

Annual Report 2018

Sustainability highlights

Making the world healthier and more sustainable

In 2018, we made further advances in the focal areas of access to care, circular economy and climate action, taking us closer to our goal of improving the lives of 2.5 billion people a year by 2030, including 400 million in underserved communities.

Climate action

- Philips started receiving power from the Dutch wind farm Bouwdokken - a landmark achievement resulting from a unique green energy purchasing consortium established together with AkzoNobel Specialty Chemicals, DSM and Google.
- Philips became the first health technology company to have its new CO₂ emission targets accepted by the Science-Based Targets initiative (SBTi), a collaboration between the CDP, the United Nations Global Compact (UNGC), the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) aimed at driving ambitious corporate climate action.
- For the sixth consecutive year, Philips has been placed on the CDP Climate Change A List. We have been recognized for our actions during the last reporting year to reduce emissions, mitigate climate risks and develop the low-carbon economy.

Circular economy

- At the 2018 World Economic Forum Annual Meeting in Davos, Switzerland, CEO Frans van Houten cemented Philips' 2020 commitment to the Circular Economy by pledging to take back and repurpose all large medical systems that its customers are prepared to return to Philips; this was subsequently extended to all medical equipment by 2025.
- Philips launched the Ingenia Ambition X 1.5T MR, which combines fully sealed BlueSeal magnet technology and workflow innovations for more productive, helium-free operations. The first commercial installation of the Ingenia Ambition X was completed at Spital Uster Hospital, a major provider of extended primary healthcare in the canton of Zurich, Switzerland.
- Inspired by the European Commission's recycled plastics pledge campaign, Philips has set itself an ambitious new target to use 7,600 tons of recycled plastics in 2025, measured against a baseline of 1,850 tons in 2017.

Access to care

- Philips and the governments of Ethiopia and the Netherlands signed a seven-year agreement to build Ethiopia's first specialized Cardiac Care Center, a complete hospital solution for state-of-the-art diagnosis and treatment of cardiac diseases. The new cardiology center is another example of Philips' strategy of delivering co-designed integrated solutions aimed at solving complex healthcare challenges and creating a more sustainable approach to healthcare.

Other highlights

- Philips received the Sustainable Purchasing Leadership Council's 2018 Supplier Engagement Award in recognition of the exceptional improvements that our Supplier Sustainability Performance program has driven in sustainable performance across the company's value chain.
- Scoring 81 out of 100 points overall, Philips came second in the Health Care Equipment & Services industry group of the 2018 Dow Jones Sustainability Index. This is the first year that we have been reclassified to this category, in line with our transformation to a focused health technology company.
- Lives Improved increased 3% year-on-year to 2.24 billion (includes Signify); our efforts to improve access to care for underserved healthcare communities resulted in 175 million lives improved in 2018 (14% growth year-on-year).
- Green and Circular Revenues amounted to 64% and 12% of sales respectively.

