

Annual Report 2022

ESG by key country

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On the following pages we show how Philips performed in a number of key countries in 2022 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

Net operational carbon footprint	0 kilotonnes CO₂-equivalent
Land use and ecological sensitivity	0 tonnes waste sent to landfill
Water withdrawal	4,564 m³
Circular revenues ^{*)}	27.6%

Social

Lives improved ^{*)}	96 million
Absolute number and rate of employment	2,047 employees, 15.0% employee turnover
Training provided	33,971 hours
Wage level	EUR 92 million employee benefit expenses

Governance

Economic contribution	EUR 262 million revenues
	EUR 180 million cost of sales
Financial investment contribution	EUR 57 million tangible assets
	EUR 1 million capital expenditure
Total tax contribution	EUR 71 million

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 I&D Committee has some 80 volunteers engaged in Women, Race, Disabilities & Mental Health and LGBTQIA+. Philips Blumenau was recognized by DIO Digital Innovation One as the technology enterprise that generated most opportunity for people with disabilities.

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 the federal, state and municipal levels to discuss the digital transformation of health. Philips also attended stakeholder meetings as a board member of local medical technology trade associations.

^{*)} Philips-specific metric

China

Environmental

Net operational carbon footprint	0 kilotonnes CO₂-equivalent
Land use and ecological sensitivity	0 tonnes waste sent to landfill
Water withdrawal	192,594 m³
Circular revenues ^{*)}	8.1%

Social

Lives improved ^{*)}	474 million
Absolute number and rate of employment	8,170 employees, 17.0% employee turnover
Training provided	104,367 hours
Wage level	EUR 466 million employee benefit expenses

Governance

Economic contribution	EUR 2,117 million revenues
	EUR 1,345 million cost of sales
Financial investment contribution	EUR 459 million tangible assets
	EUR 38 million capital expenditure
Total tax contribution	EUR 334 million

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
- Holding shares or other equity instruments

Inclusion and diversity

Special care, including mental health support, was offered to over 2,000 employees during lockdown in a number of cities. The Women's Leadership Council was activated and launched the #Being Philips Becoming Shero Campaign, which is designed to inspire female professionals to make a bigger impact. Philips China topped several employer rankings in 2022.

Philips Foundation and volunteering

Philips Foundation continued collaborating with the Chinese Red Cross Foundation in cardiovascular emergency care, completing 6,439 certified training sessions. It also donated AED equipment and training as a total solution and launched the 'Heart-safe Campus' program at Peking Union Medical College to ensure the health and safety of students and teachers.

Stakeholder engagement

Philips continues to work with the China Center for International Exchange on the China Sustainable Development Blue Book, as well with the Peking Union Medical College Foundation and the Peking Union Medical Foundation to discuss the sustainable site management of campus and hospitals, development and training of medical leaders, and empowerment of female medical talents.

^{*)} Philips-specific metric

France

Environmental

Net operational carbon footprint	0 kilotonnes CO₂-equivalent
Land use and ecological sensitivity	- tonnes waste sent to landfill
Water withdrawal	- m³
Circular revenues ^{*)}	10.8%

Social

Lives improved ^{*)}	42 million
Absolute number and rate of employment	982 employees, 18.0% employee turnover
Training provided	15,108 hours
Wage level	EUR 115 million employee benefit expenses

Governance

Economic contribution	EUR 375 million revenues
	EUR 238 million cost of sales
Financial investment contribution	EUR 41 million tangible assets
	EUR 6 million capital expenditure
Total tax contribution	EUR 110 million

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

Philips scored an overall rating of 93/100 in the government index on gender equity at work. There is continued focus on building a pipeline of talented women. Communication efforts around invisible disability were intensified through a partnership with DCA Handicap to raise awareness among managers and employees. Further training was provided on topics such as Bias@Work.

Philips Foundation and volunteering

To heighten awareness among the French population about the dangers of cardiovascular disease, Philips Foundation continued to work 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 2022, Philips France continued to deliver on its commitment to the Ministry of Health to help accelerate the digital transformation of the healthcare system. We participate in all the projects led by the digital health agency (ANS) around the program 'Le Ségur du numérique'.

^{*)} Philips-specific metric

Germany

Environmental

Net operational carbon footprint	0 kilotonnes CO₂-equivalent
Land use and ecological sensitivity	0 tonnes waste sent to landfill
Water withdrawal	32,962 m³
Circular revenues ^{*)}	12.5%

Social

Lives improved ^{*)}	67 million
Absolute number and rate of employment	3,754 employees, 7.0% employee turnover
Training provided	39,686 hours
Wage level	EUR 424 million employee benefit expenses

Governance

Economic contribution	EUR 2,099 million revenues
	EUR 1,204 million cost of sales
Financial investment contribution	EUR 514 million tangible assets
	EUR 22 million capital expenditure
Total tax contribution	EUR 365 million

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

2022 saw a significant increase in promotions of female top talent to leadership positions, and a mentoring program for female talent was set up. I&D activities were organized around International Women's Day and World Refugee Day. Throughout the year, local Philips Women Lead Calls, Sustainability sessions and a meet-up on 'living and working with disabilities' took place.

Philips Foundation and volunteering

Philips Foundation and Pink Ribbon Deutschland have created a multilingual breast cancer awareness app focused on women with migrant backgrounds. It is available in seven languages, with others to follow. 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. In 2022, a broad communication campaign was rolled out, and work was done on additional content and interaction upgrades.

Stakeholder engagement

Philips has been working closely with the Ministry of Health (MoH), public institutions and industry associations to collect best practices and provide expertise for the MoH's upcoming National Digitalization Strategy. Philips also continues to liaise with the Federal State Governments and institutions, hospitals and solution partners to respond to the National Hospital Future Act (KHZG) project pipeline, foreseeing a large number of KHZG tenders in 2023.

^{*)} Philips-specific metric

India

Environmental

Net operational carbon footprint	0 kilotonnes CO₂-equivalent
Land use and ecological sensitivity	0 tonnes waste sent to landfill
Water withdrawal	15,850 m³
Circular revenues ^{*)}	12.2%

Social

Lives improved ^{*)}	87 million
Absolute number and rate of employment	9,234 employees, 17.0% employee turnover
Training provided	191,705 hours
Wage level	EUR 273 million employee benefit expenses

Governance

Economic contribution	EUR 850 million revenues
	EUR 408 million cost of sales
Financial investment contribution	EUR 240 million tangible assets
	EUR 14 million capital expenditure
Total tax contribution	EUR 152 million

Main business activities

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

Inclusion and diversity

ISC Philips Women's League held sessions on return to work and psychological, physical and financial well-being for over 5,000 colleagues. A formal mentoring program was launched for female employees. Philips secured a Bronze category award in the India Workplace Equality Index 2022 for its efforts towards LGBTQ+ inclusion.

Philips Foundation and volunteering

2022 saw the conclusion of a two-year collaboration between Philips Foundation, Save the Children India, social enterprise ZMQ Development and Philips India to develop and prove low-cost innovative approaches for prevention, diagnosis and management of childhood pneumonia. The project uses the ChARM (Children's Automated Respiration Monitor) device to aid pneumonia identification through automated respiratory rate measurement.

Stakeholder engagement

Philips presented to the Parliamentary Standing Committee on Health and Family Welfare and National Medical Device Promotion Council, discussing issues in the manufacturing, import and sales of high-end medical devices. Philips supported the compilation of approach papers on the Draft Medical Device Policy 2022, to reduce the regulatory burden for Ultrasound sales and marketing in India. Philips ensured business continuity by enabling postponement of the implementation of the amendment to India Specific Label (77E) by six months.

^{*)} Philips-specific metric

Japan

Environmental

Net operational carbon footprint	0 kilotonnes CO₂-equivalent
Land use and ecological sensitivity	- tonnes waste sent to landfill
Water withdrawal	- m³
Circular revenues ^{*)}	33.5%

Social

Lives improved ^{*)}	48 million
Absolute number and rate of employment	2,257 employees, 11.0% employee turnover
Training provided	19,107 hours
Wage level	EUR 158 million employee benefit expenses

Governance

Economic contribution	EUR 1,061 million revenues
	EUR 813 million cost of sales
Financial investment contribution	EUR 260 million tangible assets
	EUR 5 million capital expenditure
Total tax contribution	EUR 139 million

Main business activities

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

Inclusion and diversity

Breast and prostate cancer awareness events were held, with many employees of all ages and genders participating. Various I&D networking initiatives were conducted, as well as workshops on psychological safety and reverse mentoring aimed at creating a workplace where all employees can be themselves – #you are you.

Philips Foundation and volunteering

Improving cancer outcomes and survival rates is a key goal: measures for early detection through education and self-examination were implemented at our facilities during Pink Ribbon month and Movember. Together with local NPO organizations, Philips employees developed season's greetings cards to support pediatric patients who need to stay in hospital during the holiday season.

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 2022 will again be on Software as Medical Devices (SaMD) and cybersecurity. We are discussing the handling and authorization system for these through the Japan Federation of Medical Devices Associations.

^{*)} Philips-specific metric

Netherlands

Environmental

Net operational carbon footprint	0 kilotonnes CO₂-equivalent
Land use and ecological sensitivity	1 tonnes waste sent to landfill
Water withdrawal	82,419 m³
Circular revenues ^{*)}	5.9%

Social

Lives improved ^{*)}	17 million
Absolute number and rate of employment	10,807 employees, 10.0% employee turnover
Training provided	141,507 hours
Wage level	EUR 1,206 million employee benefit expenses

Governance

Economic contribution	EUR 8,194 million revenues
	EUR 5,073 million cost of sales
Financial investment contribution	EUR 1,512 million tangible assets
	EUR 74 million capital expenditure
Total tax contribution	EUR 490 million

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. 125 people took part in the Employment Scheme, which offers vulnerable external jobseekers work experience. The new European Black Employee Resource Group (eBERG) continued to develop.

Philips Foundation and volunteering

A volunteering program was rolled out together with Samen voor Eindhoven. Activities included receiving Ukrainian refugees and supporting elderly citizens. Some 600 employees took part. With support from Philips Foundation, a special app, the KLIK Pain Monitor, was developed by the Princess Máxima Center for Pediatric Oncology. This app is designed to help children and parents at home quickly get in touch with caregivers at painful moments.

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.

^{*)} Philips-specific metric

Poland

Environmental

Net operational carbon footprint	0 kilotonnes CO₂-equivalent
Land use and ecological sensitivity	- tonnes waste sent to landfill
Water withdrawal	- m³
Circular revenues ^{*)}	8.0%

Social

Lives improved ^{*)}	26 million
Absolute number and rate of employment	2,219 employees, 22.0% employee turnover
Training provided	40,685 hours
Wage level	EUR 76 million employee benefit expenses

Governance

Economic contribution	EUR 226 million revenues
	EUR 109 million cost of sales
Financial investment contribution	EUR 22 million tangible assets
	EUR 2 million capital expenditure
Total tax contribution	EUR 49 million

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 introduced the Employee Assistance Program to provide employees, their relatives and people leaders with psychological, financial, legal and professional counselling. We launched the Women's Network Poland, which brings together 300 female employees, to empower women to grow through coaching and experience sharing.

Philips Foundation and volunteering

Philips Foundation provided 65 patient monitors and 38 handheld diagnostic ultrasounds to organizations including the Polish Red Cross. It also helped cover some costs of temporary accommodation and settlement for Philips Ukraine employees and their relatives in Poland. Philips Poland provided the Polish Red Cross with 15,000 maternal and childcare units. Employees in Poland supported Ukrainian colleagues and their families by hosting them in their houses, providing transport from the border, and collecting food and other necessities for Ukrainian families arriving in Poland.

Stakeholder engagement

Philips has engaged strongly with NGOs and government organizations helping Ukraine. Philips and UNGC prepared the report 'Green hospitals in Poland'. Philips is discussing the digital transformation of health and oncology with the health authorities at the federal, state and municipal levels. Philips also attended stakeholder meetings as a board member of local medical technology trade associations.

^{*)} Philips-specific metric

United Kingdom

Environmental

Net operational carbon footprint	0 kilotonnes CO₂-equivalent
Land use and ecological sensitivity	- tonnes waste sent to landfill
Water withdrawal	- m³
Circular revenues ^{*)}	19.6%

Social

Lives improved ^{*)}	39 million
Absolute number and rate of employment	1,044 employees, 15.0% employee turnover
Training provided	13,813 hours
Wage level	EUR 104 million employee benefit expenses

Governance

Economic contribution	EUR 450 million revenues
	EUR 339 million cost of sales
Financial investment contribution	EUR 115 million tangible assets
	EUR 11 million capital expenditure
Total tax contribution	EUR 109 million

Main business activities

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

Inclusion and diversity

Employee events included living with disabilities, challenging gender stereotypes, and allyship. A UK chapter of the Philips Women Lead program was launched. We delivered psychological safety and bias at work training. We also maintained our focus on well-being, developing our mental health champions and menopause network, and training 95% of managers on employee mental health.

Philips Foundation and volunteering

Philips employees raised funds for the MIND charity, with 17 colleagues completing a 10-km sponsored walk. Philips signed the British Armed Forces Covenant and established an Armed Forces Network of volunteers, pledging support to past and current service personnel. Philips volunteers welcomed refugees to our UK headquarters, providing advice and holding practice interviews as part of our job-seeking mentoring program.

Stakeholder engagement

Philips continued to engage with the government, AXREM and the National Health Service (NHS) to support the transformation to more resilient health systems post-COVID. We maintain strong relations with the Association of British Health Technology Industries and the Office of Life Sciences and established partnerships with key academic institutions. Philips supported the commitment to help the NHS achieve its 'Net Zero' target through the launch of a circular economy report with the University of Exeter and the first sustainability workflow review with an NHS Hospital Trust. Philips published a further report on expanding diagnostic capacity in communities across England in partnership with Imperial College London.

^{*)} Philips-specific metric

United States

Environmental

Net operational carbon footprint	0 kilotonnes CO₂-equivalent
Land use and ecological sensitivity	0 tonnes waste sent to landfill
Water withdrawal	175,965 m³
Circular revenues ^{*)}	18.8%

Social

Lives improved ^{*)}	331 million
Absolute number and rate of employment	20,054 employees, 22.0% employee turnover
Training provided	364,217 hours
Wage level	EUR 3,029 million employee benefit expenses

Governance

Economic contribution	EUR 10,078 million revenues
	EUR 6,842 million cost of sales
Financial investment contribution	EUR 3,367 million tangible assets
	EUR 191 million capital expenditure
Total tax contribution	EUR 1,026 million

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 progressed on our two-year I&D strategy, including increasing representation of Black talent and women in leadership roles, launching mentoring programs, implementing mandatory I&D trainings, hosting safe space dialogues, and partnering with organizations serving people of color. We were recognized by the Human Rights Campaign's Corporate Equality Index as a 'best place to work' for LGBTQ employees.

Philips Foundation and volunteering

Philips organized several volunteer opportunities, including American Heart Association walks for 16 groups representing 1,000 Philips families/friends. Philips collaborated with MedShare on multiple initiatives, including donating personal health products to safety net clinics and shelters that see 25,000 people per week, donating medical equipment to relief organizations building temporary hospitals in Ukraine, and packing safe birthing kits for moms in underserved communities.

Stakeholder engagement

Philips connected with government and private sector leaders at a White House Cancer Moonshot. In partnership with the American Cancer Society, Philips hosted a workshop with 30 top minds in healthcare to address cancer care delivery in the home. Philips also represented the private health sector at a White House roundtable on climate change and formally signed the US Department of Health and Human Services (HHS) Climate Pledge. The company then brought together 12 leading healthcare providers to discuss addressing sustainability through circular practices.

^{*)} Philips-specific metric

