Annual Report 2022

ESG performance at a glance
### Environmental

**Green House Gas (GHG) emissions**
- 100% electricity from renewable sources
- 0 kilotonnes CO₂-equivalent (net operational carbon footprint)

**Taskforce on Climate-related Financial Disclosures (TCFD) implementation**
Updated 1.5, 2 and 4 °C global warming scenarios and assessed their impact on our supply chain, Philips and customers (disclosed in separate report)

**Land use and ecological sensitivity**
- 1 tonne waste sent to landfill
- All 23/23 industrial sites ‘Zero Waste to Landfill’ at year-end

**Water consumption and withdrawal in water-stressed areas**
- 677,632 m³ total water intake
- 224,627 m³ in water-stressed areas

**Circular revenues**
18.1% of revenues

**Closing the loop**
Closed the loop for over 3,400 systems returned to us

### Social

**Lives Improved**
1.81 billion, of which 202 million in underserved communities

**Diversity & Inclusion**
- 30% gender diversity in senior management positions
- 39% gender diversity in total workforce
- 77% Employee Engagement Index Score

**Pay equality**
- EDGE-certified for Gender Equality in the Netherlands
- US Nationwide Pay Equity project scheduled for 2023

**Wage level**
- EUR 6,952 million employee benefit expenses
- Philips pays all employees at least a living wage

**Risk for incidents of child, forced or compulsory labor**
Addressed in Philips GBP, Supplier Sustainability Declaration and Supplier Sustainability program

**Health & Safety**
- 0.23 Total Recordable Case rate per 100 FTEs
- 172 Total Recordable Cases

**Training provided**
- 1,880,416 training hours in Philips University
- 1,009,459 training completions

**Absolute number and rate of employment**
77,233 employees, 18% turnover

**Supplier development program**
296 companies, 459,000 employees impacted

**Volunteering**
29 new projects in 2022 reaching 26.0 million people

### Governance

**Setting purpose**
Philips’ purpose is to improve the health and well-being of people through meaningful innovation

**Governance body composition**
Philips has a Board of Management and an independent Supervisory Board

**Material issues impacting stakeholders**
Detailed double Materiality Analysis performed

**Anti-corruption**
62,000 employees completed General Business Principles training

**Protected ethics advice and reporting mechanisms**
Whistleblower mechanism in place

**Integrating risk and opportunity in business processes**
Included in Risk Management section

**Economic contribution**
- EUR 17,827 million revenues
- EUR 741 million dividend declared
- EUR 6.7 million contribution to Philips Foundation
- EUR 103 million government grants

**Financial investment contribution**
- EUR 2,638 million total tangible assets
- EUR 444 million capital expenditures on property, plant and equipment

**Total R&D expenses**
EUR 2.1 billion invested in R&D (11.8% of revenues)

**Total tax contribution**
EUR 3,469 million

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*) Philips-specific metric