

A sustainable HealthTech leader

Our ambition for 2020

WindDays – Rotterdam, June 14, 2018
Simon Braaksma, Royal Philips

Sustainability is at the core of our company vision



At Philips, we strive to make the world healthier and more sustainable through innovation. Our goal is to improve the lives of 3 billion people per year by 2025

2.2 billion Lives Improved per year in 2017



An overview of our most ambitious objectives for 2020

70%

of our turnover
coming from
Green solutions

100%

renewable
electricity

90%

of operational
waste recycled

Strive for a

zero

injury and illness
work environment

95%

of Philips' revenue
linked to the UN
Sustainable
Development Goals

15%

of our turnover
coming from
circular economy
solutions

Strategically aligned partners with ambitious sustainability goals



AkzoNobel has set goals to be carbon neutral by 2050 and achieve 45% renewable energy by 2020.



DSM has a target of sourcing 50% of its purchased electricity from renewables by 2025, and ultimately 100%.



Google is committed to sourcing 100% renewable electricity and expects to reach this goal in 2017.



Philips has committed to carbon neutrality for its global operations by 2020, including 100% renewable electricity.

The advantages of direct sourcing to meet renewable energy goals

The wind consortium



- Long term renewables sourcing
- Leverage scale & experience
- Better economics
 - Share costs
 - Cut out middleman (utilities)
- Visibility

Direct sourcing



Dutch wind farms



- Long term offtake
- Risk mitigation
- Bankability
- Economics

Why wind power purchase agreements in the Dutch market

Objectives

- Secure long term renewables
- “Hard wired” → both electricity and Guarantees of Origin
- Competitive pricing
- Supporting new developments
 - Additionality



**Long term
security**

Dutch market

- Feed-in premium support scheme, with specific risks for wind developers
- Highly leveraged wind farms, impact PPA on debt coverage ratio

Announcement of consortium & first deal with Krammer in October 2016

Consortium members



Windpark Krammer

- 35 Windmills x 3MW
- 105MW total capacity

Location: Krammersluizen
in Province of Zeeland (NL)

Shareholders:
Majority owned by two local
cooperations (4000
members)
Enercon

Announcement of second consortium deal with Bouwdokken in January 2017

Consortium members

AkzoNobel
SPECIALTY CHEMICALS



Google



Windpark Bouwdokken

- 7 - 9 Windmills x 4.2 MW
- 35 MW total capacity

Location: Neeltje Jans in
Province of Zeeland (NL)

Shareholders:

- Independent Wind Power Producer
- Local wind cooperation

The benefits of setting up an innovative buyers' consortium

1. Purchase renewable power at competitive prices and deliver on sustainability ambitions
2. Leverage knowledge of multinational companies
3. Risk mitigation through portfolio approach (multiple wind farms)
4. Share costs for market scouting & transactions
5. Share resources to complete projects (mainly internal legal, accounting, purchasing)

The challenges of a consortium and how we overcame them

1. Select **partners with aligned strategy**, goals and culture to enable functional working relationships and make faster progress.
2. Complexity of the transaction – involve **internal stakeholders** and open conversations with developers early on.
3. The negotiation of a **governance structure** tends to lead to complicated arrangements – keep governance simple through a non-incorporated consortium, focus on what is required to procure energy.
4. Accounting – consortium partners need to develop expertise in accounting for PPAs under **IFRS standards**.
5. Advisors need to have the **right incentives** to ensure the success of the initiative – ensure that external advisors are focused on your business needs and objectives.

Dutch Wind Consortium – Case Study: BusinessRenewables.org/case-studies/



