



**COMPANY**

Country	Netherlands
Number of Employees	164'438
Web	www.philips.com

**Share**

Market cap (mil)	32'891
Currency	EUR
High 52 week	33.3
Low 52 week	25.4
Last Price	28.8

**Key Data**                      2006                      2007E

Sales (mil)	26'976	27'144
EPS	2.18	1.80
P/E Ratio	10.25	13.23

Source: Bloomberg / August 13, 2007

**Sales in**

Alcohol	No
Armaments	No
Firearms	No
Tobacco	No
Gambling	No

Source: ISS, SAM Research

**COMPANY DESCRIPTION**

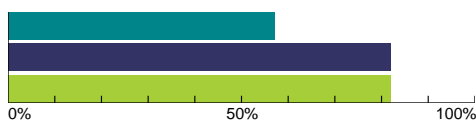
Koninklijke (Royal) Philips Electronics, founded in 1891 in Eindhoven, the Netherlands, is one of the world's biggest electronics companies, as well as the largest in Europe. Philips activities are divided into 5 segments: medical systems, 24.8% of 2006 revenues, domestic appliances and personal care, 9.6%, consumer electronics, 39.3%, lighting, 20.4% and other activities, 5.9%. From the beginning of the last century Philips' management had a strong commitment toward innovation and R&D: the company owns more than 80'000 patents and generates approximately 1'900 new patents every year. Philips is implementing a successful reorganization of its activities, refocusing around the four main segments, with a strong commitment to enhance economic prosperity, environmental quality and social equity of their operations.

**SUSTAINABILITY PERFORMANCE**

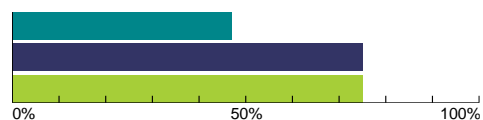
The early inclusion of sustainability in its strategic planning enabled Philips to identify two global challenges as key business drivers: energy and healthcare. In response, the company is refocusing its own activities and solutions around these themes in order to profit from new market opportunities and generate added value. For instance, the lighting division is developing answers to replace energy inefficient incandescent bulbs. To address the challenges with suitable products, Philips needs to identify early enough changes in the environment, understand the expectations of its stakeholders, integrate the findings into a product, have high regard for the environment and people in manufacturing, and finally reach the target customers. Sustainability thinking plays an important role in every aspect of this process. Engaging stakeholders and monitoring customers' satisfaction enable Philips to better understand people's needs. Promoting innovation and R&D ensure the creation of unique products. The definition of clear environmental and social policies ensure sound manufacturing practices. Managing brands and a comprehensive code of conduct further support a proper market appearance. In all these areas, Philips achieves a score that is well above its industry's average.

**SUSTAINABILITY SCORES**

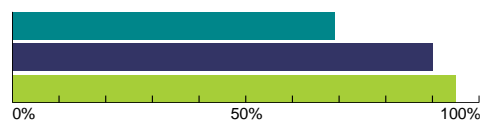
**Total Score**



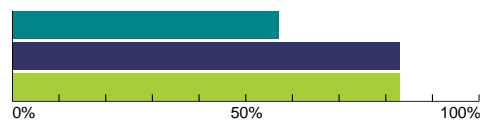
**Economic Dimension**



**Environmental Dimension**



**Social Dimension**



■ DJSI sector average on a global basis  
■ Koninklijke (Royal) Philips Electronics  
■ Best company on a global basis within DJSI sector



For information on assessment criteria, visit [www.sustainability-indexes.com](http://www.sustainability-indexes.com)

«Corporate Sustainability is a business approach to create long term shareholder value by embracing opportunities and managing risks deriving from economic, environmental and social developments.»

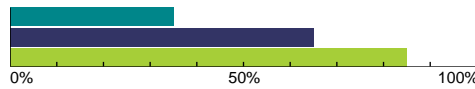
### INDUSTRY DRIVING FORCES

Differentiation, quality, and brand management are key drivers for the sector. The focus on innovation and R&D is thereby crucial to ensure competitiveness in the fast-changing electronics and entertainment markets. New technologies and the need to provide ever-changing and more integrated product ranges are challenges leading companies are managing through strategic alliances and outsourcing of operations. Excellent supply chain management including environmental and social aspects is increasingly important to minimize economic, social and reputational risks. In this sense, working conditions, especially with suppliers and sub-contractors in developing countries, also require increased levels of attention. Environmental challenges arise throughout the product life requiring life-cycle analysis, product modularity, the avoidance of toxic substances in both manufacturing processes and products, and effective take-back programs for end-of-life products.

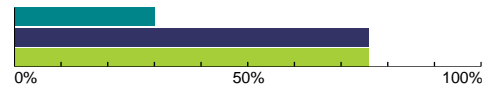
### COMPANY PERFORMANCE FOR SELECTED CRITERIA

#### ECONOMIC

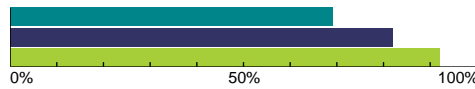
##### Customer Relationship Management



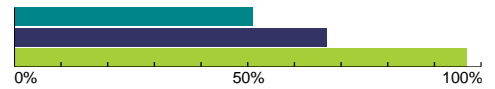
##### Brand Management



##### Corporate Governance

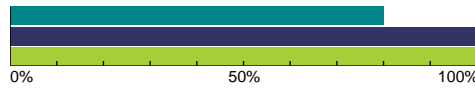


##### Risk & Crisis Management

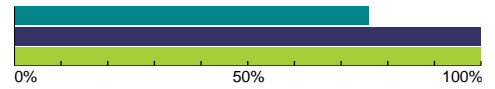


#### ENVIRONMENTAL

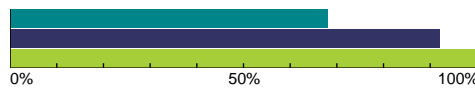
##### Environmental Policy / Management System



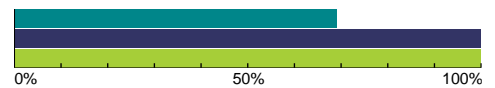
##### Closed Loops



##### Environmental Performance

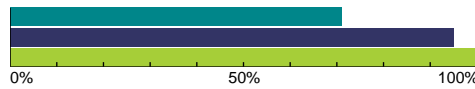


##### Environmental Reporting

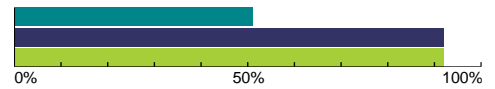


#### SOCIAL

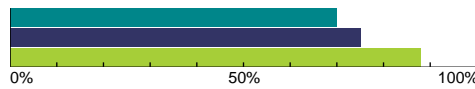
##### Stakeholder engagement



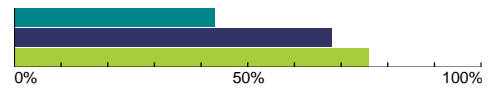
##### Standards for Suppliers



##### Labor Practice Indicators



##### Human Capital Development



- DJSI sector average on a global basis
- Koninklijke (Royal) Philips Electronics
- Best company on a global basis within DJSI sector

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