

13 Sustainability statements

13.3 Environmental statements

13.3.2 Biodiversity

Philips recognizes the importance of healthy ecosystems and rich biodiversity for our company, our employees, and society as a whole. We aim to minimize any negative impacts and actively promote ecosystem restoration activities including biodiversity restoration projects with social components, sustainable development, poverty relief, and carbon offsetting.

In 2013 Philips made significant steps forward in biodiversity management, both on sites, on natural capital valuation and on the management level. The steps were led by the Philips Leaders for Nature (LFN) team, site management, local sustainability organizations worldwide, sustainability managers, and Group Sustainability in Eindhoven, the Netherlands. We made intensive use of the internal company-wide social network platform to create and share activities and achievements including training programs. We continued our global partnership with the International Union for the Conservation of Nature (IUCN) Netherlands Committee and our participation in the IUCN LFN program which brings companies, NGOs and government together to work on the topic of business and biodiversity.

Our projects in 2013 included improving our understanding of biodiversity by organizing together with the IUCN a very well-attended Business & Ecosystems Training (BET) on the topics of Natural Capital, Ecosystem Services and Biodiversity and the link to business. We worked on actively preserving biodiversity in and around our industrial sites with local communities and environmental organizations. In the Netherlands, the Drachten Consumer Lifestyle and Best

Healthcare plants restructured their sites for optimal restoration of biodiversity and employee well-being. Other examples are a large-scale employee-led biodiversity initiative in Reedsville, Pennsylvania; and conservation efforts in the Miribel (France), Ketrzyn Farel and Pila (Poland), San Jose (USA), Varginha (Brazil), and Pune (India) sites for example. In addition Philips employees established a community garden at the High-Tech Campus in Eindhoven (the Netherlands). A diverse team organized several internal and external events for the Netherlands sustainability day in October 2013 – including an introduction to the Circular Economy program and a product disassembly workshop. Finally, Philips co-hosted the “Mind Your Business” event with PwC and the Netherlands Ministry of Economic Affairs on ‘The transition to a bio-based economy – the role of government, the impact of/for companies, and partnerships/networks – the necessity of joint projects and knowledge sharing’.

We also conducted a biodiversity survey and water risk investigation of our industrial sites. The biodiversity survey results have enabled us to build a knowledge base of endangered and resident species, nature reserves and wildlife corridors, biodiversity initiatives and partnerships at Philips industrial sites. This will enable us to prepare biodiversity guidelines for sites.

Philips commissioned Trucost, in 2013, to perform an Environmental Profit and Loss (EP&L) analysis using 2012 data to help identify natural capital dependency “hot spots” and place a financial value on Philips environmental impacts. The preliminary results show that between 2007 and 2012 Philips was able to decrease its exposure to natural capital risks and hence be better positioned to succeed in a natural capital constrained economy. Together with the WBCSD we will further develop the EP&L concept and methodology, including the environmental benefits.

To build and expand the Philips biodiversity strategy Philips has developed a biodiversity policy.

This is an interactive electronic version of the Philips Annual Report 2013 and also contains certain information in summarized form. The contents of this version are qualified in their entirety by reference to the printed version of the Philips Annual Report 2013. The printed version is available as a PDF file on this website. Information about: forward-looking statements, third-party market share data, fair value information, IFRS basis of presentation, use of non-GAAP information, statutory financial statements and management report, reclassifications and analysis of 2013 compared to 2012.

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