

Koninklijke (Royal) Philips Electronics
Consumer Electronics

Company	
Country	Netherlands
Number of Employees	170'100
Web	www.philips.com

Share	
Market cap (mil)	23'307
Currency	EUR
High 52 week	24.4
Low 52 week	12.5
Last Price	18.3

Key Data	2002	2003E
Sales (mil)	31'820	27'949
EPS	-2.51	0.37
P/E Ratio	N/A	49.73

Source: Bloomberg / August 11, 2003

Sales in	
Alcohol	No
Armaments	No
Firearms	No
Tobacco	No
Gambling	No

Source: IRR, SAM Research

Company Description

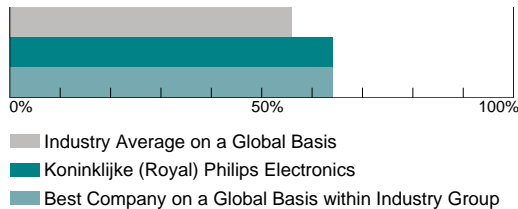
Koninklijke ("Royal") Philips Electronics of the Netherlands, the world's third-largest consumer electronics maker, is a global leader in color television sets, lighting, electric shavers, medical diagnostic imaging and patient monitoring, and one-chip TV products. Its brands include Marantz, Norelco, and Magnavox, although the company plans to put more emphasis on its Philips brand. Philips has been shedding noncore businesses, such as its stake in music giant PolyGram, and acquiring and forming joint ventures in its core sectors. It is active in more than 60 countries and quoted on the NYSE, London, Frankfurt, Amsterdam and other stock exchanges.

Sustainability Performance

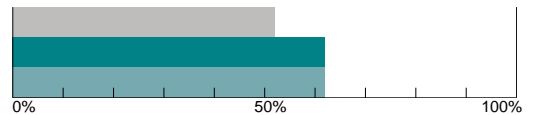
Philips' progress of successfully implementing corporate sustainability across the company is documented in its first Sustainability Report and reinforces its position as the sector leader. Committed to eco-efficiency, new ambitious targets until 2005 were set under the environmental action program EcoVision. Progress is assessed through a comprehensive maturity grid, in line with the Philips BEST assessment, a program focusing on teamwork and best-practice learning, while working smarter and reducing the process cycle-time. Integration of corporate values is strengthened through the innovative appraisal process People Performance Management (PPM) focusing on whether targets have been met and on how they have been achieved. Philips Design is one of the largest design studios in the world and works according to its proprietary High Design process, a human-focused, multidisciplinary, research-based approach ensuring the development of competitive and sustainable solutions for its customers.

Sustainability Scores

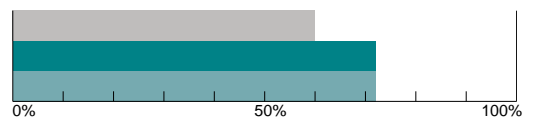
Total Score



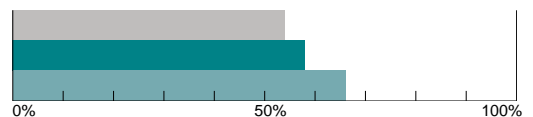
Economic Dimension



Environmental Dimension



Social Dimension



Koninklijke (Royal) Philips Electronics
Consumer Electronics

"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

The digital divide presents immense challenges and opportunities for the consumer electronics industry. It is essential to continuously focus on innovation and R&D to ensure competitiveness in the fast-changing electronics and entertainment markets. New technologies and the need to provide ever-changing more integrated product ranges and content are challenges leading companies are managing through strategic alliances and outsourcing of operations. Excellent supply chain management competences are increasingly important to minimize economic, social and reputation risks. Both legislation and voluntary industry agreements contribute to stricter environmental, health and safety standards of production processes and products. Environmental challenges arise along the whole product life including life-cycle analysis, product modularity (expandability and disassembly features), the avoidance of toxic substances in manufacturing processes and products and an effective take-back program for used products.

Industry Group Overview: Consumer Electronics

The relative positioning of companies within the DJSI industry group Consumer Electronics on a global basis is illustrated based on cluster scores around the economic, environmental and social dimensions.

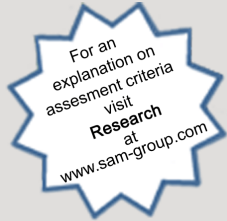
Legend: p=poor compared to industry peers a=industry average b=best of industry

Industry group: Consumer Electronics		Economic			Environmental			Social		
		p	a	b	p	a	b	p	a	b
DJSI World	Koninklijke (Royal) Philips Electronics									
	Sony Corp.									

Companies with identical cluster scores are grouped and listed alphabetically, these groups are separated by lines. The sector leader is listed first.

Next company in line for selection should a company be deleted from the index:

Matsushita Electric Industrial Co.										
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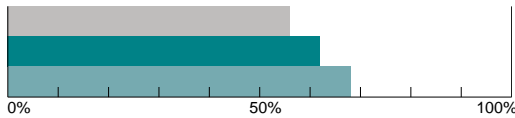


Company Performance vs. Industry Average for Specific Criteria

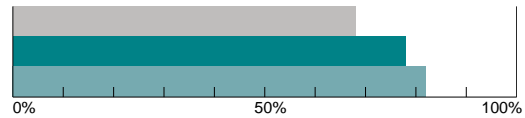
The following bar charts highlight the performance of Koninklijke (Royal) Philips Electronics compared to its industry average and best performing company for selected criteria. The criteria selected cover each of the corporate sustainability dimensions: economic, environmental and social.

Economic

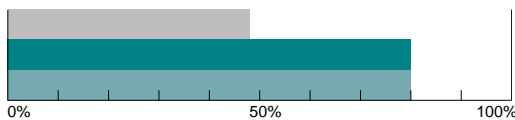
Codes of Conduct/Compliance/Corruption&Bribery



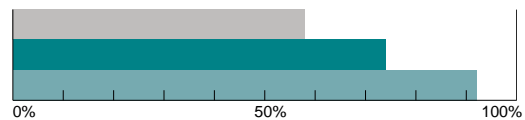
Risk & Crisis Management



Corporate Governance

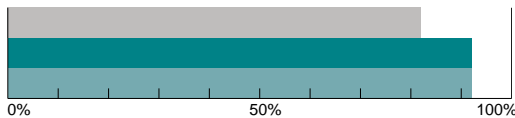


Brand Management

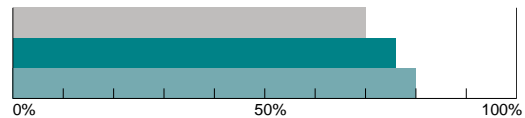


Environmental

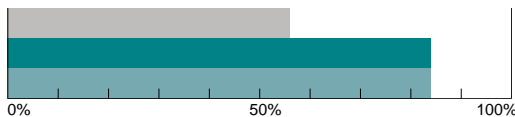
Environmental Policy/Management



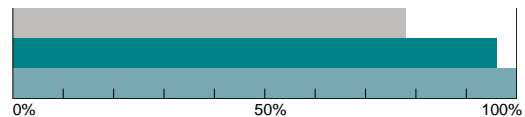
Advanced Environmental Management



Environmental Performance (Eco-Efficiency)

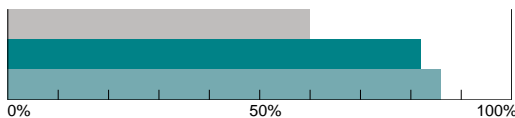


Product Stewardship

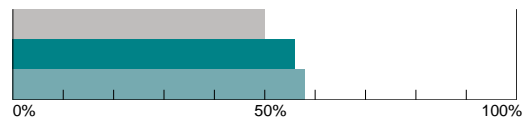


Social

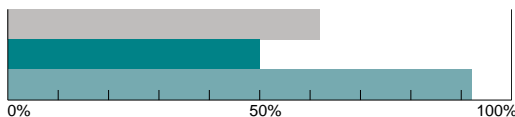
Human Capital Development



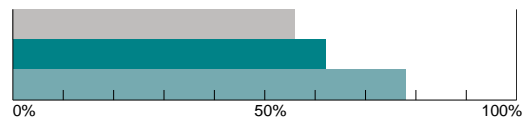
Labor Practice Indicators



Stakeholder Engagement



Knowledge Management/Organizational learning



■ Industry Average on a Global Basis
■ Koninklijke (Royal) Philips Electronics
■ Best Company on a Global Basis within Industry Group



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