Something Rod and his team are reenvisioning in light of Philips TV & Sound, amongst many other creative approaches, potential partnerships and other possible value spaces.

As a result of our 2020 Summer Design Research - an annual internal creative team session - first ideas have been developed around more sustainable packaging and these are already expected to be introduced in 2021. Furthermore, TP Vision is currently starting up conversations with local recycling experts and partners to explore product circularity and upcycling of the current Philips TV & Sound products.

## Circularity & Transparent Supply Chains

Circularity is an important aspect of TP Vision's sustainability approach. One of the focus areas in this journey is updating the software, which has already been implemented in 2020.

PPDS is offering the hospitality and other sectors a free software update to extend the lifetime of its televisions for all new and existing HFL5014 and HFL6014 MediaSuite customers. This means existing TVs will have access to the same features and benefits as the latest Philips models.

Businesses and services sectors, such as hotel chains and hospitals, who already own Philips televisions, will no longer have to purchase a newer model to enjoy the same advantages as new customers. The decision to allow older models to be upgraded will help the hospitality sector to reduce its generation of waste electrical and electronic equipment (WEEE).





“At PPDS we are committed to creating a more sustainable path forward for the AV industry. One that brings benefits to all of our customers, reducing carbon footprints of our products. From re-imagining packaging through to extending product lifetimes and alternative finance models, sustainability is a key requirement for our customers to achieve their ambitions”

**Chris Colpaert**  
General Manager PPDS

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## Sustainable supply chain partners: Muirhead

With an unwavering commitment to premium quality and environmentally sustainable products, TP Vision works with its suppliers as integrated design and manufacturing partners. An example of how TP Vision collaborates with sustainability partners in its supply chain can be found in its partnership with Muirhead. Muirhead has been an official TP Vision European design partner since 2019. The company is specialized in premium leather solutions in the commercial furniture, marine, aviation, automotive and hospitality industry.

# Muirhead.

Fine Scottish Leather

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Consumer electronics is a relatively new industry that is coming to learn the sustainable properties of leather and TP Vision is at the forefront in bringing a broad audience of consumers in touch with sustainable leather.

Part of the Scottish Leather Group (SLG), Muirhead is a UK-based family business that is widely recognised as a global leader in the responsible manufacturing of high performance leather. Muirhead makes the world's lowest carbon intensity leather, at 1.4kg of CO2 per hide.

### From linear to circular value chain

TP Vision upholds sustainability as a key guiding principle in product design and manufacturing, and is on a journey with partners such as Muirhead to create a circular value chain – giving used parts a new life. As a market leader, TP Vision sees it as its responsibility for the upcoming years to explore how to make the shift from a linear value chain to a circular one. By investing in new technologies and partnerships, TP Vision aims to contribute to lowering carbon emission consumer products.

### Zero carbon impact leather in Philips TV & Sound products

Muirhead's ZERO philosophy contributes to TP Vision's circularity ambition. All Muirhead's leather products designed in TP Vision's Philips Fidelio audio products, in-home X3 headphones, L3 headphones and Philips OLED TV remote control buttons are manufactured with a zero carbon ambition. This is made possible mainly by recovering the energy involved in the manufacturing process.

Muirhead has already demonstrated the possibility to use 50% bio based materials and 50% used products to produce completely new products. The company is on-track to enable a circular commercial leather product by 2025. In addition to circularity, Muirhead is leading initiatives to explore the possibility of replacing materials such as plastics with leather that has zero carbon impact, presenting the same or better product characteristics. The company is for example experimenting with acoustic leather: Leather that does not absorb sound, but allows sound to pass through it. Innovations like these are likely to become available for consumers across the globe in the near future.

Richard Mounsor, Head of Upholstery Leather & Custom Projects at Muirhead, says: "We are proud to partner with TP Vision in our shared journey towards a circular value chain, and are excited about the possibilities to bring new innovative solutions to the consumer."



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# Talent attraction and retention

Our employees are our most important capital. Their competencies, values and personalities are a crucial part of the functioning of our company. Their engagement, commitment and expertise are key to TP Vision's success.



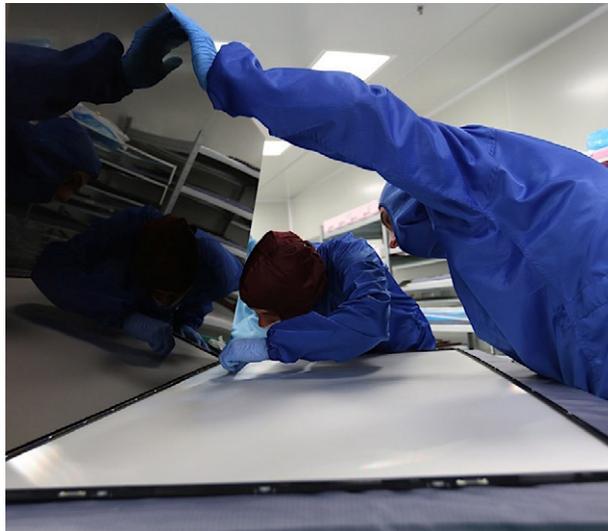
Honesty, integrity and fairness are demonstrated by each employee and represent the key pillars of our culture. We ask all our employees to endorse and promote these values as laid out in our global TPV Code of Conduct. This code contains clear guidelines, rules and social norms which everyone must adhere to at all times. In order to fulfil our ambition of being a professional and an increasingly desired employer, we will continue to assess our recruitment strategy and we aim towards developing a clear Employer Brand.

In 2020, we initiated a tender for a labor market communication provider to define our Employer Brand Strategy along with developing a new multifunctional vacancy website. The Employer Brand is to clearly reflect our business' mission, culture and values. The new job site will provide organized and professional job posts while embracing our brand. This will help us acquire even more applicants and attract people who further strengthen and elevate our company culture.

To automate the process of posting jobs and finding qualified talents, the vacancy website will also be connected to the applicant tracking system Connexys. We also have an Employee Referral Program in place, which aims at getting the best candidates for the company's vacancies by using the broad network of existing employees. Any employee who has recommended a candidate, who is finally hired, is rewarded based on the company's referral scheme. Working in a dynamic environment with offices in many countries across Europe, employees have opportunities to apply for vacancies in any of these countries.

## Code of conduct

The TPV Supplier Code of Conduct is to ensure that our products are made under fair and safe circumstances. Our suppliers are required to be compliant with our Code of Conduct and the underlying Social and Environmental, Safety and Health (S&ESH) standards. We support and work together with our suppliers, and external experts to continuously improve in this area.



## Labour policy & Human Rights

Human rights is an important topic for our organization as we are a production-oriented organization with a worldwide network of production locations and suppliers.

Our responsibility focuses not only on our own sphere of influence, but also on processes further down the supply chain.



Every new supplier has to sign a social responsibility agreement as an appendix in the procurement agreement when it comes to protecting human rights.

In particular, a new supplier has to commit compliance with the RBA/EICC Code of Conduct, ISO 45001 and ISO 14001.

Each supplier receives thereby an annual audit/assessment regarding human rights themes such as no forced labor, no child labor, minimum wage compliance and, anti-discrimination. If the audit results are not up to the standard and there is no improvement after counseling or the relevant corrective measures are not implemented, there are different levels of penalty from cutting orders to disqualification of the supplier.

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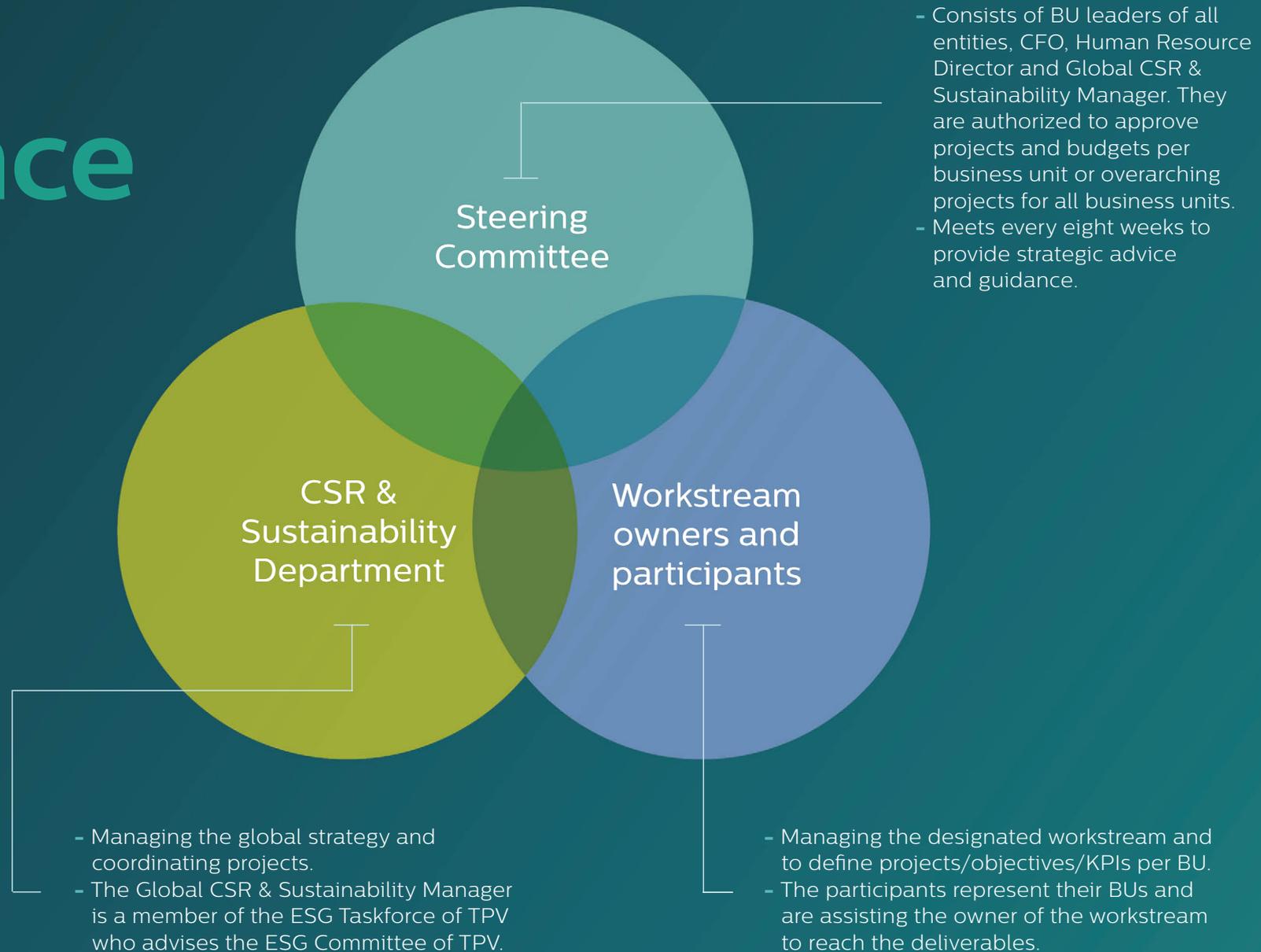
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## ESG Governance

For CSR and Sustainability to result in significant change, it's necessary to have support on all levels in the organization. That's why we introduced a Sustainability Steering Committee where the leaders of the business units are represented. The members of the Steering Committee are selected by the management team to represent their business unit. Together with the workstream owners they discuss new projects and initiatives every eight weeks.



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## Anti-corruption and bribery

TP Vision and its supply chain shall conduct its business in strict compliance with applicable laws and regulations, including national and international anti-bribery laws, and expects the same from its business partners. Bribes are illegal payments or other types of compensation made to influence and gain profit from an individual, company or government official.

TP Vision and its employees shall not, and shall not attempt to, influence government policy or obtain or retain business or an advantage in the conduct of its business by offering or accepting illegal payments, bribes, kickbacks or other illegal methods. Anti-bribery laws including national laws adopted pursuant to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the US Foreign Corrupt Practices Act and the UK Bribery Act 2010 prohibit, in general, the payment, offer or authorized gift of anything of value, either directly or through a third party to other persons or to government officials, political parties, politicians, or political candidates, public officers in state owned enterprises, officials of a

public international organization or holders of a legislative, administrative or judicial position of any kind with the intent to obtain or retain business, direct business to any person, obtain an improper business advantage or influence an official act or decision of such other person or government official.

These antibribery provisions apply not only to companies but also to individuals, such as employees. If an employee has actual knowledge of bribery or if bribery is suspected, it is mandatory to report such information to TP Vision's independent compliance officer. The number of cases and reports regarding anti-corruption and bribery was zero in 2020, and it is our ambition to keep it that way in the future.

## Data Privacy

Data privacy is an important consideration in the workplace and when conducting a business. We respect customers' data privacy and their rights to the personal information gathered by our products and services. Data and privacy protection procedures are in place and communicated to our employees through regular trainings. All collected personal data is accessible only by authorized personnel and the data is handled in a confidential manner. During the development of our products we use "privacy by design" to limit the amount of personal data that is needed and to inform our customers how their personal information is used.

As of May 2018, the General Data Protection Regulation (GDPR) has been implemented in the EU and our group companies which control and process personal information. Taking into account the GDPR, the controlling and processing of personal information is subject to several requirements. Examples are having the right policies in place and entering data processing agreements with other companies which process our personal data. Our company strives to go beyond the minimal requirement laid down in the GDPR and will continue to implement policies in the future to protect our customer's data privacy.

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## Reporting period and approach

Thank you for reading TP Vision's 2020 Sustainability Report. The report covers key activities and accomplishments of TP Vision during fiscal year 2020 related to the legal entity TP Vision Europe BV and TP Vision Holding.

This report covers TP Visions 2020 fiscal year, 1 January 2020 through December 31 2020. We report annually on our sustainability efforts. In off-years we issue a brief report update to ensure our internal and external stakeholders are up to date when it comes to our sustainability efforts. The goal is to report on the GRI Standards in the upcoming Sustainability Report.

## Keep up to date with TP Vision

Visit our website [www.tpvision.com](http://www.tpvision.com)

## Feedback and contact

We are keen to improve the value of our reporting and therefore welcome comments on this document, and our sustainability information on the website

Please contact our Global CSR & Sustainability manager Stefan van Sabben, [stefan.vansabben@tpv-tech.com](mailto:stefan.vansabben@tpv-tech.com).



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## Definitions material topics

Material topic	Definition
<b>Circularity</b>	We strive to design our products in such a way that there is a continual use of resources and we try to eliminate waste. Circular systems employ reuse, sharing, repair, refurbishment, remanufacturing and recycling to create a close-loop system.
<b>Climate change</b>	We see it as our obligation to reduce our environmental impact as much as possible and we want to make a concrete contribution to the EU's climate goals. We reduce our CO2 emissions by, among other things, implementing ISO 140001 at our production locations, purchasing sustainable energy and traveling by public transport to our offices.
<b>Collaboration with partners</b>	Together with our business partners we can create sustainable solutions and products, and together with our partners for the SDG we can contribute to a sustainable supply chain.
<b>Communication &amp; transparency</b>	By means of our communication efforts we strive to a transparent policy when it comes to salient topics such as conflict minerals and human rights.
<b>Health &amp; Safety</b>	<p>We aim to maintain a safe and healthy work environment for our employees, contract labor and visitors, and therefore we are committed to do all that is reasonably feasible to:</p> <ul style="list-style-type: none"> <li>- meet or exceed requirements laid down in applicable Health and Safety laws and regulations, as well as voluntary standards to which AOC &amp; MMD subscribes;</li> <li>- implement procedures for the identification, prevention and minimization of hazards and risks;</li> <li>- provide all employees with relevant information and regular training on Occupational Health and Safety aspects;</li> <li>- consult and co-operate with employees and/or their representatives, and other stakeholders;</li> <li>- implement preventive practices and responsive procedures with regard to emergencies and accidents.</li> </ul>

## Material topic

### Packaging

## Definition

We are developing new types of packaging with less impact on the environment. We not only consider the protection of the products and accessories, but also commonly unused handbooks and CD-ROMs.

### Sustainable products

Investing in ‘new’ technology and developing new products that meet the needs of consumers (e.g. environmentally friendly and green products) and at the same time comply with local laws and regulations regarding hazardous substances.

Already in our design stage we define sustainable solutions and the use of sustainable materials. Attention has been paid as well to the local production facilities where social and environmental topics are audited by external agencies.

### Talent attraction & retention

We want to invest in committed and loyal employees. This includes personal career planning and development, a good work-life balance, a friendly working environment, a clear mission and appropriate guidance and inspiring leadership.

### Transparent supply chain

Since we are a global operating company we feel responsible for our whole supply chain which reaches further than tier 1 and 2. This also means that we strive towards a transparent supply chain. We have systems and controls in place to ensure that modern slavery and human trafficking are not taking place anywhere within the organization or in any of our supply chains. Suppliers, contractors and business partners are thereby required to sign our Supplier Code of Conduct. Suppliers are thereby audited by external auditors regarding health & safety, human rights and conflict minerals.

In line with international and local labor standards, our Code of Conduct strictly prohibits the use of child and forced labor in any of our operations worldwide. We also demand from our suppliers that they have policies in place to reasonably assure that for example the tantalum, tin, tungsten and gold in the products they manufacture do not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses. As a member of the Responsible Minerals Initiative we are committed to the control of conflict minerals and have created a conflict mineral management system in accordance with the OECD’s five step framework for due diligence in the supply chain.

We operate in accordance with local laws and regulations regarding our employees, suppliers, products and environment. Our Code of Conduct reflects our norms, rules, and responsibilities towards each other as employer and employees, and the requirements of our suppliers. We are transparent about our financial and non-financial results and are open about our challenges.

A television set is centered in a studio with a green and blue color scheme. The screen displays the TPVISION logo. The background consists of various green panels and a tree image. The floor is a light blue-grey color.

**TP**VISION