CAPITAL EQUIPMENT COALITION PLEDGE

May 2021

By the European Cohort

CIRCLE ECONOMY

PACE
Platform for Accelerating the Circular Economy

Circle Economy

We work to accelerate the transition to a circular economy. As an impact organisation, we identify opportunities to turn circular economy principles into practical reality. With nature as our mentor, we combine practical insights with scalable responses to humanity's greatest challenges.

Our vision is economic, social and environmental prosperity, without compromising the future of our planet.

Our mission is to connect and empower a global community in business, cities and governments to create the conditions for systemic transformation.

The Platform for Accelerating the Circular Economy

This report is published as part of the Platform for Accelerating the Circular Economy (PACE). PACE is a public-private collaboration mechanism and project accelerator dedicated to bringing about the circular economy at speed and scale. It brings together a coalition of more than 70 leaders and is co chaired by the heads of Royal Philips and the Global Environment Facility. It was initiated at the World Economic Forum and is currently hosted by the World Resources Institute.

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1. CONTEXT & INTRODUCTION

A COALTITION OF FORWARD THINKING BUSINESS LEADERS

During Davos 2018, a group of forward-thinking business leaders committed to bold pledges that aim to preserve and recover the value from the capital equipment they produce, service, or influence. This was the start of the Capital Equipment Coalition in Europe, comprising 9 forward thinking companies working in the Capital Equipment industry. The Coalition strives for a circular capital equipment industry, where material loops are closed and value is preserved to its fullest extent across product life cycles.

Capital equipment represents a broad group of physical hardware products, from data servers, medical scanners and logistics machinery to equipment for power plants and ships—all indispensable in meeting our societal needs and expanding what can be achieved in areas from connectivity and energy to healthcare and logistics.

The Coalition collaboratively identifies challenges and opportunities, shares best practices and develops solutions to drive change towards a circular economy for Capital Equipment. By openly sharing progress, insights and learnings, the Coalition creates awareness on the need to transition, engages and enables other players in the public and private sector with the knowledge to accelerate collective progress towards a circular economy.

This document presents the individual pledges, the progress each company has made towards their pledge and what next steps they are taking in 2021.

The Coalition is dedicated to bringing together organisations behind a shared commitment to preserve and recover value from capital equipment, thus driving forward the transition towards a circular economy. We invite you to join us on this journey.

If you would like to discuss this further, please reach out to capitalequipment@circle-economy.com.

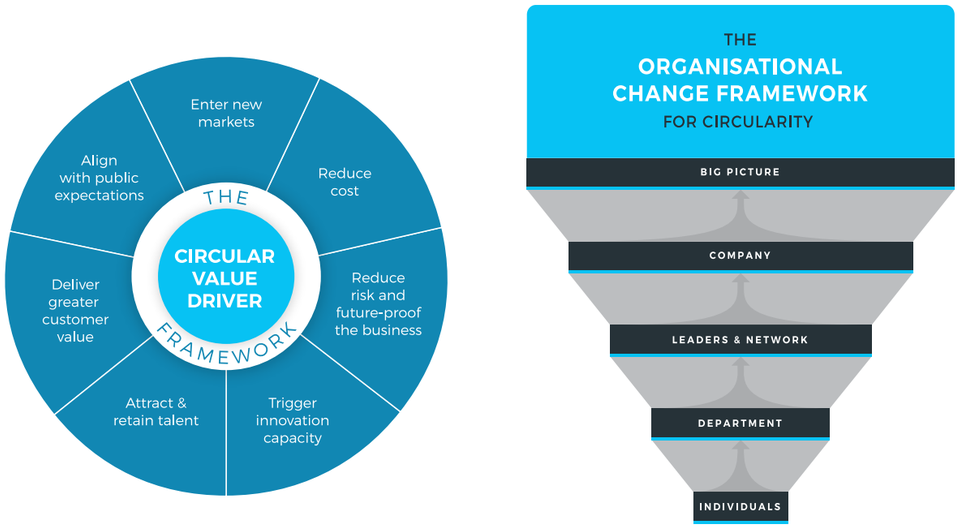

Figure 1. The frameworks developed in the first year of the CEC

2. PLEDGES AND PROGRESS UPDATES

This section presents the pledges made by 9 leading businesses, first launched at Davos in January 2018. It describes the progress companies have made on their pledge and what next steps they are taking.

CONTEXT

As we move away from the linear ‘take, make, dispose’ model, we believe the circular economy is key to ensuring the future success and competitiveness of the semiconductor equipment industry. We are committed to minimizing waste and maximizing the use of resources, and believe that by doing so we not only limit our environmental impact but also generate business value. The modular design of our products lets us extract the most value we can from the materials we use, and repurpose our products across their life cycles.

While continuously innovating, we also want to ensure the increasingly sustainable use of materials across our processes and value chain to reduce our environmental footprint. We are committed to circularity in our operations and our products. We do this by responsibly managing waste throughout our operations and maximizing the lifetime of materials in our systems, so extending their lifespans. To this end, we also work closely with our value chain.
Transforming our economy to a circular model and promoting a conducive mindset is the joint responsibility of ASML, our customers and suppliers. Given the modular designs of our products, we ensure that those in use at our customers’ sites can be upgraded to a higher performance level without having to replace the entire product. After use in the most advanced chipmaking factories, we further extend the lifetime of our products by refurbishing systems and repurposing them for other customers and semiconductor environments.

Our initiatives in the service and upgrading of parts ensure that modules can be restored to and qualified as ‘as-new’ for re-use within our systems. This re-use practice is becoming increasingly important in our efforts to transition to a circular business model.

PLEDGE STATEMENT

Over the coming years, in collaboration with our customers and suppliers, we aim to transform the re-use of parts used ‘as-new’ in our systems, from pilot project to standard way of working and further develop opportunities, initially in our Mature Products & Services business. Hereby, we expect a significant decrease in the waste generated in our value chain. the next years, in collaboration with our customers and suppliers, we aim to transform the re-use of parts used ‘as-new’ in our systems, from pilot to standard way of working and further develop opportunities, initially in our Mature Products & Services business. Hereby we expect a significant decrease in the waste generated in our value chain.

PROGRESS MADE IN 2020

In 2020, we reduced waste generation to 360 kg per €m revenue (down from 417 per €m revenue in 2019) and increased waste material recovery from 80% in 2019 to 85% in 2020. Examples of initiatives we employed:

- We set up a specific cross-sectoral Re-use department with full ownership of this objective to broaden and accelerate initiatives to reuse parts, tools, modules and packaging while reducing our total operational cost. Our dedicated cross-sector leadership will report into sector heads, who in turn will report to a newly set up Re-use Board, chaired by our Chief Operations Officer and our Chief Technology Officer. Re-use of parts and transportation packaging led to nearly 4,000,000 kg of materials re-used in 2020
- We gained better insight into all relevant waste streams, including assessing what happens with our waste at customer sites
- We conducted a feasibility study into whether it makes sense to send used packaging back to our manufacturing sites for re-use, comparing the carbon footprint of transporting this used packaging against the environmental gain of re-using it. The study showed that the weight of the packaging is the most relevant environmental aspect during transportation. These assessments led to a lifecycle assessment model for calculating the impact of waste and waste-reduction activities that we will start applying in 2021
- The COVID-19 pandemic led to waste reduction in our cafeteria as more people were working from home. This waste category represents just a small percentage of our overall waste production, however, so the decrease did not significantly change our overall waste generation
- We completed the first phase of an investigation into solutions for sulfuric acid re-use. Based on this investigation, we’ve designed and built an installation for pilot testing. We will conduct the second phase of the investigation and testing in 2021
- After four years of use, all functioning computers and laptops are given a second life. Around 6,500 laptops, representing 64,000 kg

NEXT STEPS IN 2021

In 2021, we will continue to further reduce waste generation, in line with our target of cutting our waste per revenue by 50% by 2025,:

- We are increasing ASML’s re-use efforts by extending local repair centers for service parts and materials, and setting up global repair centers for factory materials
- We currently have local repair centers in South Korea and Taiwan and will be rolling out to China in 2021. Our ambition is to increase the re-use rate of our parts to 85% by 2025
- There are several benefits to enabling ‘simple’ repair and re-use activities in the field, including reduced logistics time, prevention of stocking of parts, and reduction of our environmental impact. We will also be setting up global repair centers in each factory hub in Wilton, San Diego, Linkou, and Veldhoven

CONTEXT

Network and Communication Equipment and Services: Cisco is the worldwide leader in technology that powers the Internet. Cisco inspires new possibilities by reimagining your applications, securing your data, transforming your infrastructure, and empowering your teams for a global and inclusive future.

At Cisco, customers come first. We create long-lasting customer partnerships, identify customer needs, and provide solutions that create customer success. Cisco has been a sponsor of the circular economy since 2011.

PLEDGE STATEMENT

100% Product Return

- Provide product return pickup and transport at no cost for any customer worldwide upon request.
- Establish alternative commercial models that promote product return, including purchase trade-in, banked credit, leasing, and product-as-a-service.
- Offer comprehensive warranty, replacement, service and repair for all products to extend useful product lifetime and minimise obsolescence.
- Repurpose returned products, subsystems, components and commodities, including closed-loop return to new product manufacturing.

PROGRESS MADE IN 2020

Enabling multiple lifecycles for our products and the components inside them has long been a Cisco priority. In 2020, we enhanced our systems and tools to make it easier for both our customers and partners to return used products to Cisco, and for how we reuse the returned equipment. Returned devices that can be reused are remanufactured, refurbished, or repaired, and resold by Cisco Refresh or used by Cisco CX Service Operations or our internal labs.

Expanded Return to A-Stock (R2A) program: we reuse products in our R2A program, where unused products from our distribution centers are sent to be reused by our contracted manufacturing sites. In 2020, Cisco expanded this program from nine sites to ten. Returned products that are considered “new-in-box” are sent back to be tested and, if necessary, reconfigured. This allows us to better reuse these products while also improving our ability to satisfy demand for new equipment without new manufacturing.

Simplifying the return experience: We operate multiple programs to take back, refurbish, and reuse products at end-of-use, including 10 different programs to support our product trade-in and recycling efforts. These are designed to support the needs of our customers, suppliers, partners, and internal users. In order to ensure that customers and partners find the right return path to meet their needs, we also launched the Cisco Returns Portal – an online destination to find consolidated information for all types of Cisco returns.

Circular design—which includes design for disassembly, repair and reuse—is critical to enabling multiple lifecycles. We continued to focus on socialization of Cisco’s Circular Design Principles, bringing wider awareness through dedicated training and workshops, and integrating the principles into standard tools and processing so the principles are used at the very beginning of the design process.

NEXT STEPS IN 2021

- Our plans for the coming year build upon our progress in 2020 and include further expansion of our R2A program, with the goal to have twelve sites live by the end of 2021, as well as further simplification of our takeback processes.
- Cisco will continue to explore opportunities to embed takeback into new product offers and commercial models. We plan to expand engagement with the sales and partner communities, as they play an important role supporting new offers, promoting our current takeback program and remanufactured products (sold through Cisco Refresh) with our customers.

CONTEXT

Oceans, seas, lakes and rivers offer humanity a growing range of possibilities in the areas of trade, food, energy and recreation. With a growing world population, it is essential to utilise and protect these possibilities not only as efficiently, but also as responsibly as possible.

At Damen, we provide maritime solutions for this. Versatile platforms that enable our customers worldwide to be successful. Inventive ships that raise the standard in terms of safety, reliability, efficiency, ease of use and sustainability. In fact, we want to become the most sustainable shipbuilders in the world. Our ambitions lie in circularity and zero-emission sailing. Digitalising our platforms is a precondition for achieving the latter.

Based on our vision of circular, cradle-to-cradle building, we offer ship-as-a-service concepts, in which clients pay for use and not for ownership. In this way we keep control over the entire product lifecycle: from design, engineering, construction and maintenance to the recycling of our ships. We do not build our ships alone, but together with an extensive network of maritime partners worldwide. As a main contractor, we are system integrators par excellence.

PLEDGE STATEMENT

- Developing a blueprint learning module for increasing employee awareness and skill in the field of circular marketing, sales, design, and procurement.
- Commercially offer the possibilities for asset owners to carry out second life operations.
- Developing services to assure end-of-life requirements are carried out in a responsible and circular manner, when necessary at the assets end of technical and economic life.
- Continuing fully closing the loop on lifecycle support to our clients by 2025. Therefore, digitalising Damen-built vessels to gain insight into the full lifecycle of the vessel and advice on optimal use to extend asset lifetime.
- Expanding the green passport services of our portfolio and focusing on creating this service as a standard for our vessels
- Last but not least, secure and maintain previous years' Circularity statements.

PROGRESS MADE IN 2020

We have developed a sustainability roadmap for our sustainability strategy that is fully aligned with the Sustainable Development Goals (SDG). For the ones we can directly influence, we have formulated clear long term objectives. We also ensured our employees are aware of them, what they mean and how to contribute, through online presentations and explanatory animations.

We have integrated principles of circularity to parts of our vessels and delivered presentations to designers. During a special project, we analyzed the life cycles possibilities of insulation material and lay the first steps of a blueprint, including metrics. Further developing and implementing metrics will be one of our priority in the coming years.

Our repair and conversion yards facilities offer the continue possibility to extend the life cycles of vessels through repair and conversion. Our yard in Rotterdam is a certified dismantlement facility that can offer our customers option for end-of-life in responsible and circular manner.

With our Smart Ship project, we are working on digitalization of Damen-built vessels to gain insight in the full lifecycle of our vessels and give adequate advice to customer for optimal use to extend lifetime.

The green passport is offered as option to our customers to facilitate better traceability of hazardous material used in production and maintenance of the vessels.

NEXT STEPS IN 2021

We have identified an urgent need to measure our effort toward circularity, therefore we will ensure metrics are implemented, preferably aligned with existing standards.

Our smart ship project will continue to provide more information on the lifecycle of our vessels, allowing us to further improve our advices to customers for a lifetime extension and optimal use of vessels.

Circularity can only be achieved if all the personal involved in design, production and repair is aware of it, therefore we will work on developing more communication tools (for all employees) and train designers, procurement, marketing and sales to be able to design for to the full lifecycle of a vessel. We will also start measuring our effort toward the Sustainable Development goals and include this in our reporting for more transparency.

CONTEXT

At Dell Technologies, sustainability is an integral part of everything we do. We feel a deep responsibility to innovate for our customers and our planet, using all the levers at our disposal to make technology work for the world we need.

To help customers meet their sustainability goals, we are rethinking and redesigning our offerings to maximize recyclability and minimize carbon footprints. We are driving ethical and environmental practices across our supply chain and the industry. And we are partnering with our customers, suppliers and communities to create projects that use less, enable more and give back to the world that's given us so much.

PLEDGE STATEMENT

- As part of Dell Technologies' Progress Made Real Plan, we set ambitious goals for 2030, including: For every product a customer buys, we will reuse or recycle an equivalent product;
- 100% of our packaging content will be made from recycled or renewable materials;
- More than half of our product content will be made from recycled or renewable materials.

In support of this goal, Dell Technologies pledges to actively take back equipment of any condition and will assume full control to ensure all materials are repurposed in a responsible way.

PROGRESS MADE IN 2020

Where do we stand now?

- Through 2019, we collected 9.1% of products sold. Data for 2020 is not yet available. This data is based on the total weight of material captured for recycling and reuse divided by the total weight of products sold. We are working toward a more accurate unit-based measure for product categories, which will allow us to more effectively track and act on our goals.
- Introduced Latitude 7300 Anniversary Edition with revolutionary new process to incorporate a non-woven layer of reclaimed carbon fiber.
- Introduced new XPS laptops packaged in molded trays made from 25% recycled ocean-bound plastics and 75% locally recycled plastic, which helped eliminate the use of plastic bags as well. Select models will move to a 50/50 blend later this year.
- Introduced bioplastics made from the byproduct of the paper-making process to create a traditional polycarbonate plastic using a new biopolymer. The bioplastics are used in the laptop lid of Latitude 5000 series and Precision 3560 products.

NEXT STEPS IN 2021

- We continue to drive circular design with an emphasis on using sustainable materials, enabling easy repairs and refurbishment, dematerializing where possible and working with recyclers to make disassembly and recycling easier.
- In October, 2020 we introduced Project APEX – a reinvention of our business envisioning everything-as-a-service across all aspects of the organization. In 2021, we will continue to roll out how these services will work.

CONTEXT

Enel has made the circular economy a driver of its strategy and is developing systematically concrete initiatives across different business lines. The focus on renewable energy is an important pillar of the circular economy and combined with electrification enables the shift towards zero emission models in sectors like mobility, heating and cooling, contributing to the objective of decarbonization. Moreover, together with other technologies related to electric mobility, energy efficiency and network digitalization enable a sustainable and innovative transformation of the energy system in line with our vision of a circular city.

In order to be fully circular and sustainable, we are applying a circular approach to manage our assets considering all the lifecycle, starting with design and construction phases and continuing until the decommissioning.

PLEDGE STATEMENT

- By 2030, Enel aims to achieve a reduction of GHG Emissions (Scope 1) from 214 gCO_2eq/kWh (2020) to 82 improving the circularity of the energy and material flows. In particular Enel aims to achieve, by 2030, more than 80%[1] share of renewables on total capacity. It will be developed according to a sustainable construction site model and the principles of circular economy (focusing on renewable energy used in the construction, water saved or reused within the worksite and minimization of waste produced). In synergy with the transformation of the production mix, Enel aims to improve of the 86%,[2] compared to 2015 the circularity of the power fleet.[1]
- By 2023, Enel will achieve nearby 49M smart meters installed.[1] Therefore, it will be necessary to manage the end of life of old smart meters, recovering recyclable materials thus reducing impact on new resources. Furthermore, Enel is moving forward on applying a circularity-by-design approach to the network devices development process. This will ensure a 'closing the loop' strategy with the possibility to reuse material recovered from the disposal of old devices, to be reintroduced on the production supply chain of brand new grid components.
- By 2023, Enel X will achieve globally more than 780,000[1] charging points for electric vehicles. Through its boosting program, Enel X will continuously improve the circularity of this infrastructure with innovation projects on key aspects such as the recovery and reuse of spare parts at the end of life and the use of recycled material in inputs.

[1] Executive summary Capital Market 2020

[2] This value is calculated measuring the consumption of resources over the entire life in connection to a power plant: from the extracted raw materials, to the consumed materials and the energy used during the phases of manufacturing, construction, operation and decommissioning. This aggregated value is then compared with the energy produced over the entire life.

PROGRESS MADE IN 2020

In 2020 we continued with our process of transition to renewable sources, digitalization of the grid and electrification of consumption, reaching:[3]

- 49 GW of renewable capacity (55% on total capacity)
- 44 mln of smart meters
- 186k charging points for EV

The photovoltaic and wind value chains are currently being redesigned – on the one hand by working on the circularity of the input materials (e.g. evaluating the use of materials such as recycled plastic for PV) and on the other by identifying solutions that maximize the recovered value (e.g. evaluating innovative technologies for the end-of-life recovery of wind blades). Moreover the "New Life" project launched in 2020, has the objective of giving new life to the equipments of the decomissioned coal-fired power plants and the obsolete materials of all the other power plants through reuse, resale, recycling etc. As of today, the project perimeter includes materials and equipment from 5 countries and 14 plants and for example in Italy, Spain and Chile we achieved in addition to benefits in terms of circularity, a total value of avoided costs equal to approximately € 1.4 mln.

As further area, the value chain of the grid assets is currently being analyzed with the objective of improving the circularity. For example we started the production of the first 30,000 Circular Open Meters made of 100% regenerated plastic (with a reduction of 210 tons of CO_2 emitted and of 31.5 tons of waste compared to the traditional process). This new solutions will allow us to increase circularity of the new assets that will install in the next years.

We redesigned also the EV charging stations ("JuiceBox") and is on the market from this year an innovative product inspired by the principles of Circularity. At the end of 2020 the first 3,000 Juice Boxes with recycled plastic content saw the light and we will scale up in 2021.

We continued to implement The "Circular Economy Initiative for Suppliers' Engagement" project in order to measure the environmental impact of what we buy and improve circularity through tender specific instruments and co-innovation projects (this initiative actually involves around 200 suppliers worldwide across 12 product categories which account for more than 60% of the expenditure for the purchase of materials).

NEXT STEPS IN 2021

Enel aims to accelerate the transition to circular business models through the scale-up of the solutions identified in 2020 and continuing to work with a circularity by design approach for our key assets (e.g. PV, Wind, Smart Meters, , batteries, EV charging stations) to identify new solutions.

In order to make these actions more effective we aim to further develop metrics that can support the measure of the impacts, define the objectives and identify the improvement levers. As in the 2020 we will continue to develop between our employees awareness about circular economy and the needed skills.

Moreover we aims to contribute to the development of circular cities both in terms of business solutions that leading the way in terms of theoretical thinking.

[3] Full Year 2020 Consolidated Results

CONTEXT

As the network of the Netherlands, we are passionate about offering secure, reliable and future-proof networks and services, enabling people to be connected anytime, anywhere, whilst at the same time creating a more prosperous and cleaner world.

PLEDGE STATEMENT

KPN is implementing a program to reach its ambition of having close to 100% circular operations by 2025. For major parts of our business and throughout the lifecycle of our equipment and products we are looking for circular solutions, focusing on reducing the use of scarce virgin materials, optimising and extending the lifetime of our products and ensuring a high-end second life. This will reduce residual waste to an absolute minimum in our operations. Our scope will include network equipment, office facilities and customer premise equipment.

PROGRESS MADE IN 2020

For inflow of materials we have to date introduced 9 products with improved circular design. In 2020, we introduced our new modem and network termination unit with a casing of recycled plastic. We also ran a pilot on a fiber-optic cable that is smaller in diameter and which uses 90% recycled plastic. Furthermore, we introduced a digital SIM card (eSIM) which saves plastic and CO_2.

For outflow of waste and materials, our reuse and recycling rate improved from 78% in 2019 to 81% in 2020. In an effort to close the loops in our supply chain, we improved our return rate for the customer premises equipment from 74% to 92%.

NEXT STEPS IN 2021

For inflow of materials we will continue working towards 15 products with improved circular design by 2022. For outflow we have set a target of 82% reuse and recycling in 2021. Furthermore we are developing our roadmap and metrics that stipulate our pathway towards close to 100% circular operations by 2025.

CONTEXT

Lely is working towards a sustainable, enjoyable and profitable future in the agricultural sector. The company develops high-quality robots and data systems, which put the cow first, and are designed to improve animal welfare as well as the flexibility and productivity of dairy farms.

Lely is a leader in the worldwide sale and service of automated systems to successive generations of dairy farmers. Lely is continually inspiring its employees to offer customers innovative solutions, and act as trusted partners for long-term advice and support.

PLEDGE STATEMENT

For Lely the biggest impact we can create is by making the processes at our customers more circular. At Lely we aim at developing a new manure treatment system by 2025 that will nearly close the mineral loop at dairy farms and reduces the CO_2-eq emissions by 7% per cow.

We have a program running in which we reuse, recondition, repurpose and recycle our returned milking robots. By 2025 we will expand this program to all capital equipment which is returned to Lely.

PROGRESS MADE IN 2020

Lely successfully launched Lely Sphere: a circular manure-handling system for separating mineral streams and creating value from emissions. The system separates manure and urine and converts nitrogen emissions into valuable fertilisers, which can be used for precision fertilization. In this way, the farmer makes a big step in closing mineral cycles as well as improving the barn climate and reducing negative environmental impact in the region.

The development of the Lely sustainability program is making great progress. In 2021 we aim to making commitments to both next steps in improving on-farm circularity as well as circularity within our own operations and processes.

December 2019 we launched our own trader platform which reached in October 2020 a total of 100 unique product advertisements and connected several to new owners. Meaning that we are biggest online robot trader today already and still growing. Due to COVID-19 is was almost impossible to audit and certify our Lely Centers to start their own certified recondition business, however we have added two Lely Centers to this list.

NEXT STEPS IN 2021

For inflow of materials we will continue working towards 15 products with improved circular design by 2022. For outflow we have set a target of 82% reuse and recycling in 2021. Furthermore we are developing our roadmap and metrics that stipulate our pathway towards close to 100% circular operations by 2025.

CONTEXT

At Philips, our purpose to improve people's health and well-being through meaningful innovation is at the heart of everything we do. As a leading health technology company, we believe that innovation can improve people's health and healthcare outcomes, as well as making care more accessible and affordable. In concrete terms, we aim to improve the lives of 2 billion people a year by 2025, including 300 million in underserved communities, rising to 2.5 billion and 400 million respectively by 2030. Guided by this purpose, it is our strategy to lead with innovative solutions that combine systems, smart devices, informatics and services, and leverage big data – helping our customers deliver on the Quadruple Aim (better health outcomes, improved patient experience, improved staff experience, lower cost of care) and helping people to take better care of their health at every stage of life. We strive to deliver superior, long-term value to our customers and shareholders, while acting responsibly towards our planet and society, in partnership with our stakeholders. Philips takes an integrated approach to systems thinking. It looks beyond the linear 'take, make, dispose' model to a circular model of regenerative product design, new business models, reverse logistics and enabling technologies. We see huge opportunities for businesses to provide greater value to customers through innovative service models, smart upgrade paths, software supporting resource optimization like tele-health offerings, product take-back and remanufacturing programs. Over the last decade, Philips has returned some 7,000 tons of refurbished medical imaging equipment to the market and incorporated 6,000 tons of recycled plastics into its new consumer products.

PLEDGE STATEMENT

At Philips, we are committed to offering a trade-in on all our professional medical equipment and to take care of responsible repurposing of such trade-in systems. We call this 'Closing the Loop'.
In 2018, Philips made a public commitment at the World Economic Forum to close the loop for Large Medical Equipment by the end of 2020. Large medical equipment refers to systems that are bolted to the floor or ceiling during operation. In 2020, Philips deployed a comprehensive set of commitments across all the Environmental, Social and Governance (ESG) dimensions that guide the execution of our strategy and support our contribution to UN Sustainable Development Goals 3 (Ensure healthy lives and promote well-being for all at all ages), 12 (Ensure sustainable consumption and production patterns) and 13 (Take urgent action to combat climate change and its impacts). As part of this, Philips committed to expanding its closing the loop practices to all professional medical equipment by the end of 2025. In addition, Philips also commits to grow its revenue from circular products, services and solutions to 25% in 2025.

PROGRESS MADE IN 2020

In 2020, Philips delivered on its commitment to close the loop for Large Medical Equipment:.

- After two years of month-over-month improvements, Philips succeeded by year-end 2020 in offering a trade-in for all Replacement Philips deals that we won around the globe for Large Medical Equipment
- We had the process and infrastructure in place to responsibly repurpose all large medical trade-in systems that we won by year-end 2020

Philips has made Closing the Loop part of its regular way of working by adopting a process standard in our process framework. In addition, we have created a business category, called Circular Equipment, to own this process on top of their responsibility for Diamond Select refurbished systems sales and spare parts recovery. We have integrated trade-in in our customer relationship management tooling and ensured that all Philips market organizations have a proven capability to initiate trade-in according to standard. We also include Closing the Loop in our top-down performance management processes, and progress is reviewed with all markets and businesses in scope.

Besides process improvements, we have also made a number of infrastructural improvements. In 2020, Philips on-boarded 10 new countries to enable the return of systems to our refurbishing factories. And we have built a network of local partners for responsible material recycling of trade-in systems, which covers the countries where Philips has a commercial presence. We have also developed algorithms to predict the number of systems our customers will be replacing and to assess pro-actively what it will take to close the loop.

Finally, Philips worked on changing the ecosystem and best practice sharing by teaming up with other companies in the Capital Equipment Coalition under PACE. Philips contributed to the creation of an IEC standard for good refurbishing practices to remove barriers to the use of refurbished medical devices.

NEXT STEPS IN 2021

In 2021, Philips will continue its journey to close the loop for all professional medical equipment by 2025. We are starting new pilots and continue to develop strategies to address categories of equipment or situations that are not yet covered, to deliver on our 2025 targets.

CONTEXT

Vanderlande is the global market leader for value-added logistic process automation at airports, and in the parcel market. The company is also a leading supplier of process automation solutions for warehouses. To minimise the ecological footprint of the company's and our customers' systems and maximise the effectiveness of its operations, Vanderlande utilises a three-phase programme to support its interests. Each phase is an amalgamation of themes, ambitions, initiatives and a corresponding timeline. Themes include Cradle to Cradle® and circular economy principles aimed to offer truly circular services. With this in mind, it is already developing tangible prospects to upgrade products, facilitate refurbishments, offer leases on a pay-per-use basis, and explore other business models, as managed services. Vanderlande plans to progress steadily through each phase and will gradually enhance the capabilities of all employees in realising this common goal.

PLEDGE STATEMENT

By 2022 Vanderlande will expand its solutions and services that fully close the loop by utilising innovative business models. Vanderlande will also have accelerated its platform-approach within all of its market segments. We will report our progress on this journey based upon GRI reporting principles.

PROGRESS MADE IN 2020

How companies operate in harmony with sustainable development has become crucial in guaranteeing the wellbeing of future generations. This is why Vanderlande, alongside many other progressive international companies, wants to play a proactive role in accelerating the circular economy. In 2020, Vanderlande published its first sustainability report with concrete targets towards accelerating the circular economy related to its corporate governance, circular design principles and IT security for digitalisation. Alongside with this, a strategic sustainability program reporting directly to the board of directors has been approved to start in 2021, where accelerating the circular economy is one of the key elements.

In 2020, Vanderlande also made important steps towards standardising its solutions through 'platforms', moving from an engineering-to-order to a configure-to-order approach using standardised 'building-blocks'. This has been proven to lower the time and impacts related to production, procurement and installation, and to simplify a product's life-cycle management. By having a lean product life-cycle management with standard building blocks, Vanderlande's products become easier to repair and service.

NEXT STEPS IN 2021

In 2021, Vanderlande's strategic sustainability program will set new roadmaps and targets for accelerating the circular economy. Vanderlande will continue to be active involving key suppliers and customers to set joint initiatives. Vanderlande will continue to expand its platform-approach within all of its market segments to simplify the processes to close the loop, and set up a Digital Service Factory to improve on its digitalisation initiatives.

PACE

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the Circular Economy