

# Environment, Social and Governance (ESG) dimensions that guide our actions

## Environment



**Act responsibly towards our planet**

## Social



**Improve people's health and well-being** through meaningful innovation

**Act responsibly** towards society

**Partner** with our stakeholders

## Governance



**Deliver superior long-term value for our customers and shareholders**

Live up to the **highest standards of ethics and governance** in our culture and practices

# Doing business responsibly and sustainably

Our key ESG commitments



Environment	Social	Governance
<p>We will maintain carbon neutrality and use 75% renewable energy in our operations by 2025. We will reduce CO<sub>2</sub> emissions in our entire value chain in line with a 1.5 °C global warming scenario (based on Science Based Targets).</p>	<p>We aim to improve the health and well-being of 2 billion people per year by 2025, including 300 million people in underserved communities.</p>	<p>Our management structure and governance combines responsible leadership and independent supervision.</p>
<p>We will generate 25% of our revenue from circular products, services and solutions, offer a trade-in on all professional medical equipment, and take care of responsible repurposing, by 2025.</p>	<p>It is our strategy to lead with innovative solutions along the health continuum – helping our customers deliver on the Quadruple Aim (better health outcomes, a better experience for patients and staff, lower cost of care) and helping people take better care of their health.</p>	<p>The Philips Business System is our integrated operating model. It defines how we work together to delight our customers and achieve our company goals, leveraging our global scale and capabilities.</p>
<p>We will embed circular practices at our sites and put zero waste to landfill by 2025.</p>	<p>We aim to be the best place to work for our employees, providing opportunities for learning and development, embracing diversity and inclusion, and assuring a safe and healthy work environment. We pay at least a living wage and aim for employee engagement above the high-performance norm.</p>	<p>We are committed to delivering the highest-quality products, services and solutions compliant with all applicable laws and standards.</p> <p>Our remuneration policy is designed to encourage employees to deliver on our purpose and strategy and create stakeholder value, and to motivate and retain them. Our executive long-term incentive plan includes environmental and social commitments.</p>
<p>All new product introductions will fulfill our EcoDesign requirements by 2025, with ‘Eco-Heroes’ accounting for 25% of revenues.</p>	<p>Through our supplier development program we will improve the lives of 1,000,000 workers in our supply chain by 2025.</p>	<p>We ensure ethical behavior through our General Business Principles, with a strong compliance and reporting framework.</p>
<p>We work with our suppliers to reduce the environmental footprint of our supply chain in line with a 1.5 °C global warming scenario (based on Science Based Targets).</p>	<p>We actively engage with and support the communities in which we operate, e.g. through volunteering, internships, STEM (Science, Technology, Engineering, Mathematics) initiatives. We contribute to the Philips Foundation, which aims to provide access to quality healthcare for disadvantaged communities.</p>	<p>Our risk management is designed to provide reasonable assurance that strategic and operational objectives are met, legal requirements complied with, and the integrity of the company’s reporting and related disclosures safeguarded.</p>
<p>We engage with our stakeholders and other companies to drive sustainability efforts addressing the United Nations Sustainable Development Goals.</p>	<p>We consider our tax payments as a contribution to the communities in which we operate, as part of our social value creation.</p>	<p>We are transparent about our plans, activities, results and contributions to society (e.g. tax reporting), and engage with shareholders, customers, business partners, governments and regulators through a variety of platforms.</p>