

Phillips Community Performance Standard

Last Revised 04.06.2018

Primary Performance Expectations

All of us in the Phillips Family (all Partners)

- // Living and working with **Joy** in our hearts
- // Hiring and retaining the **Best**
- // Being **Highly Purposeful** in owning our vision/mission
- // Performing 100% **Ownership** in all that we impact and in all that impacts us
- // Having **Deep Respect (spiritual reverence)** for all Phillips Partners
- // Creating **Legendary Value** in the minds of our customers (external and internal customers)
- // Mastering **Possibility** thinking and challenging conventional thinking
- // Ingraining rapid paced **Continuous Improvement** in all that we do, both incremental and transformational
- // Using and Building on the **Best Ideas**, regardless of the source -- our dialogue is omnipresent
- // Living **Magnificent Challenges** as the best path to our personal growth (competency development)
- // Exemplifying a learning organization -- having a **Competency Development** focus in relation to all Partners & customers
- // Accomplishing **High Performance** results -- the best by any measure

The Phillips Community is a place where people feel they belong; each of us is appreciated – we are loved! The people, the Partners of our community, treat each other with reverence; a sense of spirituality is pervasive. Our love is expressed, in a leaderly way, by not allowing any of us to default our better selves. Unlike the conventional wisdom, we believe in Goethe’s view that it is best to love people, not for who we are, but rather for whom we could and ought to be.

Our love is further expressed by our duty to our community. Each of us is dedicated to our great and worthy common cause, which is to create a community where all of us learn to live great lives. Our definition of a great life is -- imagining what is possible (and getting continuously better at that) and developing the competencies to accomplish what we imagine.

We believe in limitless possibilities.

We recognize that our way is not the way for everyone, and to accomplish our mission we must be highly selective of whom we invite to become Partners in our community— they must be irrevocably on the path to virtuosity. Our Partners have true ambition derived from their definite purpose in life -- and have found that their purpose is best served by contributing mightily to the Phillips vision & mission, thereby creating the most powerful force imaginable, the ultimately inspired. It is the duty of each of us to find and bring aboard such high performers. Our performance is our “shibboleth” -- it is instantly recognizable to those people we need to attract.

Our people are dedicated to being masters of lifetime learning. We are building an enduring competitive advantage by learning how to learn faster than our competitors. We will not confuse learning with information or knowledge. We understand that learning takes information and knowledge and transforms it into personal, team, and organization growth (greater skills) -- which is measured by greater levels of accomplishment. The result of growing our competencies is higher levels of mental, physical, and spiritual health, and greater lives.

Society, and therefore the market, places immense intrinsic value on our idea of community. We are measured through the eyes of the market – our customers, suppliers, and stockholders.

Outstanding financial returns accrue to us as a result of establishing this culture where the necessity for high performance is entwined with the necessity for self-development. The basis for this is the belief that continuous improvement is a central component for health and prosperity. We believe that the continuous improvement of our processes and methods is critical, but there is a higher level value and that is we are most focused on the continuous improvement or growth of our Partners. Our innovative performance management system, our competency development tool, myCDT, is geared to supercharge continuous improvement! It does that by providing each of us great challenges through our role descriptions and SMARTER performance objectives, for we have learned the thing that best facilitates competency development is being dedicated to a great challenge.

It is the expectation, of our culture, that each of us are learning to become experts at making breakthrough accomplishments, that is we are setting and accomplishing audacious objectives as our everyday way of doing business. The result of this learning is that we are developing a wide set of life skills, such as communication skills, relationship building skills, goal setting skills, skills for planning, executing, improvising, selling ideas, and much more -- making us more valuable in the market, raising our standard of living, and providing the opportunity for us to contribute more to our community.

Our Partners wake up every day driven to dream and implement new improvements to the way we work and live. And after we are finished with one improvement, we hungrily seek out another. Our improvement process touches every aspect of our work, from small incremental improvements of our everyday work, to fundamental shifts in the way we do business. If an obstacle impedes our path to improvement, we energetically find ways to run around it, jump over it, burrow under it, or build a door through it. We have so much fun with our improvement process that it is contagious to everyone we come in contact with. We have created a company which improves in every way by every measure at ever increasing velocity -- towards the accomplishment of our vision and mission.

The Phillips community is made up of the most interesting people because we have incredible experiences and incredible expectations to bear upon our way. Our ability to contribute mightily to outstanding team accomplishments speaks wonders about who we are. Our people are bold conjuring great challenges for ourselves as growth opportunities, and eager to perform without safety nets. But the safety nets are there invisibly. This makes it an exciting, thrilling place to be – so much so that it takes our breath away. It is showtime every day – and it's always the best show in town!

In our community laughter is understood to be healthy and is prevalent – we have great fun. We celebrate our lives and our successes often with festivals, delicious food, and soulful music. We have cultural exchanges with other communities – to provide each other the exposure to better ways.

This is a place where the infrastructure allows us to get around easily. It has no potholes; things always work right, because we anticipate and solve infrastructure problems before they happen. We have created a hassle free community as we have a system to recognize hassles and effectively eliminate them—forever. It is a place where the environment is clean and healthy, and where art inspires the possibilities.

Our Partners are the measure of integrity – we meet our commitments because we must and because we have a special internal store of creativity to overcome roadblocks. We recognize that great relationships are the key to high performance and therefore the kind of environment we create nurtures great relationship building. Our Partners, suppliers, and customers continually redefine the definition of the very best in service, and provide it without fail. That is, we have high expectations for our Customers, Suppliers, and Partners that keep getting higher – we hold them accountable, and we are committed to mutual growth. Our Partners know how to be great friends; we listen well and are empathetic. We have a collaborative culture, sharing and building on the know-how and experiences of each other.

We are experts at understanding our markets and capitalizing on the opportunities. Our primary market opportunity is due to the growing gap created by the ever increasing value of technology and our customer's limited ability to take advantage of these technologies. This market opportunity is the focus of our brand goal which is for Phillips Corporation to be the best resource in manufacturing technology – partnering with our customers and suppliers to improve competencies for applying manufacturing technology resulting in leaps in productivity and thereby providing legendary customer value. In this regard, we recognize and appreciate our unique and special relationship with Haas Automation. We expect all of our sales and service people, in fact all of our Partners, to be focused on partnering with our customers and suppliers to improve competencies resulting in leaps in productivity.

In our great community, we develop business intimate relationships with our customers and suppliers and through these partnerships and our innovations and technologies create amazing productivity and therefore fantastic prosperity. We leverage this prosperity to help those, in other communities, who are less fortunate than us. We have a unique and special relationship with For Pete's Sake cancer respite foundation, which enables cancer patients and their loved ones the opportunity to strengthen their relationships by creating an unforgettable respite vacation.

Every Partner, each of us, is a leader (and a great follower), and we, all of us, are wise and benevolent – which means we will not accept a default in ourselves, our teams, or in our company's mission and vision (this is our moment of truth). We understand that in this community, our fates are dependent on the performance

of each other. Partners in the community, who come to recognize that our way is no longer their way, are supported as they embark on their new path.

We are all great learners, and we learn to be great teachers, both of which turn on the ability to ask the right question. It is a place of expert communicators – listening to get our bearings and having dialogue to raise understanding; being the voice, which asks, “Who are we? What should we be becoming? Can we be the future of communities – the role model that transforms our society?”

Individual value is measured by the contribution made to the health of the community.

And our path – our performance the best by every measure!

We live seamless lives dedicated to our personal purposes with passion, as much on Monday as Saturday. We are aligned with the company vision and mission because it provides us the best opportunity for us to realize our purpose in life.

Our Great Community is a place where each Partner is proud, energized, committed, heart and soul, to doing what it takes to make this vision come alive.

Over the last four centuries, so many people came to America with little or nothing to their name to create a better life for themselves and their families, you know, the American Dream is to accomplish great things, even starting with little or nothing. Now, I ask you – will you dedicate yourself, as my Partner, to take on this worthy challenge, to nurture, improve, and to make this American Dream a reality? It can’t happen without you. It will happen because I see you are with me!

Your partner, Alan.

A handwritten signature in blue ink that reads "Alan". The signature is written in a cursive, flowing style.