



PHILIPS

Driving the transition to the circular economy

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Jaarcongres Circulaire-IT 2022

innovation  you

Especially designed for
PHILIPS



Our purpose

As a leading health technology company, it is our purpose to improve people's health and well-being through meaningful innovation. We aim to improve 2.5 billion lives per year by 2030.

We will be the best place to work for people who share our passion, promoting personal development, inclusion and diversity.

Together we will deliver superior, long-term value to our customers and shareholders, while acting responsibly towards our planet and society, in partnership with our stakeholders.

There is a growing demand from our key stakeholders to take responsibility



Investors expecting companies to have a lasting positive impact on society and the planet



Retailers stepping up on sustainability



Customers increasingly asking us to help them tackle their sustainability challenges, e.g. through tender requests



Consumers expecting companies to take responsibility for their environmental and social impact



Regulators sharpening requirements around ESG performance and defining standards and metrics for ESG reporting

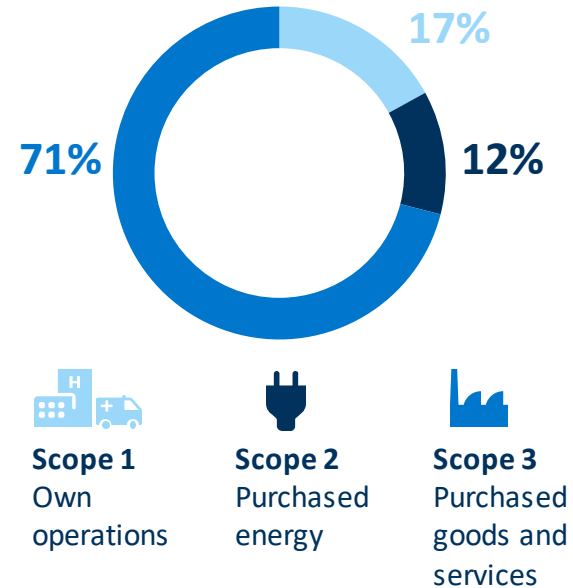


Employees looking for purpose in their work

Towards sustainable healthcare

- Healthcare accounts for 4.4% of global CO₂ emissions¹ – more than the aviation or shipping industry.
- Healthcare uses 10% of materials used globally every year²
- Hospitals produce 13 kg waste per bed per day, of which 15-25% hazardous waste³.
- The supply chain (scope 3) is responsible for 71% of CO₂ emissions within the EU¹.

Together, by addressing our environmental responsibility, we can build sustainable healthcare.



Global healthcare CO₂ footprint split by Greenhouse Gas Protocol scopes¹

The way we consume materials creates significant environmental challenges



40-50% of global CO₂ emissions come from materials extraction, supply, and the manufacture of equipment¹



More than 90% of biodiversity loss is due to the extraction and processing of natural resources²



Electronic waste equivalent to the weight of 4,500 Eiffel Towers is generated each year, causing severe pollution and health hazards³

Our ambitious circular economy objectives for 2025

25%

of sales from circular products, services and solutions

Further embed circular practices at our sites* and continue to send **zero** waste to landfill

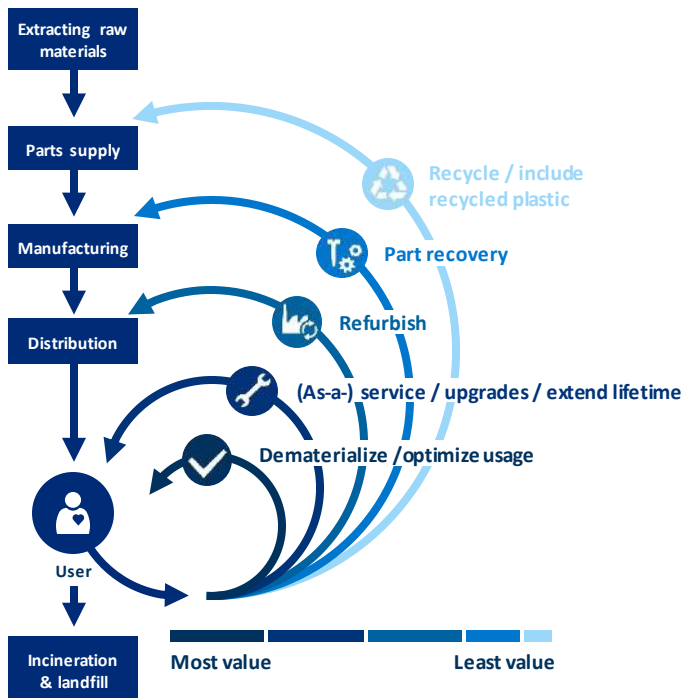
Close the loop by offering a trade-in on all professional medical equipment, and taking care of responsible end-of-use management**

All our new products designed in line with our EcoDesign requirements

* including non-manufacturing sites, such as large offices, warehouses and R&D facilities

** either refurbished at Philips, or locally recycled in line with Philips policies

From a take-make-waste approach to a circular economy



USE LESS,

USE LONGER,

USE AGAIN

How we are driving towards a circular economy in our products, software, services, and at our sites



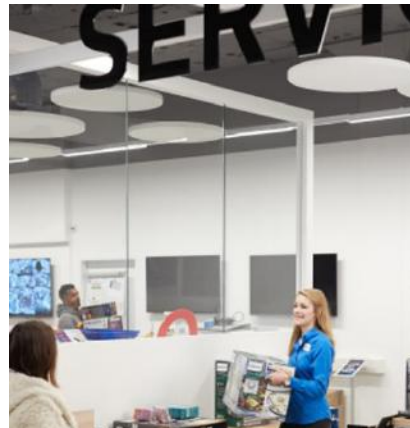
We keep our hardware, including consumables, at maximum value in the value chain for as long as possible



We use our software to get to a more resource-efficient world



We drive our services to become more circular



We further embed circular practices across our sites and offices

Closing the loop at end of use

In 2020 we delivered on our pledge to 'close the loop' on our large medical systems.
For 2025, we have extended our commitment to all professional medical equipment.

What does 'closing the loop' mean?

- We will offer a trade-in on all our professional medical equipment
- We will ensure that all traded-in systems are repurposed in a responsible way

Philips IntelliVue patient monitor



Philips EPIQ Elite ultrasound



Digitalization offers...

... significant sustainability benefits ...



84% less power used with cloud providers vs on-premises



65% server utilization vs 15% on-premises requiring $\frac{1}{4}$ of the servers



Philips TASY can result in savings of 15 tons of CO₂ emissions from remote installment compared to onsite*

but also has an environmental impact



14% GHG emission goes to ICT by 2040 (currently 2%)



8% of electricity will be consumed by data centers in 2030



1 million tons of waste will be generated by data centers in the form of end-of-life servers by 2023

We can strike a balance that bring significant material and energy savings, benefiting both our customers and the planet

* Result from one case study with a customer in Brazil. Outcomes can vary from case to case due to circumstances; supporting material available from Philips

Philips digital solutions help reduce environmental footprint



Software based remote
interaction



Software improving
equipment utilization and
capacity



Software on Cloud



Software replacing use of
specialized hardware





Helping our customers reduce waste – stepping up with sustainable solutions for medical consumables

- Working together with customers to optimize the lifetime of medical consumables materials and minimize unnecessary disposal
- Introduction of service-based business models
- Apply EcoDesign principles to our consumables portfolio



Uitvoeringsprogramma
Circulaire Economie 2021-2023



Partnering
with customers, front-
runners, governments,
NGOs, and other
stakeholders
to drive change at scale

