

**Annual Report 2021**

# ESG by key country

## 5.7 ESG by key country

On the following pages we show how Philips performed in a number of key countries in 2021 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	<b>0 kilotonnes CO<sub>2</sub>-equivalent</b>
Land use and ecological sensitivity	<b>0 tonnes waste sent to landfill</b>
Water withdrawal	<b>4,756 m<sup>3</sup></b>
Circular revenues <sup>*)</sup>	<b>23.9%</b>

## Social

Lives improved <sup>*)</sup>	<b>80 million</b>
Absolute number and rate of employment	<b>1,841 employees, 22% employee turnover</b>
Training provided	<b>24,975 hours</b>
Wage level	<b>56 million EUR employee benefit expenses</b>

## Governance

Economic contribution	<b>244.7 million EUR revenues</b>
	<b>176.8 million EUR cost of sales</b>
Financial investment contribution	<b>15.1 million EUR tangible assets</b>
	<b>3.8 million EUR capital expenditure</b>
Total tax contribution	<b>72.8 million EUR</b>

## 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

## Inclusion and diversity

The Voluntary I&D Committees addressed several focal areas: Women, Race, Disabilities, LGBTQIA+, Mental Health, Culture and Internal Communication. The aim is to make all employees in Blumenau, Barueri and Varginha aware of these important topics, generating empathy and appreciation that we are all unique individuals with distinct characteristics.

## Philips Foundation and volunteering

Philips Foundation has partnered with SAS Brazil to bring specialized healthcare to remote areas through technology and telemedicine. Primary healthcare units are equipped with digital virtual healthcare solutions to provide early diagnosis and remote physician referral.

## Stakeholder engagement

Philips has engaged with health authorities at federal, state and municipal level to discuss the digitalization of health. Philips also attended stakeholder meetings as a board member of local medical technology trade associations.

<sup>\*)</sup> Philips-specific metric

# China

## Environmental

Green House Gas (GHG) emissions	<b>0 kilotonnes CO<sub>2</sub>-equivalent</b>
Land use and ecological sensitivity	<b>0 tonnes waste sent to landfill</b>
Water withdrawal	<b>191,951 m<sup>3</sup></b>
Circular revenues <sup>*)</sup>	<b>8.2%</b>

## Social

Lives improved <sup>*)</sup>	<b>470 million</b>
Absolute number and rate of employment	<b>8,045 employees, 17% employee turnover</b>
Training provided	<b>78,962 hours</b>
Wage level	<b>381 million EUR employee benefit expenses</b>

## Governance

Economic contribution	<b>2,247.8 million EUR revenues</b>
	<b>1,449.9 million EUR cost of sales</b>
Financial investment contribution	<b>143.4 million EUR tangible assets</b>
	<b>38.1 million EUR capital expenditure</b>
Total tax contribution	<b>305.3 million EUR</b>

## Main business activities

- Research and Development
- Purchasing
- Manufacturing
- Sales, marketing and distribution
- Administrative, management and support services
- Provision of services to unrelated parties
- Internal Group Finance

### Inclusion and diversity

Females in leadership positions rose from 22% in 2020 to 28%. Energy management training was delivered to over 1,000 employees. People development continued to focus on diversity, with female leaders mentored by senior leaders, and over 35 graduate trainees acting as reverse mentors. Philips China was named Top Employer and Healthiest Employer by Aon Hewitt China.

### Philips Foundation and volunteering

Partnering with the Amity Foundation and Chinese Red Cross Society, Philips Foundation launched a volunteer competition to improve cardiac emergency response through a network of AEDs in remote locations and first-aid training in four cities. Philips Foundation also worked with the Chinese Red Cross Foundation and Peking Union Medical College to raise public awareness of cardiovascular disease.

### Stakeholder engagement

In 2021, Philips cooperated with government and associations to discuss industry standards, policy design, research & innovation, and healthcare capability improvement post-pandemic. Philips also conducted continuous research on sustainability with China Center for International Economic Exchange.

<sup>\*)</sup> Philips-specific metric

# France

## Environmental

Green House Gas (GHG) emissions	<b>0 kilotonnes CO<sub>2</sub>-equivalent</b>
Land use and ecological sensitivity	<b>- tonnes waste sent to landfill</b>
Water withdrawal	<b>- m<sup>3</sup></b>
Circular revenues <sup>*)</sup>	<b>10.8%</b>

## Social

Lives improved <sup>*)</sup>	<b>39 million</b>
Absolute number and rate of employment	<b>1,006 employees, 13% employee turnover</b>
Training provided	<b>14,775 hours</b>
Wage level	<b>116 million EUR employee benefit expenses</b>

## Governance

Economic contribution	<b>508.7 million EUR revenues</b>
	<b>354.3 million EUR cost of sales</b>
Financial investment contribution	<b>25.5 million EUR tangible assets</b>
	<b>2.8 million EUR capital expenditure</b>
Total tax contribution	<b>139.3 million EUR</b>

## 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

## Inclusion and diversity

Communication efforts around invisible disability were intensified. 60% of Philips France's new Health Systems Key Account Management organization are women, and there is increased focus on building a pipeline of talented women. Further training was provided on topics such as Bias@Work, STEP and Energy Management.

## Philips Foundation and volunteering

With the aim of raising awareness among the French population about the dangers of cardiovascular disease, Philips Foundation worked with Global Heart Watch to organize a series of first-aid training sessions for young people in underserved areas, so that they can act as first responders.

## Stakeholder engagement

In 2021, 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.

<sup>\*)</sup> Philips-specific metric

# Germany

## Environmental

Green House Gas (GHG) emissions	<b>0 kilotonnes CO<sub>2</sub>-equivalent</b>
Land use and ecological sensitivity	<b>0 tonnes waste sent to landfill</b>
Water withdrawal	<b>39,365 m<sup>3</sup></b>
Circular revenues <sup>*)</sup>	<b>12.3%</b>

## Social

Lives improved <sup>*)</sup>	<b>61 million</b>
Absolute number and rate of employment	<b>3,762 employees, 8% employee turnover</b>
Training provided	<b>32,016 hours</b>
Wage level	<b>400 million EUR employee benefit expenses</b>

## Governance

Economic contribution	<b>2,261.2 million EUR revenues</b>
	<b>1,456.6 million EUR cost of sales</b>
Financial investment contribution	<b>168.5 million EUR tangible assets</b>
	<b>23.0 million EUR capital expenditure</b>
Total tax contribution	<b>310.4 million EUR</b>

## 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
- Internal Group Finance
- Regulated financial services
- Holding shares or other equity instruments

## Inclusion and diversity

Mental Health Day was marked with a wide range of local activities, including support for ergonomics and psychological well-being. 150 people leaders were trained on Bias@Work. I&D activities included World Refugee Day, with Philips employees sharing their personal story of being on the run, and International Women's Day, Women Out Loud Talks and local Philips Women Lead Calls.

## Philips Foundation and volunteering

Philips Foundation and Pink Ribbon Deutschland have joined forces to create a multilingual breast cancer awareness app. The app focuses on women with a migrant background and is available in seven languages. By tackling cultural and language barriers, the app aims to encourage women to become active, e.g. with self-palpation, and provides access to relevant information if something unusual is detected.

## Stakeholder engagement

Philips engaged with the Ministry of Health and its federal institutions to support the digital transformation of the healthcare system. Philips has built a significant project pipeline targeting the funding elements of the National Future Hospital Act (KHZG), which will start to take effect for hospitals throughout Germany in 2022. Philips continued to help manage the federal stockpile of ventilators and patient monitoring equipment to extend and modernize intensive care capacity.

<sup>\*)</sup> Philips-specific metric

# India

## Environmental

Green House Gas (GHG) emissions	<b>0 kilotonnes CO<sub>2</sub>-equivalent</b>
Land use and ecological sensitivity	<b>0 tonnes waste sent to landfill</b>
Water withdrawal	<b>11,559 m<sup>3</sup></b>
Circular revenues <sup>*)</sup>	<b>10.4%</b>

## Social

Lives improved <sup>*)</sup>	<b>76 million</b>
Absolute number and rate of employment	<b>8,330 employees, 13% employee turnover</b>
Training provided	<b>107,760 hours</b>
Wage level	<b>193 million EUR employee benefit expenses</b>

## Governance

Economic contribution	<b>768.1 million EUR revenues</b>
	<b>409.0 million EUR cost of sales</b>
Financial investment contribution	<b>79.4 million EUR tangible assets</b>
	<b>21.0 million EUR capital expenditure</b>
Total tax contribution	<b>161.9 million EUR</b>

## 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

The Employee Resource Group-ISC Philips Women League was activated. The Philips Rainbow Network was launched at PIC Bangalore to build support for the LGBTQ+ community. A Bias@Work program was introduced. A Daily Management Board is in place at all sites for Diversity tracking.

### Philips Foundation and volunteering

Philips Foundation, Prosus, Johnson & Johnson and Shell formed a coalition to provide over 800 ventilators to public hospitals in regions impacted by COVID-19. Philips Foundation and Philips India supported a project with Save the Children India and social enterprise ZMQ to use mobile health tools to help community health workers improve prevention and case management for childhood pneumonia. This has already improved care for over 200,000 under-five children.

### Stakeholder engagement

Philips worked with industry associations to gain an extension to implement regulations for diagnostic imaging equipment. Another key achievement was the amendment of the Production Linked Incentive Policy to include LLP companies; this enabled Philips India to participate in key government 'Make in India' schemes. Besides ongoing medical education and solutions training, Philips organized high-impact training for some 1,000 senior nurses from the Manipal Group of private hospitals.

<sup>\*)</sup> Philips-specific metric

# Japan

## Environmental

Green House Gas (GHG) emissions	<b>0 kilotonnes CO<sub>2</sub>-equivalent</b>
Land use and ecological sensitivity	<b>- tonnes waste sent to landfill</b>
Water withdrawal	<b>- m<sup>3</sup></b>
Circular revenues <sup>*)</sup>	<b>37.5%</b>

## Social

Lives improved <sup>*)</sup>	<b>46 million</b>
Absolute number and rate of employment	<b>2,257 employees, 8% employee turnover</b>
Training provided	<b>14,814 hours</b>
Wage level	<b>166 million EUR employee benefit expenses</b>

## Governance

Economic contribution	<b>1,104.1 million EUR revenues</b>
	<b>865.8 million EUR cost of sales</b>
Financial investment contribution	<b>113.9 million EUR tangible assets</b>
	<b>0.7 million EUR capital expenditure</b>
Total tax contribution	<b>168.7 million EUR</b>

## Main business activities

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

## Inclusion and diversity

We organized a learning week platform to deepen understanding of self-efficiency and self-affirmation. We also held unconscious bias training. Understanding and awareness of 'Inclusion' among employees went up from 63% in 2020 to 74% in 2021. On World Mental Health Day we organized a workshop on mental health attended by 300 employees. We held seminars on Pink Ribbon and Movember together with our customers.

## Philips Foundation and volunteering

Philips Japan was unable to deploy volunteering activities in Japan in 2021 due to strict local measures designed to halt the spread of COVID-19.

## Stakeholder engagement

We have liaised with the Ministry of Health, Labor and Welfare (MHLW) on a reimbursement and authorization system through the European Business Council in Japan. The focus of the MHLW from 2021 will be on Software as Medical Devices (SaMD) and cybersecurity, and we are discussing the handling and authorization system for these through the Japan Federation of Medical Devices Associations.

<sup>\*)</sup> Philips-specific metric



# Poland

## Environmental

Green House Gas (GHG) emissions	<b>0 kilotonnes CO<sub>2</sub>-equivalent</b>
Land use and ecological sensitivity	<b>- tonnes waste sent to landfill</b>
Water withdrawal	<b>- m<sup>3</sup></b>
Circular revenues <sup>*)</sup>	<b>5.7%</b>

## Social

Lives improved <sup>*)</sup>	<b>24 million</b>
Absolute number and rate of employment	<b>2,001 employees, 18% employee turnover</b>
Training provided	<b>46,548 hours</b>
Wage level	<b>62 million EUR employee benefit expenses</b>

## Governance

Economic contribution	<b>251.9 million EUR revenues</b>
	<b>149.0 million EUR cost of sales</b>
Financial investment contribution	<b>15.4 million EUR tangible assets</b>
	<b>0.4 million EUR capital expenditure</b>
Total tax contribution	<b>53.3 million EUR</b>

## 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

### Inclusion and diversity

We extended our health and well-being program to include psychological well-being; this involved awareness sessions with leaders, a mental health self-evaluation tool, and virtual sessions with psychologists for all employees. We have activated a local Diversity Working Group and a community of Culture Ambassadors. Our gender ratio rose to 50/50.

### Philips Foundation and volunteering

Philips Foundation has partnered with SAS Brazil to bring specialized healthcare to remote areas through technology and telemedicine. Primary healthcare units are equipped with digital virtual healthcare solutions to provide early diagnosis and remote physician referral.

### Stakeholder engagement

Philips has engaged with health authorities at federal, state and municipal level to discuss the digitalization of health. Philips also attended stakeholder meetings as a board member of local medical technology trade associations.

<sup>\*)</sup> Philips-specific metric

# Netherlands

## Environmental

Green House Gas (GHG) emissions	<b>0 kilotonnes CO<sub>2</sub>-equivalent</b>
Land use and ecological sensitivity	<b>18 tonnes waste sent to landfill</b>
Water withdrawal	<b>82,591 m<sup>3</sup></b>
Circular revenues <sup>*)</sup>	<b>7.5%</b>

## Social

Lives improved <sup>*)</sup>	<b>17 million</b>
Absolute number and rate of employment	<b>11,153 employees, 9% employee turnover</b>
Training provided	<b>111,492 hours</b>
Wage level	<b>1,155 million EUR employee benefit expenses</b>

## Governance

Economic contribution	<b>8,235.0 million EUR revenues</b>
	<b>4,990.4 million EUR cost of sales</b>
Financial investment contribution	<b>614.8 million EUR tangible assets</b>
	<b>68.7 million EUR capital expenditure</b>
Total tax contribution	<b>1,025.1 million EUR</b>

## 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
- Internal Group Finance
- Holding shares or other equity instruments

## Inclusion and diversity

Support was provided for employee health and well-being through health offerings, work-from-home policies and energy management programs. 163 people took part in the Employment Scheme, which offers vulnerable external jobseekers work experience. We secured EDGE Assess certification for gender equality practices in the workplace. A European Black Employee Resource Group (eBERG) was founded.

## Philips Foundation and volunteering

Together with Philips and Eindhoven Hartveilig, Philips Foundation helped extend the AED network to underprivileged areas in Eindhoven and increase awareness of the importance of AEDs and first responders in saving lives. It also teamed up with the Dutch Heart Foundation to create a digital diary app to help over-60s register symptoms related to heart failure.

## Stakeholder engagement

Philips is a member of the European Round Table for Industry (ERT), which strives for a strong, open and competitive Europe, with the EU and its Single Market as a driver of inclusive growth and sustainable prosperity. 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.

<sup>\*)</sup> Philips-specific metric

# United Kingdom

## Environmental

Green House Gas (GHG) emissions	<b>0 kilotonnes CO<sub>2</sub>-equivalent</b>
Land use and ecological sensitivity	<b>- tonnes waste sent to landfill</b>
Water withdrawal	<b>- m<sup>3</sup></b>
Circular revenues <sup>*)</sup>	<b>17.3%</b>

## Social

Lives improved <sup>*)</sup>	<b>33 million</b>
Absolute number and rate of employment	<b>1,105 employees, 19% employee turnover</b>
Training provided	<b>13,540 hours</b>
Wage level	<b>104 million EUR employee benefit expenses</b>

## Governance

Economic contribution	<b>506.8 million EUR revenues</b>
	<b>400.2 million EUR cost of sales</b>
Financial investment contribution	<b>41.3 million EUR tangible assets</b>
	<b>9.1 million EUR capital expenditure</b>
Total tax contribution	<b>118.3 million EUR</b>

## 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

## Inclusion and diversity

The first local celebration of PRIDE focused on allyship and other topics. A 2-day certified training was held for Mental Health Champions. We also trained over 100 line managers and offered employee sessions to support mental health at work and home. Hybrid Working Sessions facilitated adjustment to the new way of working. Volunteer-led Refugee Workplace Workshops were held to build job-seeking and interview skills.

## Philips Foundation and volunteering

Together with Global Action Plan, Philips Foundation wrapped up 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. Some 350,000 children in over 2,000 schools now have access to the Framework, or have already implemented parts.

## Stakeholder engagement

Philips continues to engage with the government and the National Health Service to support the COVID-19 response. We maintain strong relations with the Association of British Health Technology Industries and Office of Life Sciences and are leading the formation of a sustainability working group with other members of AXREM, the association of health technology providers.

<sup>\*)</sup> Philips-specific metric

# United States

## Environmental

Green House Gas (GHG) emissions	<b>0 kilotonnes CO<sub>2</sub>-equivalent</b>
Land use and ecological sensitivity	<b>1 tonnes waste sent to landfill</b>
Water withdrawal	<b>177,710 m<sup>3</sup></b>
Circular revenues <sup>*)</sup>	<b>13.5%</b>

## Social

Lives improved <sup>*)</sup>	<b>330 million</b>
Absolute number and rate of employment	<b>21,200 employees, 18% employee turnover</b>
Training provided	<b>175,743 hours</b>
Wage level	<b>2,697 million EUR employee benefit expenses</b>

## Governance

Economic contribution	<b>9,907.6 million EUR revenues</b>
	<b>6,406.5 million EUR cost of sales</b>
Financial investment contribution	<b>1,057.3 million EUR tangible assets</b>
	<b>132.8 million EUR capital expenditure</b>
Total tax contribution	<b>965.5 million EUR</b>

## 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

## Inclusion and diversity

Our 10 Employee Resource Groups are gaining momentum through increased employee membership. They facilitate company-sponsored diversity events to align with our cultural events calendar, with an emphasis on safe space dialogues and mental well-being. Leadership committed to increase representation of diverse talent in leadership positions. As a result, we have piloted a mentoring program with our Black high-performing talent. Juneteenth was designated as a 2022 paid holiday.

## Philips Foundation and volunteering

Addressing the underserved status of indigenous populations in the US, Philips Foundation empowered healthcare workers in the Navajo Nation with point-of-care ultrasound education and equipment, enabling a sustainable education program that will increase impact year-on-year.

## Stakeholder engagement

Philips was at the forefront of advocacy efforts at federal and state level to advance maternal health, especially for underserved communities, including partnering with the White House on its inaugural Maternal Health Call to Action. In several states, Philips supported new laws requiring Medicaid and commercial insurance coverage for remote patient monitoring. Additionally, Philips liaised with Congress to expand awareness on the Philips/Department of Veterans Affairs electronic Intensive Care Unit (eICU).

<sup>\*)</sup> Philips-specific metric

