

Member of DJSI World, DJSI Europe

Company Information

Country	Netherlands
Market cap (USD million)*	24,854

*Source: S&P Global BMI, 31 July 2016

Company Description

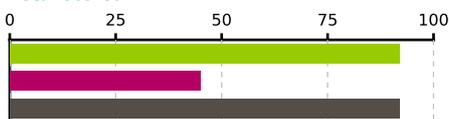
As the company celebrates its 125th year, Koninklijke Philips also celebrates its position as industry leader for the Industrial Conglomerates. Headquartered in Amsterdam, Koninklijke Philips has 105,656 employees and 95 production sites in 25 countries. In 2015, the company earned EUR 24,244 millions in sales. Koninklijke Philips operates through three segments: Personal Health, Diagnosis and Treatment, and Connected Care and Health Informatics. Alongside its healthcare and electronics divisions, the company also specializes in lighting. In 2014, Koninklijke Philips announced plans to separate the Lighting business and establish two stand-alone companies; one focused on healthcare and the other on lighting. These companies will fulfill the company mission to improve billions of lives each year with innovative technology solutions and services. In the health technology business, these products and services include in diagnostic imaging, image-guided therapy, patient monitoring and health informatics, as well as consumer health and home care.

Industry Drivers

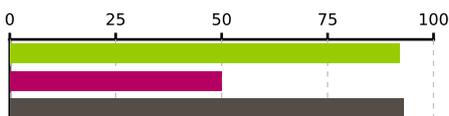
Industrial conglomerates are highly decentralized businesses that rely on attracting talented managers to run business operations and deliver the expected performance. Adopting resource efficient and lean manufacturing processes is also an important aspect of their business strategies, especially if growth is partly driven by acquisitions. Industrial conglomerates often have opportunities to centralize some procurement functions to benefit from volume pricing for some widely used raw materials. Rationalizing their supply chain also enables these companies to ensure that their suppliers comply with their own codes of business conduct. Ensuring business ethics throughout their own operations is also critical for industrial conglomerates as they typically have a global presence that includes emerging markets. Companies must therefore focus on promoting common corporate values, including policies and compliance systems to prevent corruption and illegal market practices, as a way to manage the diverse cultural backgrounds of their workforce. The development of new more efficient environmentally friendly technologies is also a key competitive advantage.

Sustainability Scores

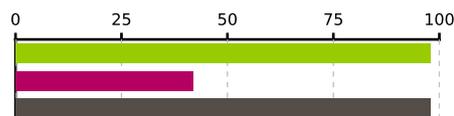
Total Scores



Economic Dimension



Environmental Dimension



Social Dimension



■ Industry best score ■ Industry average score ■ Koninklijke Philips NV

Sustainability Performance

As a health technology company, long-term environmental and societal health is central to Koninklijke Philips NV's success, and the company has initiated a number of sustainability initiatives. Specifically, the company has implemented a green operations program, which aims to reduce emissions and water use and increase recycling. The program has yielded impressive results -- the company reduced its carbon footprint by 40% from 2007 to 2015. Furthermore, the company's total water intake was around 12% lower in 2015 than in 2014. Alongside the efforts to reduce its own environmental impact, Philips has also developed a number of green products including energy-efficient lighting as well as products with more recycled components. These products generated EUR 13,014 million of sales in 2015. Alongside its environmental efforts, Philips invests in its employees. By developing its workforce with Philips University, the company creates a culture of innovation and efficiency.

Company Performance for Selected Criteria



■ Industry best score ■ Industry average score ■ Koninklijke Philips NV

For information on assessment criteria, visit www.robecosam.com/csa

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