

Annual Report 2020

ESG by key country

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On the following pages we show how Philips performed in a number of key countries in 2020 on a subset of the WEF Core metrics, as well as a number of additional Philips-specific metrics that we consider fundamental to the strategy and operation of our business.

Brazil

Environmental

Green House Gas (GHG) emissions	0 kilotonnes CO ₂ -equivalent
Land use and ecological sensitivity	38 tonnes waste sent to landfill
Water consumption	14,051 m ³
Circular revenues ^{*)}	18.2%

Social

Lives improved ^{*)}	55 million
Absolute number and rate of employment	1,990 employees, 13% employee turnover
Training provided	14,827 hours
Wage level	56 million EUR employee benefit expenses
Supplier development program	0 companies included

Governance

Economic contribution	260.5 million EUR revenues
	193.5 million EUR cost of sales
Financial investment contribution	19.6 million EUR tangible assets
	4.4 million EUR capital expenditure
Total tax contribution	78.2 million EUR

Main business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- Sales, marketing and distribution
- Administrative, management and support services
- Provision of services to unrelated parties
- Holding shares or other equity instruments
- Other

Inclusion and diversity

Volunteer I&D Committees address several focus areas: Women, Race, Disabilities, LGBTQIA+, Mental Health, Culture and Internal Communication. In Blumenau we marked Cultural Diversity Day and National Day of People with Disabilities, and launched initiatives to help people stay well and healthy during COVID.

Philips Foundation and volunteering

Partnering with the Faculty of Medicine Foundation, Philips Foundation donated medical equipment to Hospital das Clinicas for diagnosis and treatment of COVID-19, capacity building and training. It is collaborating with Saúde Alegria e Sustentabilidade Brasil to build four units for telehealth consultations with remote communities.

Stakeholder engagement

Philips worked closely with the health authorities to address the COVID-19 at federal level and in many states. Philips also attended stakeholder meetings as a board member of local medical technology trade associations.

^{*)} Philips-specific metric

China

Environmental

Green House Gas (GHG) emissions	0 kilotonnes CO ₂ -equivalent
Land use and ecological sensitivity	0 tonnes waste sent to landfill
Water consumption	284,856 m ³
Circular revenues ^{*)}	7.5%

Social

Lives improved ^{*)}	448 million
Absolute number and rate of employment	8,240 employees, 17% employee turnover
Training provided	93,072 hours
Wage level	345 million EUR employee benefit expenses
Supplier development program	129 companies included

Governance

Economic contribution	2,313.8 million EUR revenues
	1,553.4 million EUR cost of sales
Financial investment contribution	144.8 million EUR tangible assets
	35.7 million EUR capital expenditure
Total tax contribution	322.0 million EUR

Main business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- Sales, marketing and distribution
- Administrative, management and support services
- Provision of services to unrelated parties
- Holding shares or other equity instruments
- Other

Inclusion and diversity

During the pandemic we extended our health and well-being program to include psychological well-being, and launched our Employee Assistance Program. Virtual learning summits attracted over 4,000 employees, and a female leadership forum supported the growth of our female talent.

Philips Foundation and volunteering

With Philips' support, Philips Foundation donated medical equipment to Thunder God Mountain Hospital, Wuhan, to support treatment of pneumonia resulting from coronavirus. Philips Foundation also joined the national Heart by Heart project, offered breast and cervical cancer screening for rural women, and provided telehealth training to rural doctors.

Stakeholder engagement

In 2020, Philips cooperated with government and associations to discuss industry standards, policy design, research and innovation. Philips also conducted research on sustainability with China Center for International Economic Exchange, and cooperated with China Association of Disaster and Emergency Rescue Medicine.

^{*)} Philips-specific metric

France

Environmental

Green House Gas (GHG) emissions	0 kilotonnes CO ₂ -equivalent
Land use and ecological sensitivity	- tonnes waste sent to landfill
Water consumption	- m ³
Circular revenues ^{*)}	18.0%

Social

Lives improved ^{*)}	45 million
Absolute number and rate of employment	915 employees, 12% employee turnover
Training provided	12,517 hours
Wage level	106 million EUR employee benefit expenses
Supplier development program	0 companies included

Governance

Economic contribution	539.9 million EUR revenues
	405.8 million EUR cost of sales
Financial investment contribution	21.9 million EUR tangible assets
	4.2 million EUR capital expenditure
Total tax contribution	119.9 million EUR

Main business activities

- Research and Development
- Sales, marketing and distribution
- Administrative, management and support services
- Provision of services to unrelated parties
- Holding shares or other equity instruments
- Other

Inclusion and diversity

The home office agreement with the Workers Council was extended to all Philips France employees, with a third home office day per week and a furniture allowance for better and healthier working conditions. An 89/100 rating on the 2020 index for gender equality reflects the strong effort to reduce the salary gap and improve gender equality in senior positions.

Philips Foundation and volunteering

Philips France and Philips Foundation joined forces to support the French Red Cross in helping people affected by the unprecedented healthcare crisis caused by the pandemic. Philips Foundation also donated health and hygiene products to support shelters for children.

Stakeholder engagement

In 2020, Philips engaged with the Ministry of Health to support the digital transformation of the healthcare system. Philips is also working closely with the Direction Générale de l'Offre de Soins on new initiatives related to value-based procurement.

^{*)} Philips-specific metric

Germany

Environmental

Green House Gas (GHG) emissions	0 kilotonnes CO ₂ -equivalent
Land use and ecological sensitivity	0 tonnes waste sent to landfill
Water consumption	35,779 m ³
Circular revenues ^{*)}	10.8%

Social

Lives improved ^{*)}	67 million
Absolute number and rate of employment	3,825 employees, 9% employee turnover
Training provided	45,143 hours
Wage level	446 million EUR employee benefit expenses
Supplier development program	5 companies included

Governance

Economic contribution	3,194.0 million EUR revenues
	1,924.1 million EUR cost of sales
Financial investment contribution	172.7 million EUR tangible assets
	43.9 million EUR capital expenditure
Total tax contribution	489.5 million EUR

Main business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- Sales, marketing and distribution
- Administrative, management and support services
- Provision of services to unrelated parties
- Holding shares or other equity instruments
- Other

Inclusion and diversity

Faced with the pandemic, Philips launched additional well-being offerings, including ergonomics support and a psychological helpline. A local parents network helped employees manage work and childcare responsibilities. Learning offerings included training on leading women, unconscious bias, healthy leadership and the 'new normal'.

Philips Foundation and volunteering

Women with a migrant background often lack information on the importance of early detection of breast cancer and on how to self-examine. Philips Foundation joined with Pink Ribbon Germany to develop a multilingual app providing extensive health information.

Stakeholder engagement

In 2020, Philips supported the Ministry of Health and COVID-19 task forces in the federal states with equipment. It also supported the launch of the National Future Hospital Act to assist hospitals with digital health solutions. Philips teamed up with the Federal Ministry of Economic Affairs in launching the EU-wide Gaia-X program.

^{*)} Philips-specific metric

India

Environmental

Green House Gas (GHG) emissions	0 kilotonnes CO ₂ -equivalent
Land use and ecological sensitivity	0 tonnes waste sent to landfill
Water consumption	9,507 m ³
Circular revenues ^{*)}	6.1%

Social

Lives improved ^{*)}	84 million
Absolute number and rate of employment	9,315 employees, 9% employee turnover
Training provided	102,435 hours
Wage level	188 million EUR employee benefit expenses
Supplier development program	0 companies included

Governance

Economic contribution	646.4 million EUR revenues
	308.0 million EUR cost of sales
Financial investment contribution	76.0 million EUR tangible assets
	33.1 million EUR capital expenditure
Total tax contribution	112.5 million EUR

Main business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- Sales, marketing and distribution
- Administrative, management and support services
- Provision of services to unrelated parties
- Holding shares or other equity instruments
- Other

Inclusion and diversity

In 2020, our Employee Resource Group focused on women's personal and professional development. Programs on unconscious bias and gender equality strengthened our commitment to an inclusive workplace. Our Pride March in Bangalore showcased our commitment to inclusion of the LGBT+ community in the workplace.

Philips Foundation and volunteering

Philips Foundation and Philips India supported the government's emergency relief measures to manage coronavirus treatment and health workers' safety. Basic day-to-day necessities were also given to migrant workers impacted by the lockdown.

Stakeholder engagement

Through the industry association, Philips provided ventilator management training to healthcare providers, as well as donating Lumify portable ultrasound devices to several hospitals. Philips took part in discussions on AI standardization with the Department of Telecommunications, and contributed to the document AI for all by the National Institution for Transforming India.

^{*)} Philips-specific metric

Japan

Environmental

Green House Gas (GHG) emissions	0 kilotonnes CO ₂ -equivalent
Land use and ecological sensitivity	- tonnes waste sent to landfill
Water consumption	- m ³
Circular revenues ^{*)}	34.8%

Social

Lives improved ^{*)}	45 million
Absolute number and rate of employment	2,244 employees, 10% employee turnover
Training provided	13,740 hours
Wage level	181 million EUR employee benefit expenses
Supplier development program	7 companies included

Governance

Economic contribution	1,149.5 million EUR revenues
	869.7 million EUR cost of sales
Financial investment contribution	129.2 million EUR tangible assets
	95.4 million EUR capital expenditure
Total tax contribution	160.8 million EUR

Main business activities

- Sales, marketing and distribution
- Administrative, management and support services
- Provision of services to unrelated parties
- Other

Inclusion and diversity

A local survey showed that many employees understood 'diversity' but were unsure what 'inclusion' meant. Increasing understanding of inclusion has been a focal point during and after COVID-19. We hosted a learning summit at which female managers shared insights about their careers.

Philips Foundation and volunteering

To improve cancer outcomes and survival rates, measures for early detection through education and self-examination were implemented at our facilities during Pink Ribbon month and Movember.

Stakeholder engagement

During COVID-19, Philips worked with various Ministries to ensure timely availability of medical devices. We also engaged with stakeholders on digital healthcare, cybersecurity and AI policies for medical devices, mainly through the Federation of Medical Devices Associations. Via the European Business Council in Japan we engaged with the Ministry of Health on the reimbursement and approval systems.

^{*)} Philips-specific metric

Netherlands

Environmental

Green House Gas (GHG) emissions	0 kilotonnes CO ₂ -equivalent
Land use and ecological sensitivity	116 tonnes waste sent to landfill
Water consumption	88,010 m ³
Circular revenues ^{*)}	12.5%

Social

Lives improved ^{*)}	17 million
Absolute number and rate of employment	11,461 employees, 8% employee turnover
Training provided	118,399 hours
Wage level	1,320 million EUR employee benefit expenses
Supplier development program	1 company included

Governance

Economic contribution	8,047.7 million EUR revenues
	4,955.7 million EUR cost of sales
Financial investment contribution	657.6 million EUR tangible assets
	95.7 million EUR capital expenditure
Total tax contribution	470.3 million EUR

Main business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- Sales, marketing and distribution
- Administrative, management and support services
- Provision of services to unrelated parties
- Holding shares or other equity instruments
- Other

Inclusion and diversity

During COVID-19 we supported employee health and well-being through health offerings, HR policies and energy management programs. The Employment Scheme for longer-term unemployed continued, including support for refugees. We were a top scorer in the 2020 LGBTI Global Benchmark survey of Workplace Pride.

Philips Foundation and volunteering

In the pandemic, Philips Foundation and Philips volunteers reached out to vulnerable groups. Some 100 tablets and five care robots were donated to combat loneliness among the elderly and mental health patients. Further donations included supporting caregivers and their next of kin.

Stakeholder engagement

In the pandemic, Philips supplied critical equipment to hospitals and set up a digital patient portal with the government. Together with Philips Foundation, Philips provided financial and volunteering support to Dutch care organizations.

Philips is on the board of, among others, employers' organization VNO-NCW and trade association FME, as well as public-private committees on innovation, talent, AI, cybersecurity, and health. Philips chaired the VNO-NCW board which advised on the societal responsibility of businesses.

^{*)} Philips-specific metric

United Kingdom

Environmental

Green House Gas (GHG) emissions	0 kilotonnes CO ₂ -equivalent
Land use and ecological sensitivity	- tonnes waste sent to landfill
Water consumption	- m ³
Circular revenues ^{*)}	13.6%

Social

Lives improved ^{*)}	34 million
Absolute number and rate of employment	1,135 employees, 13% employee turnover
Training provided	24,382 hours
Wage level	104 million EUR employee benefit expenses
Supplier development program	2 companies included

Governance

Economic contribution	669.2 million EUR revenues
	523.3 million EUR cost of sales
Financial investment contribution	40.8 million EUR tangible assets
	0.0 million EUR capital expenditure
Total tax contribution	78.6 million EUR

Main business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- Sales, marketing and distribution
- Administrative, management and support services
- Provision of services to unrelated parties
- Holding shares or other equity instruments
- Other

Inclusion and diversity

During COVID-19, we prioritized employee health and well-being programs, including mental health. Support for those working from home included 2 days paid emergency leave, physiotherapy, and virtual yoga classes. Philips signed the Time to Change Mental Health employer pledge.

Philips Foundation and volunteering

Together with Global Action Plan, Philips Foundation launched the Clean Air for Schools Framework, a free online tool that shows teachers, parents and local authorities how to tackle air pollution in and around school grounds.

Stakeholder engagement

Philips engaged with government and the National Health Service to support the COVID-19 response. This includes provisioning equipment for Nightingale hospitals, and remote monitoring and real-time data sharing during patient transfers. Philips engaged with industry through the Association of British Health Technology Industries and the Office of Life Science's European Union Relationship Group and remains a founding member of the Business for Clean Air Task Force.

^{*)} Philips-specific metric

United States

Environmental

Green House Gas (GHG) emissions	0 kilotonnes CO ₂ -equivalent
Land use and ecological sensitivity	258 tonnes waste sent to landfill
Water consumption	157,387 m ³
Circular revenues ^{*)}	12.2%

Social

Lives improved ^{*)}	329 million
Absolute number and rate of employment	20,322 employees, 15% employee turnover
Training provided	152,096 hours
Wage level	2,698 million EUR employee benefit expenses
Supplier development program	15 companies included

Governance

Economic contribution	10,374.2 million EUR revenues
	6,132.4 million EUR cost of sales
Financial investment contribution	886.8 million EUR tangible assets
	303.9 million EUR capital expenditure
Total tax contribution	753.0 million EUR

Main business activities

- Research and Development
- Holding and/or managing of intellectual property
- Purchasing
- Manufacturing
- Sales, marketing and distribution
- Administrative, management and support services
- Provision of services to unrelated parties
- Holding shares or other equity instruments
- Other

Inclusion and diversity

Our Black Employees Resource Group (BERG) has helped raise awareness on topics like privilege and allyship. We also have an active Veterans' and LatinX network. In 2020, we made it onto Forbes' America's Best Employers for Women and America's Best Employers for Diversity lists, among others. The number of women in senior leadership positions rose to 33%.

Philips Foundation and volunteering

Faced with COVID-19, Philips Foundation worked with MedShare to equip local primary care clinics, day-care centers and hospitals, especially in underserved communities, with protective facilities.

Stakeholder engagement

Philips liaised with state and local governments to ensure that our manufacturing locations and key suppliers remained open during the pandemic. Philips also helped launch and lead an initiative with partners in the medical imaging industry to identify government policies promoting the adoption of artificial intelligence.

^{*)} Philips-specific metric

