

PHILIPS

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Digital Reporting

ESEF Conference

March, 2020

innovation  you



Agenda

1. Introduction
2. Philips experience with digital reporting
3. Philips recommendations to the European and Dutch regulators
4. Q&A



Introduction



Philips corporate information

- Primary listing Euronext Amsterdam
- Secondary listing New York Stock Exchange
- IFRS and SOX compliance
- Regulators ESMA / AFM / SEC





Philips experience with digital reporting



The Daily News

www.dailynews.com

Washington D.C., March 1, 2017

SEC Posts Notice of Availability of IFRS Taxonomy



The Securities and Exchange Commission today published a taxonomy on its website so that foreign private issuers that prepare their financial statements in accordance with International Financial Reporting Standards (IFRS) may submit those reports using XBRL. XBRL is a machine readable data format that allows investors and other data users to more easily access, analyze and compare financial information across reporting periods and across companies.


Foreign private issuers that prepare their financial statements in accordance with

IFRS as issued by the IASB may begin immediately to submit their financial statements in XBRL. Otherwise, all such foreign private issuers must submit their financial statements in XBRL for fiscal periods ending on or after December 15, 2017.

In 2009, the Commission adopted requirements for structuring certain foreign private issuer financial statements in XBRL once an IFRS taxonomy was specified on the Commission's website, SEC.gov.



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 **esma** European Securities and Markets Authority

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[Home](#) > [New rules make EU issuers' annual financial reports machine-readable](#) [Print](#) [Share](#)

NEW RULES MAKE EU ISSUERS' ANNUAL FINANCIAL REPORTS MACHINE-READABLE

18 December 2017

[EUROPEAN SINGLE ELECTRONIC FORMAT](#) [PRESS RELEASES](#)

The European Securities and Markets Authority (ESMA) publishes today the [final draft Regulatory Technical Standards \(RTS\)](#) [©] setting out the new European Single Electronic Format (ESEF). Starting from 2020, this format shall be used by all issuers to prepare their annual financial reports. ESMA also publishes a reporting manual and detailed instructions to issuers to facilitate the implementation of the RTS. The publication of the RTS is accompanied by the launch of a [new webpage on the ESEF](#) [↗].

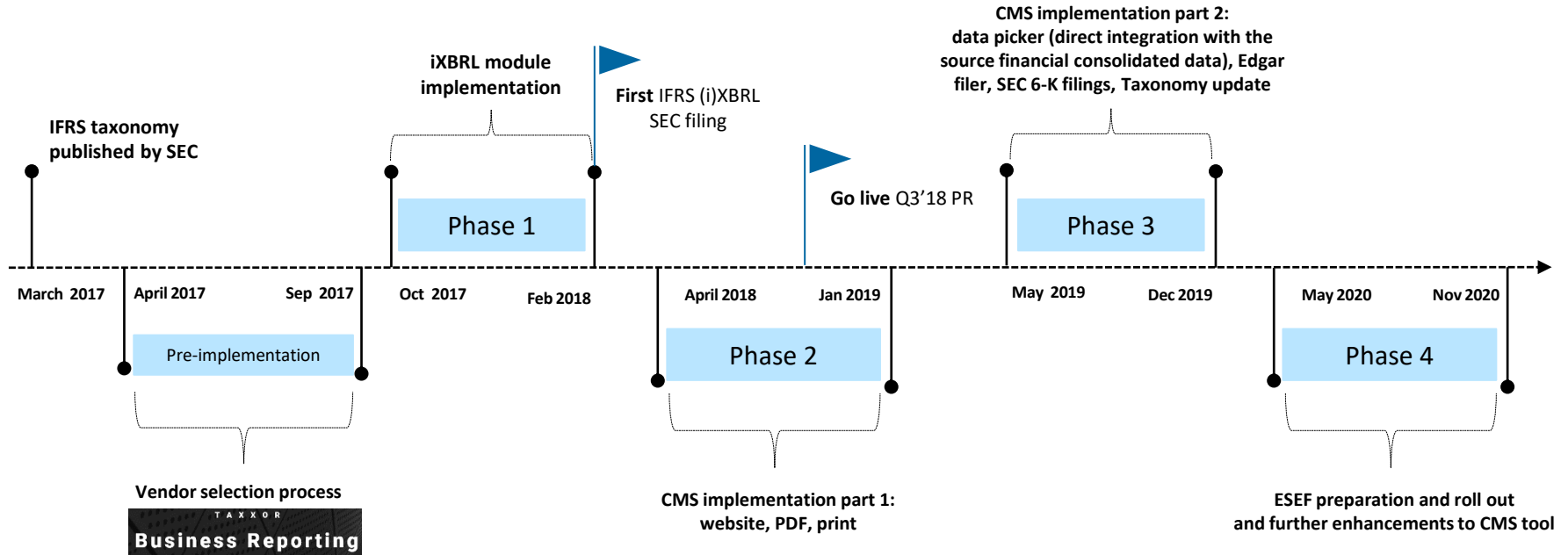
RELATED DOCUMENTS

FINAL REPORT ON THE RTS ON THE EUROPEAN SINGLE ELECTRONIC FORMAT
18 December 2017
[ESMA32-60-204_FINAL_REPORT_ON_RTS_ON_ESEF.PDF](#) (6.37 MB)

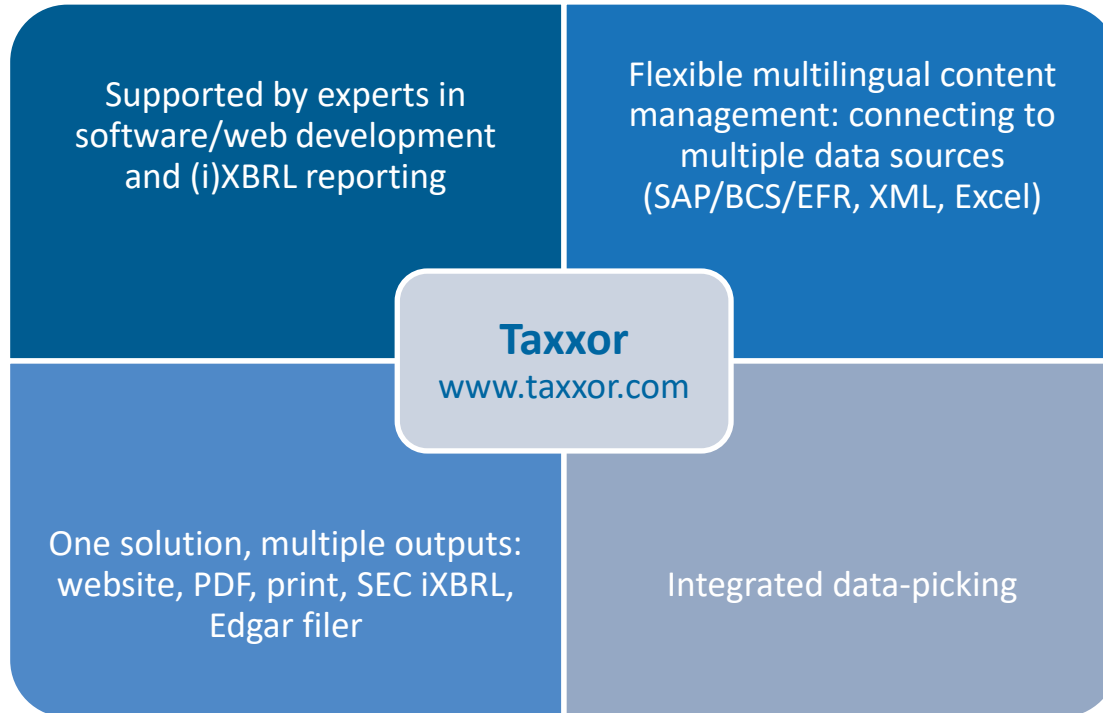
ESEF REPORTING MANUAL
12 July 2019
[ESMA32-60-254_ESEF_REPORTING_MANUAL.PDF](#) (679.1 KB)

BRIEFING NOTE - PREPARING FOR 2020: ESEF FIELD TESTS AND REPORTING MANUAL
18 December 2017
[ESEF_FIELD_TEST_BRIEFING_NOTE.PDF](#) (339.06 KB)

Our digital reporting journey



Our Content Management System choice – Taxxor





Taxxor Content Management System zoom in

Data manager

Source mapping 🗨

Select dataset: PL ▼

Concept:

Search...

- PC/211120 - Earnings before interest and tax
 - PC/211130 - Cost
 - PC/280999 - Total Sales**
 - PC/211121 - Other income/expenses
 - PC/211110 - Financial income/expenses
 - PC/296999 - Results relating to Investment in associates
 - PC/298999 - Income taxes

Data available: 12/1/2019 - 12/31/2019 📄

Dimensions:

+

Fact info 🗨

Fact context:

SalesIncome from operations 17,78018,12119,482

Period:

Instant Duration

2019-01-01 - 2019-12-31

Fact date absolute

Data type: monetary ▼ Unit: Euro ▼

Value:

19481964196.61

Flip sign

Display as:

19,482 ▼

+

Target mapping 🗨

Select reporting requirement: SEC 20-F XBRL ▼

Concept: **ifrs-full_Revenue**

Search...

- Profit (loss) from operating activities
- Research and development expense
- Revenue**
- Selling expense
- Share of profit (loss) of associates and joint ventures accounted for using equity method

phg_EURPerShare

- 01100 - Statement - Consolidated statements of comprehensive income
- 01200 - Statement - Consolidated balance sheets

Dimensions:

Flip sign +

Zoom in XBRL implementation

1. Philips responsibility to **prepare** and **review** XBRL reporting supported by Taxxor XBRL knowledge
2. Involving both **notes/content owners** and **technical accounting department** in the preparation and review process
3. Process started well **in advance** to secure required time to initially prepare and review XBRL

Time (*)	Philips	Taxxor	Total
Hours	590	209	798
Days	74	26	100
Weeks	15	5	20

Scope: block and detail tagging

20% statement tagging

80% notes tagging

4. Opting for **(i)XBRL** yet having traditional XBRL as a back-up solution

(*) Year 1 tagging



XBRL implementation conclusions

Philips is **in charge** of the XBRL process: no outsourcing partner; a **flexibility** on the timing of the test and production filing, any warnings and errors known prior to the filing due date

In-house XBRL process means saving time/resources/money, we are in control of the data definitions and we have a higher data quality

Our 'full package' **Content Management System solution** simplifies the Annual Report and form 20-F report development, filing and XBRL tagging process; it supports real-time output ready digital reporting



iXBRL tag look and feel

<https://www.sec.gov/>

Document
phg-20191231.htm iXBRL
phg-exhibit12a.htm
pha-exhibit12b.htm

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 20-F

(Mark one)

STRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

13.7 Consolidated balance sheets
Amounts in millions of EUR unless otherwise stated

	2019	2018
Non-current assets		
Property, plant and equipment	2,712	2,882
Goodwill	8,503	8,654
Intangible assets excluding goodwill	3,269	3,465
Non-current receivables	735	735
Investments in associates	1,011	1,011
Other non-current financial assets	248	248
Non-current derivative financial assets	1,651	1,651
Deferred tax assets	41	41
Other non-current assets	41	41
Total non-current assets	16,412	17,517
Current assets		
Intangible assets	2,676	2,771
Other current financial assets	608	608
Other current assets	271	271
Current derivative financial assets	16	16
Income tax receivables	377	377
Current receivables	4,029	4,029



Current assets
Inventories 15

2,773

Attributes

EN-US: Current inventories

Tag	ifrs-full:Inventories
Fact	2,773,000,000
Period	As of 12/31/2019
Measure	EUR
Scale	Millions
Decimals	Millions
Balance	Debit
Sign	Positive
Type	Monetary Item Type
Format	numdotdecimal

Labels

EN-US: Current inventories

Documentation (EN)	The amount of current inventories. [Refer: Inventories]
Label (EN-US)	Current inventories
Terse Label (EN-US)	Inventories
Total Label (EN-US)	Total current inventories



References

EN-US: Current inventories

Name	IAS
Number	1
Paragraph	54
Sub Paragraph	g
URL (will Leave SEC Website)	http://eifrs.ifrs.org/eifrs/xifrs-link?type=IAS&num=1&code=ifrs-tx-2019-en-1&anchor=para_54_g&doctype=Standard
Name	IAS
Number	1
Paragraph	68

Calculation

EN-US: Current inventories

Balance	Debit
Section	01200 - Statement - Consolidated balance sheets
Weight	Added to parent (1.00)
Parent	IFRS-FULL Current Assets
Section	41501 - Disclosure - Inventories - Inventories (Detail)
Weight	Not Available.
Parent	Not Available.

Pros and cons of XBRL reporting for Philips

Pros

1. Being more in control of the way the data is provided to data aggregators eliminating manual data processing
2. Re-thinking the external reporting process
3. Re-thinking presentation of certain data
4. Data validation

Cons

1. Additional work & implementation costs
2. Using the published taxonomy can be time-consuming
3. SEC EDGAR portal technical issues
4. 'Black hole' - no visibility on XBRL usage by data aggregators



Philips recommendations to the European and Dutch regulators

Recommendations

1. **One set** of IFRS XBRL taxonomy for both SEC and ESMA filing
2. Adding a **search option** in the Taxonomy based on IFRS disclosure number/paragraph
3. Providing a user and IT friendly **filing portal**, (or a system-to-system filing mechanism) including a sound validation mechanism
4. **Providing feedback** for the filers on for example, # of downloads, usage, questions form data aggregators

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Q&A

