

Annual Report 2022

ESG performance at a glance

Philips' ESG performance at a glance

Below we show how Philips performed in 2022 on the 21 Core metrics of the WEF ESG reporting framework, mapped to the three dimensions of our ESG commitments, as well as a number of additional Philips-specific metrics that we consider fundamental to the strategy and operation of our business.

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

^{*)} Philips-specific metric

