Annual Report 2023

How we create value with sustainable impact
**How we create value with sustainable impact**

The overview below is based on the International Integrated Reporting Council framework and includes resource inputs, value outcomes and societal impact across various financial and Environmental, Social and Governance (ESG) dimensions.

### Resource inputs

**Human**
- Employees 69,656, 120-plus nationalities, 39% female
- Training 3,670,963 courses, 2,987,260 hours, 3,578,199 training completions
- 30,558 employees in Growth geographies
- Focus on Inclusion & Diversity

**Intellectual**
- Invested in R&D EUR 1.9 billion (Green/EcoDesigned Innovation EUR 142 million)
- Employees in R&D 10,833

**Financial**
- Equity EUR 12.1 billion
- Net debt 1) EUR 5.8 billion

**Manufacturing**
- Employees in production 35,281
- Industrial sites 23, cost of materials used EUR 4.6 billion
- Total assets EUR 29 billion
- Capital expenditures on property, plant and equipment EUR 345 million

**Natural**
- Energy used in manufacturing 322,532 megawatt hours
- Water used 661,076 m$^3$
- ‘Closing the loop’ on all our professional medical equipment by 2025

**Social**
- Philips Foundation
- Stakeholder engagement
- Volunteering policy

1) Non-IFRS financial measure. For the definition and reconciliation of the most directly comparable IFRS measure, refer to Reconciliation of non-IFRS information, starting on page 289 of the 2023 Philips Annual Report.

### Value outcomes

**Human**
- Employee Engagement Index 73% favorable
- Sales per employee EUR 260,840
- Safety 172 Total Recordable Cases

**Intellectual**
- New patent filings 795
- Royalties EUR 434.2 million
- 160 design awards for the Philips brand

**Financial**
- Comparable sales growth 1) 6.0%
- Adjusted EBITA 1) as a % of sales 10.6%
- Free cash flow 1) EUR 1,582 million

**Manufacturing**
- EUR 12.4 billion revenues from goods sold

**Natural**
- 70.5% Green/EcoDesigned Revenues
- 20.0% revenues from circular propositions
- Net CO₂ emissions from own operations down to zero kilotones
- 107,000 tonnes (estimated) from products, parts and packaging used to put products on the market
- Waste 19,375 tonnes, of which 91% recirculated

**Social**
- Brand value USD 11.2 billion (Interbrand)
- Partnerships with UNICEF, Red Cross, Amref and Ashoka

### Societal impact

**Human**
- Employee benefit expenses EUR 6,903 million, all staff paid at least a Living Wage
- Appointed 81% of our senior positions from internal sources
- 31% of Leadership positions held by women

**Intellectual**
- Around 48% of revenues from new products and solutions introduced in the last three years
- Approximately 70% of sales from leadership positions

**Financial**
- Market capitalization EUR 19 billion at year-end
- Long-term credit rating BBB+, Baa1, BBB+**
- Dividend EUR 749 million

**Manufacturing**
- 100% electricity from renewable sources

**Natural**
- Environmental impact of Philips operations up to EUR 261 million
- All 23/23 industrial sites ‘Zero Waste to Landfill’ at year-end 2023
- Updated CO₂ reductions approved by the Science Based Targets initiative

**Social**
- 1.88 billion Lives Improved, of which 221 million in underserved communities (including 1.4 million via Philips Foundation)
- 723,000 employees impacted at suppliers participating in the ‘Beyond Auditing’ program
- Total tax contribution EUR 3,051 million (taxes paid/withheld)
- Corporate income tax paid EUR 152 million

1) Fitch, 2) Moody’s, 3) Standards & Poor’s