

Philips Electronics N.V.

Background

Philips is a multinational company headquartered in the Netherlands, and has activities in approximately 60 countries. The company was founded in 1891 and its main sectors of activity are lighting, components, consumer electronics, professional electronics, software and services, and semiconductors. Philips administers 60,000 patent rights and its annual expenditure on Research & Development is approximately 7% of sales. Philips employs 265,100 people worldwide and has revenues of 66 billion guilders.

This case study highlights competitiveness and trade impacts of Philips' overall environmental policy and action plan.

Environmental Issues

As a major multinational electronics and consumer products firm, key environmental issues for Philips include: wastewater reduction, energy efficiency, packaging reduction, supplier issues (reducing the environmental impact of products purchased from suppliers) and eco-design. This last issue involves consideration of the total environmental impact of materials used, product end-life, and minimization of the environmental impact of all stages of the product life cycle.

Voluntary and Non-Regulatory Initiatives

Philips' current environmental policy was finalized in 1991. In 1994, a company action plan, "The Environmental Opportunity," was undertaken. The goal of this action plan was to change environment from a necessity into an opportunity for the company. The policy and action plan are based on four basic principles:

- Sustainable development.
- Prevention is better than cure.
- The total effect on the environment counts.
- Open contact with the authorities.

The Environmental Opportunity action plan contains goals for the major environmental issues facing Philips. These include

- certifying all manufacturing sites (300 sites) for ISO 14001 by the year 2000
- improving energy efficiency level in manufacturing by 25% by the year 2000 (base year 1994)
- decreasing packaging weight on all products by 15% company-wide by the year 2000 (base year 1994)
- redesigning products from an environmental point of view and starting to communicate these improvements
- instituting a systematic approach within each division to register environmental information on purchased materials

Some of these initiatives and goals are influenced by the Dutch Covenants (a cooperative approach to environmental performance undertaken by the