Why measuring our social impact makes a difference

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As private-sector organizations make more social and environmental commitments, so grows the need to measure the outcomes of these efforts. Environmental, Social & Governance (ESG) are the three key dimensions that, together, define a company's overall societal impact. At Philips, we are conscious of our responsibilities – to people and the planet – and the need to share the outcomes of our actions. Not only do we set ambitious ESG targets, we publish an annual dashboard and report quarterly on progress toward achieving our goals. In 2022, we scored 91 out of 100 for ESG performance in the S&P Global Ratings[2] – the highest rating it has awarded to date.

As a leader in health technology, our purpose is to improve people's health and well-being through meaningful innovation. We measure the lives we improve by multiplying active products and solutions by the number of people each product or solution touches. A typical Sonicare toothbrush, for example, is used by one person on average for four years. It touches one life during that period.

For large medical equipment – like one of our ultrasound systems – we follow the same approach to generate a total lives improved figure. We determine the average number of unique patients diagnosed per system each year. These statistics are generated and maintained for all Philips products and solutions on a market-to-market basis, which allows us to quantify the number of lives we touch.

We apply a statistical model to calculate and remove potential double counts for each country to address instances when a single individual benefits from more than one Philips product. Our societal impact is expressed in the total number of lives improved on a country by country basis. This audited methodology allows us to better measure our impact, generate actionable insights and drive real social value.

In 2021, our products and solutions improved the lives of 1.7 billion

people, including 167 million in underserved communities.[3] By 2030, we've committed to improving the health and well-being of 2.5 billion people per year, including 400 million people living in underserved communities.

We set specific targets for improving lives in underserved communities to help ensure we make a positive and tangible impact where healthcare is most needed. While there's no one definition of 'underserved,' we use World Health Organization metrics[3] to determine where global healthcare needs are highest. Using these metrics, we have identified 89 countries as underserved, as well as additional underserved regions. These have relatively higher incidences of infectious disease, higher probability of people dying from noncommunicable disease (like heart disease or kidney disease), lower service capacity and access, and higher maternal, newborn and child mortality.

Because significant health barriers still exist within countries and regions not identified as underserved, we additionally consider social determinants of health to help identify community-level access to care needs. Examples of social determinants of health include income, housing, employment status, clean air and toxin-free environments, education and educational opportunities, working conditions and occupation, racial segregation, transportation availability, access to healthy food and early access to healthcare.

Beyond the countries, regions and communities identified as underserved, our metrics also include the lives touched by Philips Foundation, a registered non-profit organization established in 2014 that works to improve access to quality healthcare for people in some of the most underserved communities.

Through our work with Philips Foundation, as well as through our other partnerships and Corporate Social Responsibility (CSR) projects, Philips is part of the larger effort to overcome the barriers that prevent people around the world from enjoying good health. By driving digital connectivity and technological innovations, developing new business models and financing solutions, and building strong partnerships within an ecosystem of collaboration, we aim to expand access to care and help close existing health gaps.

Identifying health outcomes is the next big step in impact measurement. More granular Philips impact data, for example, could

be obtained through combining information about our medical devices with disease-specific information (e.g. prevalence, mortality, typical sick days and hospitalization days).

We are currently collaborating with the Harvard School of Public Health on a science-based methodology for measuring the impact of our products and solutions. For the future, we hope to move beyond measuring lives improved to better understand and quantify our impact on people's health. This would also help us develop more relevant solutions for our customers.

Philips has a long history of improving people's health and well-being through meaningful innovation, and we want to continue making a difference with our products and solutions. Measuring our impact helps us make certain we are contributing quantifiably to the global effort to ensure every person – no matter who they are or where they live – has access to quality healthcare.

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