


PHILIPS

Driving sustainable healthcare

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innovation  you

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Agenda

- Philips ESG achievements and commitments
- EcoDesign & Innovation
- Circular Economy
- Partnering to drive sustainable healthcare



The need for sustainable healthcare

- **~50% of global population** lacks access to full coverage of essential healthcare services¹
- **Healthcare systems** account for **4.4% of global CO₂ emissions**², more than aviation or the shipping industry.
- Healthcare uses **10% of materials used globally** every year³
- Hospitals produce **13 kg waste per bed per day**, of which 15-25% hazardous waste⁴
- **24% of healthcare leaders** worldwide already now **prioritize** environmental sustainability, versus just 4% in 2021⁵.

1. World Bank (2017) Tracking universal health coverage: 2017 global monitoring report. Washington, D.C.: World Bank Group

2. Health Care Without Harm (2019). [HealthCaresClimateFootprint_092319.pdf](https://www.healthcaresclimatefootprint.org/092319.pdf) (noharm-global.org)

3. Circular Economy – Circularity Gap Report 2020

4. Practice Green Health, USA, <https://practicegreenhealth.org/topics/waste/waste-0>

5. Future Health Index, Philips 2022 [Healthcare hits reset – Future Health Index 2022](https://www.futurehealthindex.com/2022)



Sustainability at Philips: a long-standing commitment

Social programs for employees since 1891 and Environmental agenda since 1970's

The **first health tech company** with SBTi approved carbon emission reduction targets for all Scopes (1, 2, 3) incl supply chain, in line with 1.5°C global warming scenario.



1.88 billion people reached with our products & services incl **221 mln** in under-served countries in 2023



18% circular revenue
91% of operational waste recirculated and **Zero Waste to Landfill** at all 23 Philips manufacturing sites in 2023



Carbon neutral operations (sites, travel & logistics) and **100%** Renewable electricity for all sites since end 2020



46% of our purchases in 2023 from suppliers with science-based climate targets

Through 4 core sustainability programs...



Access to Care & Health Equity



Circular Economy & EcoDesign



Climate Action



Natural Capital & Biodiversity

*See slide 12 for more information on terminology and where to go to find out more.

Our ambitious targets for 2025



Health and well-being for all

- We aim to improve the health and well-being of 2 billion people per year through meaningful innovation
- As part of this, we aim to enable access to care for 300 million people in underserved communities



Circular economy

- We aim to generate 25% of our revenue from products, services and solutions that contribute to circularity
- We will offer responsible take-back on all professional medical equipment*
- We continue to embed circular practices at our sites** and put zero waste to landfill



Climate action

- We aim to reduce CO₂ emissions in our entire value chain in line with a 1.5 °C global warming scenario (based on Science Based Targets)
- We aim to maintain carbon neutrality and use 75% renewable energy in our operations



Partnerships

- We continue to team up with our partners to deliver sustainable value and drive global change
- We aim to improve the lives of 1 million workers in our supply chain and reduce its environmental footprint



Enablers

- We will design all new product introductions in line with our EcoDesign requirements, and we aim for 'EcoHeroes' to account for 25% of hardware revenues
- We consistently embed sustainable practices in our ways of working

*This means we are embedding a policy to responsibly take-back all professional medical equipment sold directly to customers as part of a trade-in offer or as a service at customer request. As part of the policy, we will ensure that equipment coming back to us is, where feasible, made available for refurbishment and/or parts recovery, or locally recycled in a certified way to ensure it does not end up in landfill.

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



EcoDesign

Our products account for 90% of our total environmental impact.

We are continuously working to improve energy efficiency, avoid the use of hazardous substances and optimize the use of scarce resources, materials and packaging across the product life cycle, in line with our climate action and circular economy ambitions.



With EcoDesign, we embed sustainability in our innovation processes

By 2025, all new product introductions will fulfill our EcoDesign requirements



Efficient battery charger



Free of PVC, brominated flame retardants, bisphenol-A and phthalates



FSC-certified cardboard packaging and recycled PET plastic packaging



Rental option: double electronic breast pump encouraging re-use and extending product lifecycle



PowerSave, automatically switches to stand-by mode



System helium content from 1500 to 7 L and fully sealed; no refill during lifetime

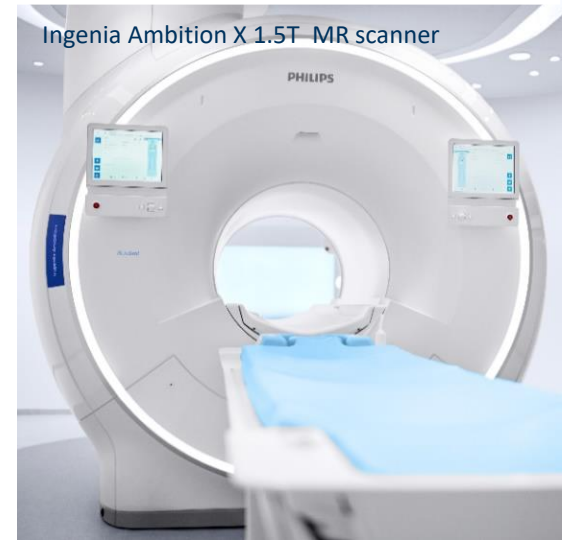


900 kg reduction in magnet weight compared to Ingenia 1.5T ZBO magnet



Avent electronic breast pump

Ingenia Ambition X 1.5T - MR scanner





The new reality

Helium-free MR operations

BlueSeal magnet requires **<0.5% of liquid helium for cooling** of the magnet¹, minimizing the consumption of this scarce resource

A magnet based on 'sealed' technology requires

0 helium refill over the lifetime²

With over 1,060 units installed globally, MRI scanners equipped with **Philips' BlueSeal magnet** technology have already **saved more than 1.9 million liters of helium**, since 2018.

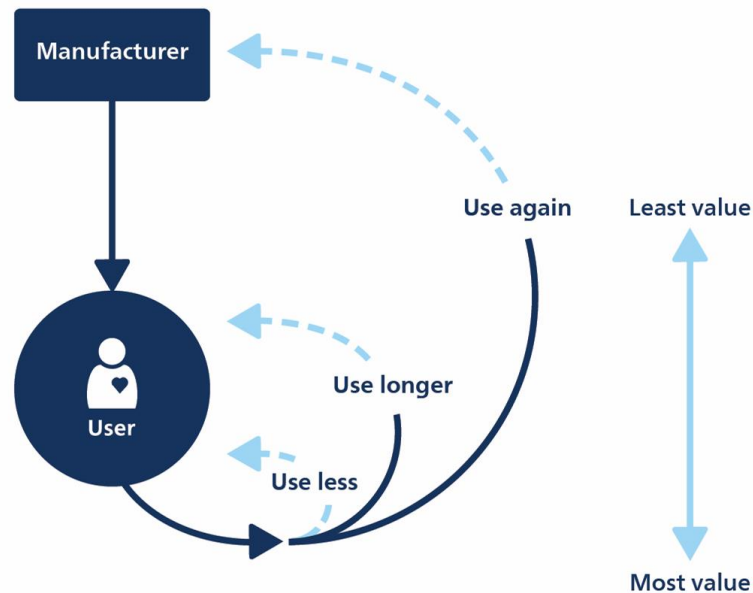
1 Compared to the Ingenia 1.5T zero boil-off magnet | 2 Compared to Philips conventional systems, with average annual refilling over a 10yr lifetime | 3 The amount of liquid helium saved is a calculation compared to a classic magnet with 1,500 liters of helium.

Circular Economy

Our circularity ambition is to help our customers 'do more with less'.

We do this through our circularity principles:

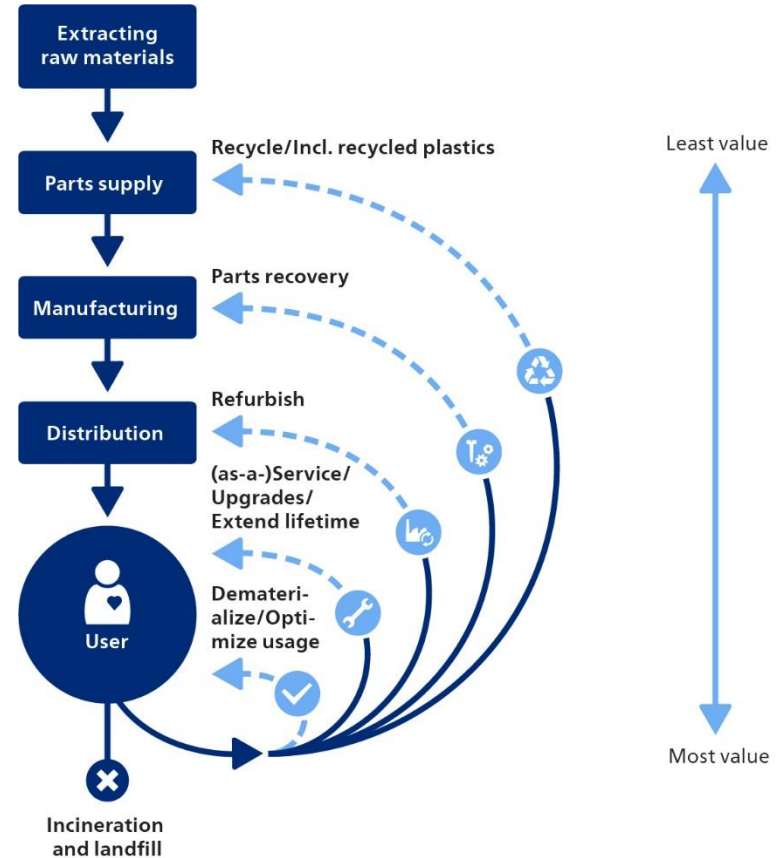
- Use less
- Use longer
- Use again



Doing more with less

We are maximizing the lifetime value of our products and solutions while minimizing the use of materials and resources and eliminating waste.

We do this through circular product design, smart digital solutions, innovative service models, and responsible (end-of-use) management of materials and products.





Reduce power consumption

SmartSpeed faster scanning



Re-use your existing magnet

Upgrade to the next generation of MR

MR SmartPath program

Save CO₂ emissions

Save the costs of transporting, lifting and installing a new magnet

Extend the lifetime of your equipment

Closing the Loop on medical equipment at end-of-use

Our pledge

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**.

In 2023, we reclaimed more than **11,500** systems or pieces of equipment.

What does 'closing the loop' mean?

We are embedding a policy to **responsibly take-back all professional medical equipment** sold directly to customers as part of a trade-in offer or as a service at customer request.

As part of the policy, we will ensure that equipment coming back to us is, where feasible, made available for refurbishment and/or parts recovery, or locally recycled in a certified way to **ensure it does not end up in landfill**.

Examples of medical equipment



Our circular ecosystem creates great value for both existing and new customers

Trade-in & take-back

We are committed to taking back Philips systems when customers are ready to return them to us, as a service or as part of a trade-in offer



Refurbishment

Philips systems that meet our requirements are refurbished and transformed into Circular Edition refurbished systems. Circular Edition systems offer quality as good as new, with same-as-new warranty and support, at a reduced price point.



Circular Edition



Parts recovery

Other systems still have value because of parts that can be recovered. These parts are thoroughly tested, after which they can be used as spare parts in our service organization.



Recycling

If we cannot refurbish or recover, systems are locally recycled by our certified global recycling partner network, to ensure systems do not end up in landfill.



Rethink 'new' with Philips Circular Edition

The Philips Circular Edition portfolio offers **high-quality refurbished medical imaging systems**. These Circular Edition systems are on average **25% lower in price*** compared to similar new Philips systems, without compromising on quality and performance. With **the same warranty, service and training** as any new Philips system, and a **reduced carbon footprint**, it is a **sustainable solution** that is as good as new.

More value for money



As pressure on healthcare spending increases, it is a **cost-effective solution** that offers a better return on investment, with average **prices 25% lower*** compared to new.

As good as new



Circular Edition systems are **custom configurable** and come with the same **high quality, support and warranty** as any new Philips system.

A sustainable solution



Reusing 79% average weight** of returned systems, circular systems reduce the need to extract virgin materials and empower a circular economy.

*Average cost savings compared to the purchase price of a similar new Philips system. Pricing depends on modality, product type, configuration, and other factors.

** Based on the average weight re-use percentage per system for Philips MR, CT, Mobile Surgery & Image Guided Therapy refurbished systems in 2023. Results may vary based on amount, type, mix and age of returned systems.



A sustainable solution

Philips Circular Edition systems are a sustainable solution that empowers a circular economy

As demand on healthcare grows and pressure on our environmental ecosystem increases, Circular Edition systems reduce the carbon footprint by using less resources and drive the transition to a circular economy

Lower carbon footprint

by reusing 79% in average material weight*, reducing the need to extract virgin materials

Contribute to a circular ecosystem

by choosing Circular Edition systems you can reach your sustainability goals while enabling a circular economy

Extend access to care

by helping to build resilient local healthcare systems with high-quality equipment at affordable prices

* Based on the average weight re-use percentage per system for Philips MR, CT, Mobile Surgery & Image Guided Therapy refurbished systems in 2023. Results may vary based on amount, type, mix and age of returned systems.

Philips high-standard process for our Circular Edition portfolio



Stringent
selection of
trade in



Skilled
de-installation and
transport



Expert
refurbishing



Effective
installation



Full warranty
and support

Philips refurbishment processes guarantee high quality

1



First, the system is cleaned and disinfected

2



The system is cosmetically refurbished

3



All key components are thoroughly tested

4



Defective parts are replaced with Philips components

5



The latest software and field updates are installed

6



The system is configured based on customer needs

7



Full performance and quality checks are performed

Key questions we hear from health system leaders: How to make healthcare more sustainable?

What is the **energy consumption** of the installed medical equipment and how can I reduce it?



How can I **reduce** the huge amount of **waste** generated in the OR and ICU?



How to understand my **carbon footprint**?
How can I reduce my total carbon footprint?

What is the **carbon footprint** of your system / solution? And how to compare?



How can I **innovate to be a sustainability leader**?

How can I **procure sustainably**?



How shall I **engage** and activate my **staff**?



How can I prepare for **upcoming regulations** like the EU Taxonomy and CSRD?

Decarbonizing healthcare: partnering with hospitals to address Healthcare CO₂ emissions together

Global healthcare carbon footprint split by Greenhouse Gas Protocol scopes¹

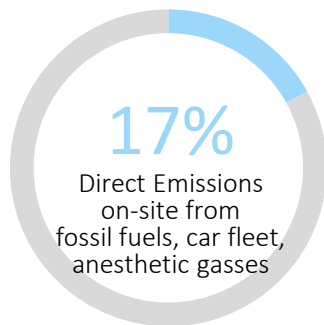
Healthcare systems account for **4.4% of global CO₂ emissions**¹

 US: 7.6%

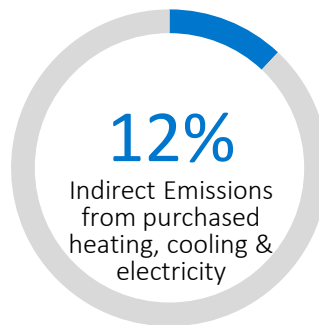
 NL: 5.9%

 DE: 5.2%

 UK: 5.4%



 **Scope 1**



 **Scope 2**

Efficient use of energy and clean Energy source



 **Scope 3**

Efficient use and re-use of materials

Optimized care pathways and more efficient workflows with less waste

How can Philips engage with hospitals on sustainability?

Philips portfolio offer

EcoDesign & Circularity



EcoDesigned products with EcoPassports, eg MR BlueSeal, CT Incisive, IGT Azurion, DXR 7300C, US Epiq

Portfolio contributing to Circularity: cloud, virtual care, leases, upgrades and refurbished systems

Philips Sustainability collaboration

Sustainability best practice sharing



An on-going engagement to share information, best practices, provide trainings, be guest speakers and convene at conferences

Examples: CleanMed, ECR 2023, supplier sustainability, [green procurement paper](#)

Sustainability studies with hospitals



Large research projects, like a sustainable radiology research project with Vanderbilt in the USA.

Select studies performed and co-promoted with customers, like NHS Trust Durham and Darlington.

Sustainability in strategic partnership








Sustainability embedded as a key part of a large strategic partnership with joint commitments.

Example partnerships: Champalimaud Foundation in Portugal, CHU Rennes in France

Our EcoDesigned portfolio and overview of solutions contributing to Circularity

Procure green and responsibly, keep hardware at maximum value, and reduce waste and energy

EcoDesigned products	Remote models & digitalization	Upgrades & lifetime extension	Trade-in offering	Refurbished equipment
				
<p>EcoDesigned products eg energy or resource efficient; supported by EcoPassport: BlueSeal MR, DXR 7300C, Azurion IGT, Epiq US ...</p> <p>Multi-use medical supplies and sensors</p>	<p>Less travel and increased resource efficiency with remote services and cloud-based software solutions eg remote maintenance, Telehealth, PerformanceBridge</p>	<p>Comprehensive upgrade and services portfolio eg SmartPath, SmartSpeed, Technology Maximizer</p>	<p>Responsible end-of-use management of all large professional medical equipment that customers trade in.</p>	<p>Same as new, Philips Circular Edition portfolio for MR, CT, IGT, MoS and US. In 2023, 79% re-used content from returned MR, CT, IGT and Mobile C-arm systems during refurbishment¹.</p>

1. Based on the average weight re-use percentage per system for Philips MR, CT, MoS & IGT circular systems in 2022. Results may vary based on amount, mix and age of returned systems.

Five priorities in green healthcare procurement; drawing on existing standards and best practices

1. Ensure that suppliers **report their environmental impact** (including emissions) and that they have a greenhouse gas emission (GHG) reduction plan in place.
2. Focus on **circularity** for health technology products and solutions.
3. Require **supplier transparency** on product performance and eco-design for products and equipment resources and workflow efficiency.
4. Require suppliers to demonstrate how **digital offerings support decarbonization** and **dematerialization** by optimizing resources and workflow efficiency.
5. Require suppliers to **publicly report** their social impact.



Green Public Procurement
Five priorities for sustainable health technology procurement in Europe

About this paper

This paper identifies five priority themes and recommended sustainability assessment criteria for public purchases in Europe to adopt when procuring medical equipment and health technology solutions. These recommendations draw on existing standards and procurement best practices observed by Philips as a provider to hospitals and governments worldwide and build on our experience as an ESG and sustainability leader in climate action, circular economy and eco-design¹.

By sharing this paper, we aim to reinforce Green Public Procurement (GPP) as a strategic function for policymakers, purchasers and the public they serve. We welcome dialogue with all stakeholders to increase understanding, innovation and partnerships for more sustainable healthcare.

Healthcare systems contribute to 4.4% of net global CO₂ emissions – more than the aviation and shipping industries and equivalent to the annual greenhouse gas emissions from 51.4 coal-fired power plants². In industrialized nations, the emissions associated with healthcare were found to be even higher – up to 7.6% of national emissions³. Given the negative impact of climate change on public health, communities and society, we believe that the healthcare industry must urgently increase its efforts to become part of the solution.

In support of the 66 countries committed to “strengthening climate resilience and lower the emissions of health systems”, we see a major role for buyers of health technology⁴ to stimulate innovation by enacting green purchasing reforms and raising minimum standards, thereby increasing the recognized value of supplier sustainability commitment. By providing industry partners and suppliers with a clear business case to improve the sustainability of their products and operations, we believe public procurement guidelines can help drive systemic change and enable tangible economic and social benefits.

Call to action:

To enable the healthcare industry to make a meaningful contribution to the 2015 Paris Agreement⁵ and 2050 net-zero targets⁶, we call on governments, purchasing agencies and group procurement organizations to:

- Improve supplier evaluation criteria for Green Public Procurement across the five themes elaborated in this paper:
 1. Greenhouse gas emissions reduction
 2. Circularity
 3. Eco-design transparency
 4. Digitalization to improve decarbonization and dematerialization
 5. Social impact
- Set “pre-qualifying gateway” sustainability standards for health technology tenders.
- Assign a significant sustainability weighting when tendering for healthcare equipment and services. Apply the European Union’s 15% guideline for GPP award criteria⁷ as the minimum.
- Consider adding a sustainability cost factor when assessing vendor bids.

Download Green Public Procurement paper for Europe

(available on Philips ESG downloads website)

Partnering with global customers to decarbonize healthcare



Champalimaud Foundation (Portugal)



Carbon footprint reduction as part of the strategic partnership to reduce the CO₂ emissions from use of interventional and diagnostic imaging equipment by 50% in five years.

[Philips and Champalimaud Foundation partnership - News | Philips](#)

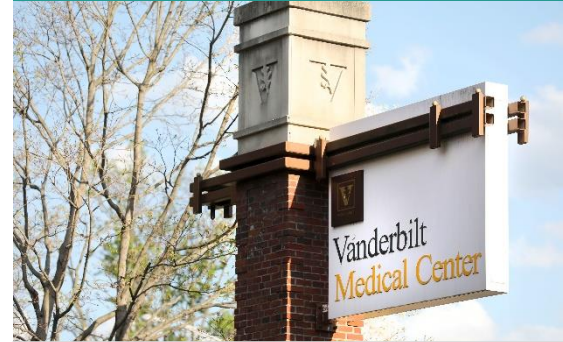
Rennes University Hospital (France)



Sustainability embedded in a 5-year strategic partnership - encompassing technology, services, sustainability, research, co-development of solutions, and leveraging of open innovation ecosystems.

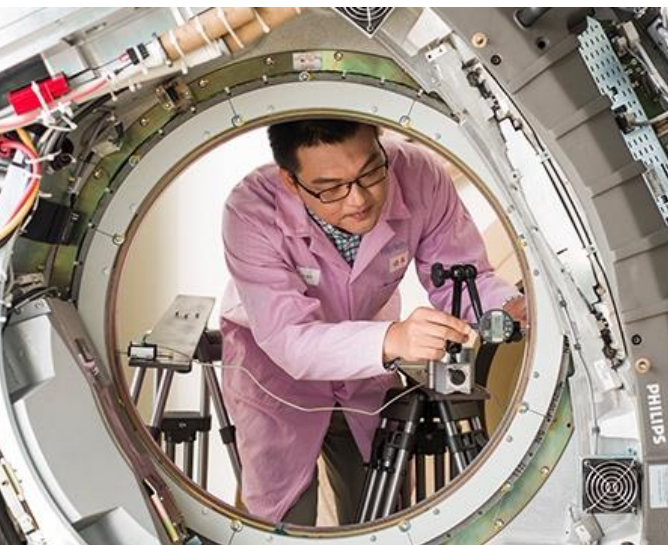
[Accelerating sustainability initiatives through partnership | Philips Healthcare](#)

Vanderbilt University Medical Center (North America)



Roadmap to sustainable radiology - working together to understand the carbon footprint incl energy measurements of VUMC's diagnostic imaging devices and defining a roadmap to decarbonize radiology

[Decarbonizing radiology with Vanderbilt University Medical Center - News | Philips](#)



17 PARTNERSHIPS FOR THE GOALS

Partnering to drive sustainable healthcare

We are teaming up with our customers and suppliers to devise solutions to problems across the healthcare sector. Solutions that improve people's health and well-being while respecting the planet.

We believe that, by working together, we can reduce our joint carbon footprint and create a sustainable and more resilient healthcare industry.





Philips is a recognized leader in environmental sustainability and is building on a strong reputation across ESG dimensions



Continued **carbon neutrality** in Philips' operations since 2020, in line with our commitment at COP21; the 2015 Paris agreement.



In 2022, Philips scored 91/100 in S&P Global Ratings' ESG assessment; **the highest score awarded to date**, building on 2021's record ranking



Philips recognized **Industry Leader** in the DJSI 2015, 2016, 2017; #2 in new industry in 2018, 2019, 2020, 2021, and #3 in 2023



Philips has been recognized as a **climate action leader** by CDP for the **10th consecutive year**: 2013-2022



In 2023, Philips achieved a 74/100 score in the EcoVadis assessment, putting the company among **the top 3% assessed**



In 2022, Philips became **the first** health technology company to have its **entire value-chain** (scope 1-3) **CO₂ emissions reduction targets approved** by the Science Based Targets initiative (SBTi)

Corresponding explanations for our ESG achievements on slide 4



- *Read about our **Lives improved methodology**: <https://www.philips.com/c-dam/corporate/about-philips/sustainability/lives-improved/lives-improved-our-methodology-2022.pdf>



- ***Recirculated waste** includes waste prevented, re-used, repurposed and recycled. It excludes waste delivered to landfill and incineration due to regulatory requirements.
- ***Zero Waste to Landfill** means at least 99.4% of waste was diverted from landfill. This excludes one-time-only waste and waste delivered to landfill due to regulatory requirements.



- ***Our operations** include all Philips manufacturing sites, offices, warehouses, business travel and logistics. We source 100% renewable electricity and offset remaining greenhouse gas emissions.



- ***Science-based targets** provide a clearly-defined path to reduce greenhouse gas emissions in line with the Paris Agreement goals – limiting global warming to 1.5°C above pre-industrial levels.
- Our certificate [science-based-targets-initiative-certificate-december-2022.pdf \(philips.com\)](https://www.philips.com/c-dam/corporate/about-philips/sustainability/science-based-targets-initiative-certificate-december-2022.pdf)

For more details read our annual report: [Philips Annual Report 2023 | Philips Results](#) or visit our website: [Environmental, Social and Governance \(ESG\) | Philips](#)