

# PHILIPS

sense **and** simplicity

Royal Philips

*Creating value through Sustainability*

Ministry of Foreign Affairs – OECD Guidelines

The Hague

June 18<sup>th</sup>, 2013

At Philips we strive to make the world healthier and more sustainable through innovation



We will be the best place to work for people who share our passion

Together we will deliver superior value for our customers and shareholders

Improving people's lives through meaningful innovation

# Sustainability: the two sided coin

## Driver – EcoVision program

### Accelerating growth



- Green products sales
- Business development and innovation
- Strategic supplier development
- Green Marketing & communication
- Brand value
- Employee engagement and pride

### Managing risks and reputation



- Product environmental compliance
- Green manufacturing (including H&S)
- Supplier audits
- Stakeholder management (e.g. NGOs)
- Reporting (e.g., Annual Report, DJSI)
- General Business Principles as fundament

## From .... OECD Guidelines

- Human Rights
- Employment and Industrial Relations
- Environment
- Combating Bribery, Bribe Solicitation and Extortion
- Consumer Interests
- Science and Technology
- Competition
- Taxation

## To .... implementation

- Stay close to the strategy of your company – you need to explain your business to a diverse range of stakeholders
- Focus on materiality – there is so much to tell, but what is really relevant for your company/where can you make an impact
  - E.g. Human rights in the Netherlands? German supply chain?
- Consider an integrated report – this forces you to report on the financial, social and environmental aspects of your business
- Use standards/frameworks that are available – e.g. GRI, IIRC
- Investigate what other “advanced” companies are doing – e.g. NovoNordisk, DSM, AkzoNobel, and Philips

# Some examples ([www.annualreport2012.philips.com](http://www.annualreport2012.philips.com))

## Material issues and our focus

Based on ongoing trend analysis and stakeholder input, we identify the key material issues for our company from a sustainability perspective. We have mapped the issues in the table below, taking into account the:

- level of concern to society at large and stakeholders, versus impact on Philips, and
- level of control or influence we can have on an issue through our operations and products/solutions.

This is a dynamic process, as we continuously monitor the world around us. We develop our policies and programs based on our findings. The results have been reviewed and approved by the Sustainability Board.

## Key material issues

	Reference <sup>1)</sup>
<b>Environmental</b>	
- Climate change	<a href="#">The power to make a difference</a> <a href="#">Environmental performance</a> <a href="#">EcoVision</a>
- Energy management	<a href="#">Re-inventing lighting for consumers</a> <a href="#">The power to make a difference</a> <a href="#">Environmental performance</a>
- Clean technologies	<a href="#">Philips Group Innovation</a>
- Collection and recycling (waste)	<a href="#">Group strategic focus</a> <a href="#">The power to make a difference</a> <a href="#">Environmental performance</a> <a href="#">EcoVision</a>
- Limited natural resources and resource efficiency	<a href="#">Group strategic focus</a> <a href="#">The power to make a difference</a> <a href="#">Environmental performance</a> <a href="#">EcoVision</a>
- Decreasing biodiversity (including wood and paper sources)	<a href="#">Sustainability statements</a>
- Water scarcity	<a href="#">Sustainability statements</a>

Performance highlights

Message from the CEO

### ▼ Group performance

► Financial performance

### ▼ Social performance

Improving people's lives

Employee engagement

Diversity and inclusion

Employment

### Developing our people

Health and Safety

General Business Principles

Social Investment Programs

Stakeholder engagement

Supplier sustainability

Conflict minerals: issues further down the chain

## Developing our people

With 2012 being a year of focus on all learning methodologies, including classroom, coaching, mobile learning and on-the-job experience, we recorded over 43,000 enrollments in personal effectiveness and leadership programs available through the Learning Portal, an increase compared to 39,500 in 2011. Some 5,500 employees participated in personal effectiveness workshops delivered across the world by Philips accredited internal facilitators.

Enrollment in functional curricula programs, including Marketing, Finance, IT, Sales, HR, Procurement and Innovation, decreased slightly to 24,000 compared to 25,000 in 2011. Many functional curricula are tied to mandatory learning plans designed to increase our organizational capability. In 2012, we also introduced local market programs with specific training modules for our staff in various geographies, including China, India, Africa and Russia, for which there have been some 13,500 enrollments to date.

number of enrollments

 [Download XLS](#)

	2008	2009	2010	2011	2012
Core Curriculum programs	10,000	5,500	20,000	39,500	43,000

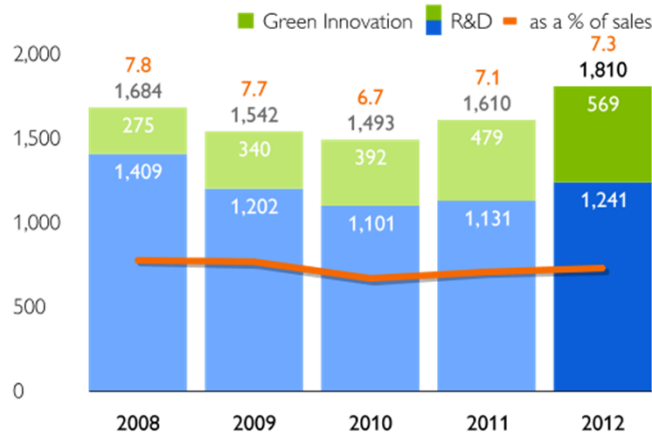
In 2012, we also introduced a new service – getAbstract – a comprehensive library of compressed knowledge including over 7,000 relevant business book summaries from leading business authors. getAbstract releases over 50 abstracts each month, ensuring fresh content is always available for users. With the service successfully launched in May 2012 we registered 86,000 downloaded book summaries, in the form of PDF, downloaded to mobile devices or MP3.

The Octagon program concluded in 2012 involved 31 participants who completed eight business projects sponsored by senior business leaders targeting growth geographies, the US and South Africa.

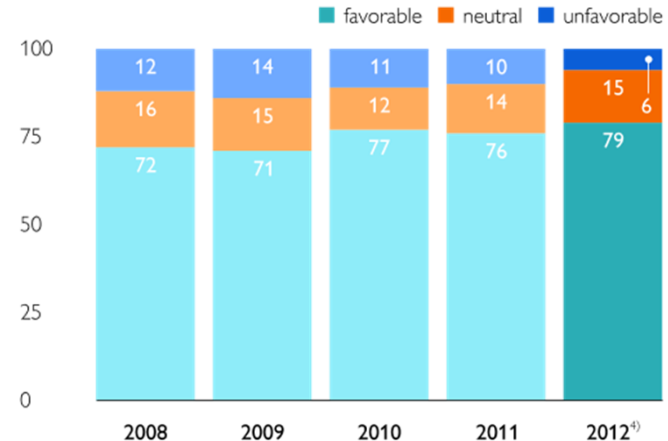
The Accelerated Leadership Program (ALP) was conducted for over 700 leaders from 40 teams

# Some other highlights from Annual Report 2012

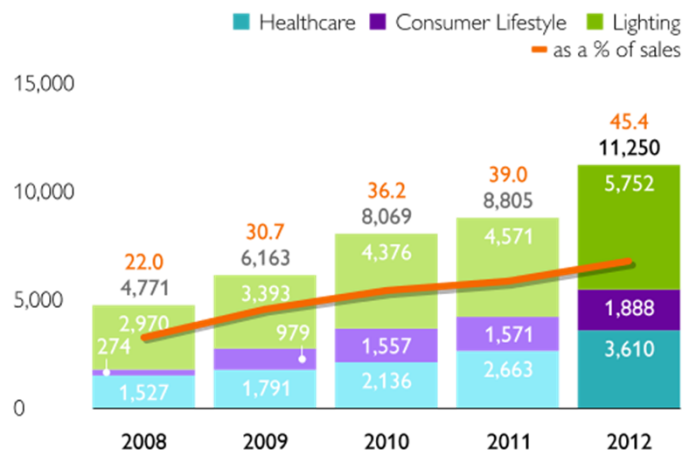
**Research and development expenses**  
in millions of euros



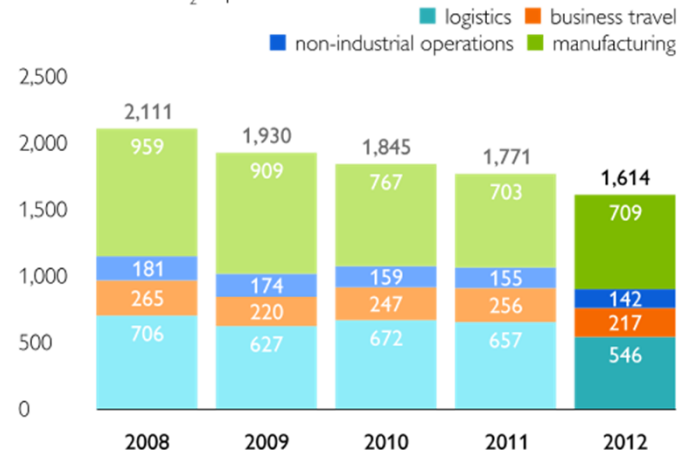
**Employee Engagement Index**  
in %



**Green Product sales per sector**  
in millions of euros



**Operational carbon footprint**  
in kilotonnes CO<sub>2</sub>-equivalent



## Some Sustainability highlights from 2012 and 2013



Thought leaders at Rio+20,  
launch of LED revolution



Partner of the year with 269  
ENERGY STAR products



DJSI Supersector leader  
2012-2013



Sourced conflict-free tin  
from Congo



100 "Light Centers" during  
Cairo to Cape Town tour



#7 in 2013 list of 100 Global  
Most Sustainable Corporations



