Annual Report 2023

ESG performance at a glance
Philips’ ESG performance at a glance

Below we show how Philips performed in 2023 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**
- 2.7 tonnes waste sent to landfill
- All 23/23 industrial sites ‘Zero Waste to Landfill’ at year-end

**Water consumption and withdrawal in water-stressed areas**
- 661,076 m³ total water intake
- 211,063 m³ in water-stressed areas

**Circular revenues**
20.0% of revenues

**Closing the loop**
We reclaimed more than 11,500 systems or pieces of equipment in 2023

### Social

**Lives Improved**
1.88 billion, of which 221 million in underserved communities

**Diversity & Inclusion**
- 31.4% gender diversity in senior management positions
- 39% gender diversity in total workforce
- 73% Employee Engagement Index Score

**Pay equality**
US Nationwide Pay Equity project completed in 2023

**Wage level**
- EUR 6,903 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**
- 0.24 Total Recordable Case rate per 100 FTEs
- 172 Total Recordable Cases

**Training provided**
- 2,987,260 training hours in Philips University
- 3,578,199 training completions

**Absolute number and rate of employment**
69,656 employees, 17.6% turnover

**Supplier development program**
392 companies, 723,000 employees impacted

### 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**
60,000 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 18,169 million revenues
- EUR 749 million dividend declared
- EUR 6.7 million contribution to Philips Foundation
- EUR 95 million government grants

**Financial investment contribution**
- EUR 2,483 million total tangible assets
- EUR 345 million capital expenditures on property, plant and equipment

**Total R&D expenses**
EUR 1.9 billion invested in R&D (10.4% of revenues)

**Total tax contribution**
EUR 3,051 million