



Philips Sustainable Consumption Pledge

As a leading health technology company, Philips aims to improve people's health and well-being through meaningful innovation. We focus on doing business responsibly and sustainably, as part of our Environmental Social and Governance (ESG) commitments and Philips purpose to improve 2.5 billion lives per year by 2030. We are stepping up our actions to set an example and help accelerate towards creating safer societies and a healthy planet for all. We embed sustainability across our operations, innovations and the supply chain and we are rapidly adopting more sustainable decision making at all levels across the company. Following our participation in the 2021 – 2022 Green Consumption Pledge, Philips is now proud to confirm participation in the updated Sustainable Consumption Pledge 2023.

A. Reducing carbon footprint

Philips has set long-term CO₂-e emission reduction targets that are approved by the Science Based Targets initiative (SBTi). Having its Scope 1, 2, and 3 emissions reduction targets approved by SBTi, demonstrates Philips' commitment to building a transparent, just, and low-carbon value chain in line with the Paris Agreement 1.5°C target. By joining forces with customers and suppliers we are further reducing our collective carbon footprint with the aim to create a sustainable and more resilient healthcare industry.

The Philips Environmental Profit & Loss (EP&L) account¹ guides our environmental efforts. It is an economic valuation in EUR of the impact that Philips has on the environment. In other words: an environmental footprint of Philips' complete value chain expressed in monetary terms. Our EP&L account is based on Life-Cycle Assessment (LCA) methodology. Philips has been performing LCAs since 1990. The 'EP&L'-metric is part of the assurance assignment of Ernst & Young. EY's assurance report is published each year with the Philips Annual Report.

Our commitments

By 2025, Philips aims to:

- reduce absolute scope 1 and scope 2 Greenhouse Gas emissions by 25% compared to 2019 (75% compared to 2015 when Philips joined the Science Based Targets Initiative).
- have at least 50% of our suppliers (based on spend) committed to science-based targets for carbon reduction, as part of our Supplier Sustainability Program².

By 2030, Philips aims to reduce indirect Greenhouse Gas emissions (scope 3) across our entire value chain, in line with the 1.5 °C global warming scenario, by 42% compared to 2020.

In 2022, we have performed an initial assessment of our scope 3 category Use of Sold Products by estimating the lifetime energy consumption and applying the Life-Cycle Assessment (LCA) methodology on a country-by-country basis. Initial results indicate that the emissions from the use of sold products are 3,898 kilotonnes CO₂-e. As part of our EcoDesign program (see section B), we are focused on improving the energy efficiency of our products during the customer use phase. We partner with leading care providers to investigate innovative ways to reduce the environmental impact of healthcare, for

¹ A detailed explanation of the methodology can be found here: [epl-methodology-2021.pdf \(philips.com\)](https://www.philips.com/epl-methodology-2021.pdf)

² [Supplier sustainability | Philips](#)



example by maximizing energy-efficient use of medical equipment (including introduction of EcoModes³) and optimizing lifecycle value.

B. Other aspects of sustainability

Increasing circularity in our activities

The transition from a linear to a circular economy is essential to create a sustainable world that functions within the boundary conditions of our one planet. At Philips, EcoDesign, refurbishment, digitalization and responsible end-of-use management are key elements of our circular strategy. This strategy contributes to delivering sustainable healthcare systems and protecting population health. We see huge opportunities for business to provide greater value to customers and our planet through innovative service models, smart upgrade paths, product take-back, refurbishing- and remanufacturing programs, and software driving resource optimization, e.g., in with migration to the cloud, improved utilization rates and telehealth offerings.

Our commitments

By 2025, Philips aims to:

- Generate 25% of revenue from circular products, services and solutions⁴.
- Close the loop for 100% of professional medical devices⁵.
- For all our new products introductions to be EcoDesigned according to our EcoDesign requirements⁶.
- Embed circular practices⁷ at our sites (including non-manufacturing sites, such as large offices, warehouses, and R&D facilities) and maintain Zero Waste to Landfill status for all our industrial sites.

Respecting social sustainability across our supply chain

As a signatory to the 2007 UN Global Compact and its Ten Principles covering human rights, labor, the environment and anti-corruption on sustainable and socially responsible policies, Philips strongly believes that companies have both the responsibility to respect human rights and the ability to protect

³ EcoMode is a configurable setting allowing for (automatic) power down to the lowest possible power use after a certain period of in-activity while meeting user needs to system availability.

⁴ Circular Revenues are defined by revenues generated through products and solutions that meet specific Circular Economy requirements. These include performance and access-based business models, refurbished, reconditioned and remanufactured products and systems, refurbished, reconditioned and remanufactured components, upgrades or refurbishment on site or remote, and products with a recycled plastics content of >25% post-consumer recycled plastics or >30% post-industrial/post-consumer recycled plastics by total weight of eligible plastics: [Circular economy | Philips](#)

⁵ We “close the loop” by offering a trade-in on all professional medical equipment and taking care of responsible repurposing (either refurbished at Philips, or locally recycled in line with Philips policies). To achieve this target, we actively drive trade-ins in markets where de-install, trade-in and reverse logistics capabilities are in place, and build these capabilities in countries that do not yet have them.

⁶ Green/EcoDesigned Products offer a significant environmental improvement in one or more Green Focal Areas: Energy efficiency, Packaging, Hazardous substances, Weight, Circularity, and Lifetime reliability. The life cycle approach is used to determine a product’s overall environmental improvement. It calculates the environmental impact of a product over its total life cycle (raw materials, manufacturing, product use and disposal). Green/EcoDesigned Products need to prove leadership in at least one Green Focal Area compared to industry standards, which is defined by a segment-specific peer group. This is done either by outperforming reference products (which can be a competitor or predecessor product in the particular product family) by at least 10%, by outperforming product-specific eco-requirements or by being awarded with a recognized eco-performance label. Because of different product portfolios, businesses have specified additional criteria for Green/EcoDesigned Products, including product specific minimum requirements where relevant: [EcoDesign | Philips](#)

⁷ We do this by implementing Circular Materials Management and sending zero waste to landfill. Philips’ [Sustainable Operations programs](#) focus on the main contributors to climate change, recycling of waste, reduction of water consumption, and reduction of emissions.

them. Philips' Human Rights Policy⁸, General Business Principles⁹ and other relevant policies detail how Philips respects human rights, in line with the International Bill of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. In this regard, Philips also follows the guidance given in the UN Guiding Principles on Business and Human Rights and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

Philips is committed to doing all that is reasonable and practicable to proactively identify and mitigate (potential) adverse human rights impacts in its operations and value chain. This is supported by different due diligence mechanisms. Philips' approach to human rights due diligence includes defining and addressing human rights areas of severe impact, performing human rights impact assessments at selected sites, reviewing research projects by the Internal Committee for Biomedical Experiments (ICBE) and implementing multi-tier supplier sustainability programs.

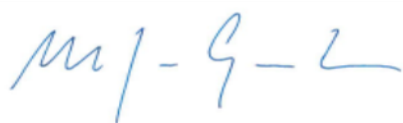
Our commitments

By the end of 2023, Philips aims to perform Human Rights Impact Assessments¹⁰ at 100% of selected at-risk sites, which will be repeated every three years.

By 2025, Philips aims to improve the lives of 1 million workers in its supply chain¹¹, also through its dedicated supplier development program¹².

C. Publishing results and progress

Philips will annually report the progress on the commitments made in this Sustainable Consumption Pledge, through publication on the European Commission website. Philips commits to informing customers about the status of our commitments. Detailed information about Philips's ESG commitments, activities, and methodologies can be found on our Environmental, Social, and Governance (ESG) webpage¹³. In addition, Philips publishes extensive updates in the dedicated sustainability chapter of our Annual Report as well as our yearly Human Rights Report¹⁴.



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⁸ [philips-human-rights-policy.pdf](#)

⁹ [GBP_booklet_2019_def2.pdf \(philips.com\)](#)

¹⁰ See page 9 here: [philips-human-rights-report-2022.pdf](#)

¹¹ [lives-improved-our-methodology-2022.pdf \(philips.com\)](#)

¹² [Supplier-Sustainability-Performance-SSP-brochure-v181026.pdf \(philips.com\)](#)

¹³ <https://www.philips.com/a-w/about/environmental-social-governance.html>

¹⁴ [Philips 2022 Human Rights Report - News | Philips](#)