

Annual Report 2023

ESG by key country

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On the following pages we show how Philips performed in a number of key countries in 2023 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. In this section, revenues are on a stand-alone country basis (unconsolidated).

Brazil

Environmental

Net operational carbon footprint	0 kilotonnes CO₂-equivalent
Land use and ecological sensitivity	0 tonnes waste sent to landfill
Water withdrawal	4,892 m³
Circular revenues ^{*)}	9.3%

Social

Lives improved ^{*)}	104 million
Absolute number and rate of employment	1,840 employees, 21.8% employee turnover
Training provided	88,900 hours
Wage level	EUR 79 million employee benefit expenses

Governance

Economic contribution	EUR 271 million revenues
	EUR 172 million cost of sales
Financial investment contribution	EUR 65 million tangible assets
	EUR 3 million capital expenditure
Total tax contribution	EUR 75 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 115 volunteers engaged in Women, Race, Disabilities & Mental Health and LGBTQIA+, and Well-being. Philips Brazil has over 100 professionals with disabilities, and corporate meetings now have sign language interpreters. Focus remains on actions to increase psychological safety and well-being. In 2023, Philips Brazil delivered an internship program focused on Women in Tech and Race.

Philips Foundation and volunteering

Philips Foundation continued to partner with SAS Brazil in bringing 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. In 2023, new remote regions have been reached through the deployment of mobile health units.

Stakeholder engagement

Philips has engaged with health authorities at the federal, state and municipal levels to discuss the digital transformation of health and the development of innovative projects. 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	153,110 m³
Circular revenues ^{*)}	6.2%

Social

Lives improved ^{*)}	483 million
Absolute number and rate of employment	7,150 employees, 15.5% employee turnover
Training provided	332,682 hours
Wage level	EUR 398 million employee benefit expenses

Governance

Economic contribution	EUR 2,294 million revenues
	EUR 1,502 million cost of sales
Financial investment contribution	EUR 391 million tangible assets
	EUR 25 million capital expenditure
Total tax contribution	EUR 342 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

We continued to focus on gender diversity and achieved significant progress on women in leadership roles by building out our female talent pipeline. We are cultivating a culture of inclusion by rolling out our 'be yourself' storytelling campaign throughout the organization. We were recognized as a 'Top Employer' for the third consecutive year.

Philips Foundation and volunteering

Through a collaborative effort with the Chinese Red Cross Foundation, Philips Foundation and Tsinghua University introduced high-risk pregnancy referral cards in rural China to reduce neonatal mortality rates. These easy-to-understand visual aids – initially introduced in sub-Saharan Africa – empower expectant mothers to identify potential pregnancy risks and seek timely medical care.

Stakeholder engagement

Philips has collaborated with government entities at central and local level, stakeholders from trade associations and academic institutions to discuss how to build up a resilient and sustainable healthcare system. Philips also continues to engage healthcare professionals on green hospital development and raise awareness in the healthcare community.

^{*)} 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 ^{*)}	13.9%

Social

Lives improved ^{*)}	44 million
Absolute number and rate of employment	913 employees, 15.7% employee turnover
Training provided	28,571 hours
Wage level	EUR 122 million employee benefit expenses

Governance

Economic contribution	EUR 381 million revenues EUR 245 million cost of sales
Financial investment contribution	EUR 53 million tangible assets EUR 5 million capital expenditure
Total tax contribution	EUR 117 million

Main business activities

- Research and Development
- Holding and/or managing of intellectual property
- 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 94/100 in the government index on gender equity at work. There is continued focus on building a pipeline of talented women. Communication efforts around well-being and prevention of mental health problems were intensified with deployment of the project CARE. This project enables employees to attend meetings around mental health, physical health, disability, parenting, charity, and caring for others.

Philips Foundation and volunteering

Philips Foundation and Philips France did not deploy specific volunteering activities in 2023. Philips France followed the global initiatives like supporting the recovery from the earthquake in Turkey.

Stakeholder engagement

Philips France continued to help accelerate the digital transformation of the healthcare system, contributing to the deployment of the program 'Le Ségur du numérique'. It is also partnering with Assistance Publique-Hôpitaux de Paris, Hôpitaux Civils de Lyon and Incepto (a PACS AI application platform) to make Artificial Intelligence more accessible to radiologists.

^{*)} 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	33,698 m³
Circular revenues ^{*)}	16.5%

Social

Lives improved ^{*)}	70 million
Absolute number and rate of employment	3,520 employees, 9.7% employee turnover
Training provided	129,295 hours
Wage level	EUR 439 million employee benefit expenses

Governance

Economic contribution	EUR 2,114 million revenues
	EUR 1,142 million cost of sales
Financial investment contribution	EUR 520 million tangible assets
	EUR 16 million capital expenditure
Total tax contribution	EUR 167 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 embedded I&D in the recruitment process to include non-discriminatory gender-equitable language, jobs also being advertised part-time, safeguarding the rights of people with disabilities, and promoting an open-minded mindset among recruiters and decision-makers. We have active Employee Resource Groups at our German locations, including Philips Women Lead.

Philips Foundation and volunteering

In Hamburg, a substantial volunteer effort saw 70 Philips employees team up with 60 other volunteers to plant 3,150 native trees and shrub seedlings. Covering an area of 1,050 m², this initiative is poised to evolve into a self-sustaining forest by 2026. In December, in an initiative with Signify and Versuni, employees fulfilled more than 350 Christmas wishes for children from challenging backgrounds.

Stakeholder engagement

Philips has been working closely with industry associations to help shape the Ministry of Health's drafts for the 'Digital Law', 'Hospital Reform', and 'Health Data Use Act'. These drafts have also been discussed with members of the Bundestag. Philips continues to maintain good relations with hospitals, health institutions, and the Federal State Governments.

^{*)} 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	18,018 m³
Circular revenues ^{*)}	9.6%

Social

Lives improved ^{*)}	94 million
Absolute number and rate of employment	8,666 employees, 14.8% employee turnover
Training provided	368,871 hours
Wage level	EUR 269 million employee benefit expenses

Governance

Economic contribution	EUR 858 million revenues
	EUR 440 million cost of sales
Financial investment contribution	EUR 295 million tangible assets
	EUR 29 million capital expenditure
Total tax contribution	EUR 133 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 PCOS and Cancer awareness sessions and sponsored financial, psychological and medical expert consultations for over 1,000 colleagues. Philips won a Bronze category award in the India Workplace Equality Index for its diversity and inclusion efforts. Psychological Safety Week focused on creating awareness with the launch of the #yourvoicematters campaign.

Philips Foundation and volunteering

Employees fulfilled over 1,000 children's wishes through 'The Philips Wish Tree', donated 110 units of blood in a drive with the Armed Forces Medical College, and supported heart surgeries for 300 children. Additionally, they conducted a Telemedicine Drive in Varude Village and partnered with Rotary Indiranagar for pediatric heart surgeries.

Stakeholder engagement

Philips continues to work with industry associations and ministries to advance healthcare product regulations, sustainability initiatives, manufacturing and healthcare digital transformation. Furthermore, Philips inaugurated a state-of-the-art R&D facility in Bangalore in the presence of Karnataka's Chief Minister.

^{*)} 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 ^{*)}	32.4%

Social

Lives improved ^{*)}	49 million
Absolute number and rate of employment	2,003 employees, 13.9% employee turnover
Training provided	75,366 hours
Wage level	EUR 131 million employee benefit expenses

Governance

Economic contribution	EUR 986 million revenues
	EUR 765 million cost of sales
Financial investment contribution	EUR 297 million tangible assets
	EUR 6 million capital expenditure
Total tax contribution	EUR 129 million

Main business activities

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

Inclusion and diversity

To create an inclusive environment, employees from diverse backgrounds are introduced monthly as 'Our Shining Stars'. In 2023, various I&D initiatives were conducted to raise breast and prostate cancer awareness, learn about LGBTQ+ and psychological safety, and promote internal and external networking.

Philips Foundation and volunteering

Employees volunteered at the Yamathon Charity Event in Tokyo, with 21 participants completing a walk of the 30 stations of the JR Yamanote Line within 12 hours. This event raised JPY 8,500,000 for a children's hospice. At an internal event around the UN Sustainable Development Goals, employees focused on environmental efforts, cut fuel consumption by 4%.

Stakeholder engagement

Philips has been liaising with the Ministry of Health, Labor and Welfare on topics including reduction of healthcare professionals' working hours, digital transformation of healthcare, and reimbursement. Philips is a member of the European Business Council (EBC), one of Japan's main medical device trade associations, and represents EBC in a public-private study group developing government guidelines on sustainability of medical device supply.

^{*)} 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	72,173 m³
Circular revenues ^{*)}	5.7%

Social

Lives improved ^{*)}	18 million
Absolute number and rate of employment	8,882 employees, 19.2% employee turnover
Training provided	238,389 hours
Wage level	EUR 1,631 million employee benefit expenses

Governance

Economic contribution	EUR 8,282 million revenues
	EUR 5,360 million cost of sales
Financial investment contribution	EUR 1,523 million tangible assets
	EUR 58 million capital expenditure
Total tax contribution	EUR 418 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

The dedicated Health & Well-being program for the Netherlands was extended with a pilot program for people leaders. The Employability & Vitality program offered Neuro Diversity Coaching, a Generational Differences seminar and Coping with Menopause. Also, Gender Transition Leave was embedded in the new Collective Labor Agreement. Site-specific initiatives continued to develop, with the help of Employee Resource Groups.

Philips Foundation and volunteering

The Princess Máxima Center and Philips Foundation developed the KLIK Pain Monitor app. Children with cancer or their parents can self-report 'pain scores' at home 24 hours a day, thereby quickly getting in touch with caregivers from the Máxima Center. This app provides a sense of comfort to families, as they know that someone from the hospital is available to observe and provide advice.

Stakeholder engagement

Philips is a member of the European Round Table for Industry (ERT), which strives for a strong, open and competitive Europe. 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.

In 2023, Philips signed the Green Deal 3.0 'Working together on sustainable healthcare', supported by the Ministry of Health, Welfare and Sport, to share knowledge and contribute to the sustainable transition in healthcare.

^{*)} 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 ^{*)}	11.0%

Social

Lives improved ^{*)}	27 million
Absolute number and rate of employment	2,087 employees, 19.6% employee turnover
Training provided	58,182 hours
Wage level	EUR 78 million employee benefit expenses

Governance

Economic contribution	EUR 270 million revenues
	EUR 140 million cost of sales
Financial investment contribution	EUR 22 million tangible assets
	EUR 2 million capital expenditure
Total tax contribution	EUR 51 million

Main business activities

- 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 continue to support Philips Women Network Poland, with a focus on coaching to support the career development of women at Philips. We also organized over 200 ultrasound examinations and 40 prostate-specific antigen (PSA) tests for our employees as part of breast and prostate cancer awareness campaigns, Pink October and Movember.

Philips Foundation and volunteering

Philips Poland, together with other Eastern European countries, supported Ukrainian war victims by donating three advanced image-guided therapy systems to Ukraine. These systems, vital in performing low-invasive orthopedic and cardiovascular interventions, have been installed at a medical center conducting over 60,000 surgeries annually. Additionally, a new Philips Foundation project was established to create an educational program focused on positive health attitudes for young patients.

Stakeholder engagement

Philips Poland partnered 15 high-level representatives of Polish state hospitals on a study visit to the Netherlands, organized by the Think-Thank INNOWO to build awareness about innovative and sustainable healthcare solutions, technologies and processes. The English version of the 'Green hospitals' report by United Nations Global Compact Network Poland, of which Philips is a partner, was published. Philips also attended stakeholder meetings as a board member of local medical technology trade associations (POLMED, AmCham, NPCC).

^{*)} 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 ^{*)}	12.4%

Social

Lives improved ^{*)}	40 million
Absolute number and rate of employment	960 employees, 15.4% employee turnover
Training provided	39,708 hours
Wage level	EUR 95 million employee benefit expenses

Governance

Economic contribution	EUR 449 million revenues EUR 383 million cost of sales
Financial investment contribution	EUR 92 million tangible assets EUR 15 million capital expenditure
Total tax contribution	EUR 116 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

Philips made the 'Mental Health at Work Commitment', which is backed by a structured, long-term mental health action plan. Other diversity and inclusion activities included PRIDE, Black History Month and Cultural Awareness. We also achieved the next level of the 'Disability Confident Committed' Badge.

Philips Foundation and volunteering

The roll-out of Philips UK & Ireland's refugee program continued in 2023, with opportunities for refugees to attend career workshops and soft-skills training programs at one of Philips' offices. The program provided job-seeking and mentoring support, with opportunities to exchange experiences and build connections with mentoring volunteers. Employees also contributed to communities via volunteering days and events organized by the Philips UKI Armed Forces Network.

Stakeholder engagement

Philips continues to champion health system transformation, engaging with the government, AXREM and the NHS to help create a health system fit for the future through medical innovations with sustainable impact. Relations are maintained with the Association of British Health Technology Industries and Office of Life Sciences, and partnerships established with key academic institutions. In October, Philips UKI was named 'Company of the Year' at the Better Society National Sustainability Awards.

^{*)} 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	183,970 m³
Circular revenues ^{*)}	20.2%

Social

Lives improved ^{*)}	333 million
Absolute number and rate of employment	17,541 employees, 18.8% employee turnover
Training provided	912,160 hours
Wage level	EUR 2,720 million employee benefit expenses

Governance

Economic contribution	EUR 10,162 million revenues
	EUR 6,515 million cost of sales
Financial investment contribution	EUR 2,719 million tangible assets
	EUR 122 million capital expenditure
Total tax contribution	EUR 796 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 I&D strategy, including increasing representation of under-represented talent, with a focus on Black and Latinx talent and women in leadership roles, increasing retention of internal diverse talent, and embedding inclusion, equity and belonging into the employee experience. We received multiple recognitions as a 'best place to work', e.g. on Forbes' Best Employer for Women, Best Employers for Diversity, and World's Best Employers rankings.

Philips Foundation and volunteering

Philips Foundation and Philips North America entered into a new partnership with March of Dimes to improve access to and quality of care for women and infants in the US. This collaboration involves equipping three mobile health trucks with handheld ultrasound devices and telehealth capabilities, specifically targeting women of childbearing age in underserved communities.

Stakeholder engagement

Philips connected with government leaders and key stakeholders at the federal and state level to advance our maternal health and remote monitoring solutions. Philips also continues to engage with the US Department of Health & Human Services' Office of Climate Change and Health Equity to discuss how to make healthcare more sustainable.

^{*)} Philips-specific metric

