PHILIPS

Carbon Reduction Plan

Supplier name: Philips Electronics UK Limited   **Publication date:** 14th April 2025

Commitment to achieving Net Zero

Royal Philips NV achieved Carbon Neutrality in its operations (All Scope 1+2, and Business Travel and Logistics) in 2020.
In 2022 we raised the bar and committed to reducing CO_2 emissions in our entire value chain in line with a 1.5°C global warming scenario based on Science Based Targets.

Philips is committed to achieving Net Zero by at least 2045 and was the first health technology company to have targets approved by the Science Based Targets initiative in 2018. We resubmitted our plans in 2022 and our SBTi certificate is published on the [Philips ESG Downloads](#) website. With these targets, on a global scale, we commit to reduce our CO2-equivalent emissions from our sites by 75% by 2025, and 90% by 2040 (compared to 2015 levels), as well as reducing indirect (scope 3) greenhouse gas emissions across our entire value chain by 42% by 2030 (compared to 2020 levels) in line with the 1.5 °C global warming trajectory.

Philips undertakes Life Cycle Assessments (LCA) to underpin the environmental impact of our products following the standards outlined in ISO14040 and ISO 14044.

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Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

Please note, we have provided the figures below for Philips Global business, which include the UK business entity in the total figures shown.

Baseline Year: 2015 for Scope 1 and 2, and 2020 for Scope 3 (Philips Global Parent Including the UK entity Emissions)	
Additional Details relating to the Baseline Emissions calculations.	
Baseline year emissions: 2015 for Scope 1 and 2, and 2020 for Scope 3	
EMISSIONS	**7,734,177 TOTAL (tCO$_2$e)**
Scope 1	34,896 (2015)
Scope 2	99,275 (2015)
Scope 3 **(Included Sources)**	7,600,006 (2020) • *Purchased goods = 1,715,819 (tCO2e)* • Capital goods 139,364 (tCO2e) • Fuel and energy related activities 57,386 (tCO2e) • ***Upstream transportation 204,244 (tCO2e)*** • **Waste generated in operation 4,684 (tCO2e)** • ***Business travel 70,158 (tCO2e)*** • **Employee commuting 15,489 (tCO2e)** • Leased assets NA (tCO2e) • ***Downstream transportation 210,387 (tCO2e)*** • Processing of sold products NA (tCO2e) • *Use phase 5,159,574 (tCO2e)* • End of life 22,901 (tCO2e) • Leased assets NA (tCO2e) • Franchises NA (tCO2e) • Investments NA (tCO2e) Please note only the highlighted categories are those required under current PPN06/21 rules. However, all 15 categories are listed in preparation per 2027 NHS Net Zero roadmap.
Total Global Emissions	Scope 1 and 2 (2015): 134,171 Scope 3 (2020): 7,600,006 total and 7,290,024 as part of our SBTi

Current Emissions Reporting

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Reporting Year: 1st Jan 2024 to 31st Dec 2024 (Philips Global Parent Including the UK entity Emissions)	
EMISSIONS	**4,588,662 TOTAL (tCO$_2$e)**
Scope 1	17,783 (tCO$_2$e)
Scope 2	2,179 (tCO$_2$e)
Scope 3 (Included Sources)	4,568,700 (2024) • *Purchased goods = 1,396,321 (tCO2e)* • Capital goods 120,396 (tCO2e) • Fuel and energy related activities 30,758 (tCO2e) • ***Upstream transportation 228,409 (tCO2e)*** • **Waste generated in operation 7,444 (tCO2e)** • ***Business travel 115,534 (tCO2e)*** • **Employee commuting 40,908 (tCO2e)** • Leased assets NA (tCO2e) • ***Downstream transportation 109,568 (tCO2e)*** • Processing of sold products NA (tCO2e) • *Use phase 2,528,611 (tCO2e)* • End of life 31,665 (tCO2e) • Leased assets NA (tCO2e) • Franchises NA (tCO2e) • Investments NA (tCO2e) Please note only the highlighted categories are those required under current PPN06/21 rules. However, all 15 categories are listed in preparation per 2027 NHS Net Zero roadmap.
Total Emissions	Scope 1 and 2 19,962 (2024): Scope 3 (2024): total 4,568,700 and 4,378,440 as part of our SBTi

Emissions reduction targets

On a global basis, Royal Philips commits to reduce absolute scope 1 and scope 2 GHG emissions by 75% by 2025 and by 90% by 2040 compared to the baseline year 2015. Philips also commits to reduce absolute scope 3 GHG emissions from purchased goods and services, business travel, transportation and distribution, and use of sold products by 42% by 2030 from a 2020 base year. Our scope 3 target thereby covers more than 95% of our full value chain emissions.

We have already overachieved our 2025 scope 1 and 2 target with a reduction of 83% and are well underway to achieving our medium and long term target. We have already reduced our scope 3 emissions by 33% compared to the baseline for all scope 3 categories that are deemed material and in scope of our SBTi target.

Progress against these targets to date can be seen in the graph below:
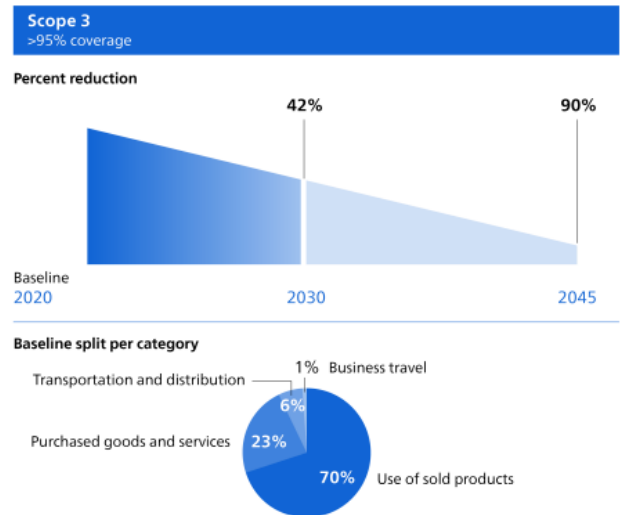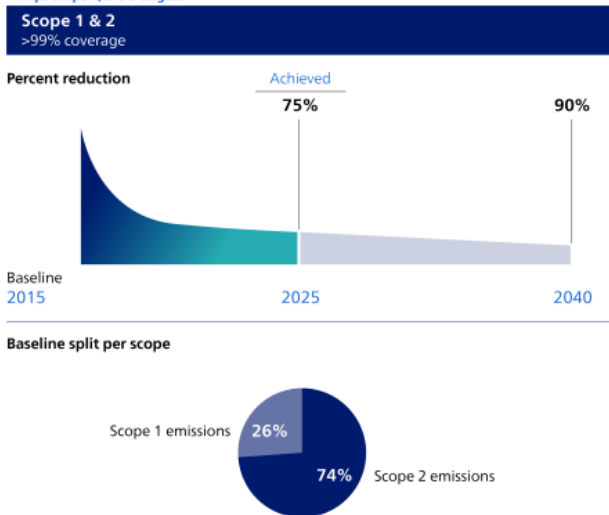
Carbon Reduction Projects

Completed Carbon Reduction Initiatives

The following environmental management measures and projects have been completed or implemented since the 2015 baseline for scope 1 & 2 and 2020 for the scope 3 baseline. The global carbon emission reduction achieved by these schemes equate to 112.178 tCO_2e, an 84% reduction against the 2015 baseline for scope 1 and 2 and an absolute reduction of 2,407,619 tCO_2e in scope 3 emissions. The measures will be in effect when performing the contract. As highlighted in our environmental policy our Climate Action program drives action by:

- Minimizing our operational carbon footprint as part of our climate change mitigation journey.
- Phasing out fossil fuels, investing in energy efficiency measures and sourcing renewable energy as part of our climate change mitigation journey.
- Building climate resilience as part of our climate change adaptation journey.
- Decarbonizing our value chain both upstream and downstream as part of our climate change mitigation journey. This includes increasing energy efficiency and reducing the material footprint of our product base

Philips taking Climate Action

Scope 1 and 2

At our sites, we reduced our Scope 1 (direct) CO2-e emissions by 12% and our Scope 2 (market-based approach) CO2-e emissions by 10% compared to 2022. Scope 1 emissions cover the emissions from our direct fuel consumption

and the use of refrigerants. In contrast, Scope 2 (market-based) emissions cover the emissions of non-renewable electricity and purchased (city/district) heating, cooling, and steam.

As emphasized in our environmental policy, we are implementing energy efficiency measures, eliminating fossil fuels, and procuring renewable electricity to meet our Science Based Targets for Scope 1 and 2 emissions (market-based). Our commitment is further underscored by the ongoing pursuit of ISO 50001 certification for our manufacturing sites, allowing us to adopt a systematic approach for continuous energy management improvements. A significant milestone for our energy strategy in 2023 was achieved when all Dutch sites, accounting for 29% of our energy consumption, were successfully recertified.

Our continued efforts to preserve energy have contributed to a reduction in our energy demand of 8%. This was achieved by introducing a global energy policy and temporarily closing certain buildings and floors to improve the utilization of available office space. As a strategic move in 2023 under our energy efficiency strategy, we also transitioned from existing buildings to locations with better energy efficiency. Therefore, our average energy

intensity has improved.

Regarding the transition to renewable energy, we are making good progress, increasing the share to 78% in 2023. We are therefore already overachieving our 2025 ambition of sourcing 75% of our energy from renewable sources. This is largely driven by multiple Power Purchase Agreements (PPAs) securing the supply of renewable electricity. Prior to 2023, these included the Los Mirasoles wind farm in the US and the Krammer and Bouwdokken wind farms in the Dutch province of Zeeland. To further secure the long-term delivery and quality of renewable electricity for all our operations in Europe, we increased our portfolio in 2023 with a wind farm in Mutkalampi, Finland and a solar farm in Pontinia, Italy. In December 2023, we also closed our first direct renewable energy deal in China. For all remaining electricity demand, we acquire unbundled Energy Attribute Certificates (EACs). Details regarding the attributes per country are available through RE100 in our CDP disclosure.

EACs play a pivotal role in significantly reducing the reported Scope 2 market-based emissions, aligning with the recommendations of the Greenhouse Gas Protocol (GHGP). These instruments serve as strategic tools in our commitment to sustainability and environmental responsibility. By investing in renewable energy projects through the purchase of EACs, we not only contribute to the growth of the clean energy sector, but also directly limit our carbon footprint associated with electricity consumption.

Our operational energy efficiency improved by 10%, from 27.9 MWh/million EUR sales in 2022 to 25.2 MWh/million EUR sales in 2023.

Scope 3 - Business Travel

Our Business Travel emissions, covering emissions from air travel, lease cars and rental cars, increased by 5% compared to 2022. This is mainly due to the restructuring at Philips that required increased travel to allow an optimal transition. The post-pandemic surge in travel was also driven by a need to align with customers which further contributed to the increased emissions. Moving forward, we continue to electrify our lease fleet and promote online collaboration, as well as increase our efforts to move travelers to rail transport for shorter distances.

As part of our global initiative to reduce mobility CO_2 emissions, Philips introduced a new lease car policy in the Netherlands in January 2022 which only allows electric vehicles. A project to implement the same in other European markets has already started. In the UKI organisation, the company car fleet will transition to a fully Hybrid or EV only fleet by 2025. A move to a fully EV solution will follow, once the country's infrastructure supports this. Current estimate is pre-2030.

Transportation and Distribution

In 2023, we recorded a 7% decrease in emissions from our Transportation and Distribution compared to 2022. The scope of these emissions covers the CO2-e emitted by air freight, ocean freight, road freight and parcel shipments. As air freight accounts for most of our operational carbon footprint, we have taken several measures to minimize our environmental impact. These include the Corridor Project, where we are shifting several lanes from air to ocean freight, and the Consolidation Project, where we group multiple shipments in one to reduce the total number of shipments. Overall, these efforts have contributed to the elimination of 6,228 air freight shipments, compared to 2022. It is also important to note that Philips was the first healthcare company to sign the coZEV ambition statement for Sustainable Maritime Freight Shipping. This will support our efforts in accelerating maritime decarbonization. By 2040, we aim to only purchase ocean freight services powered by scalable zero-carbon fuels, a timeframe that is aligned with a Paris Agreement 1.5°C trajectory.

Most notably we have signed a five-year strategic Carbon Pact with Maersk that integrates both our companies' longstanding commitments to reduce CO2 emissions within our value chain by 2020, focusing on reducing emissions through fuel efficiency.

We have an award-winning Supplier Sustainability Programme and in October 2021 we announced additional actions within this that will increase the contribute to our wider climate action goals. The new goal is for at least 50% of Philips suppliers (based on spend) committing to science-based targets (SBTs) for CO_2 emissions reduction by 2025. If successful, this major push to decarbonize our supply chain will have an impact seven times greater than the reduction of CO_2 emissions from our own operations.

Scope 3 – Use phase and Purchased goods

Philips has an active EcoDesign process though which we aim to create products and solutions that have significantly less impact on the environment over their whole lifecycle. We have been performing Life Cycle Assessments (LCAs) since 1990. These LCAs provide insight into the lifetime environmental impact of our products and are used to steer our EcoDesign efforts and to build on our EcoDesign and EcoHero solutions portfolio. Our most significant eco-design improvements have been realized in energy efficiency and product and packaging weight reduction.

At the 2018 World Economic Forum in Davos, Philips made a commitment to fully close the loop on all large medical systems equipment that became available to us by 2020. We successfully delivered on this pledge, and we are now extending this commitment. One of our ambitious corporate targets for 2025 is to close the loop by offering a trade-in on all professional medical equipment (either refurbished at Philips or locally recycled in line with Philips' policies).

Our Circular Edition program makes refurbished equipment available for Magnetic Resonance, Image Guided Therapy, Computed Topography, Mobile Surgery and Ultrasound systems. Systems refurbished under the Circular Edition program have the same high-quality standards and support as new systems from Philips and they are future proofed by enabling access to the same upgrades as new systems. With less energy and fewer raw materials consumed in refurbishment than in new production, Philips Circular Edition customers can also feel confident that they are contributing to both a lower carbon footprint and a fundamental part of a future-proof ecosystem that helps clinicians to provide high quality care to a larger population.

We believe that circularity is a powerful strategy to reduce carbon emissions and recognise that circular business models offer significant benefits to our planet, our customers, and the societies we serve and depend on. As part our ESG commitments and doing business responsible and sustainably, we set the goal of generating 25% of our global revenues through circular models by 2025 (in 2021 we delivered 16%).

How we will drive emission reduction across the value chain

By joining forces with customers and suppliers, we can reduce our shared carbon footprint and create a sustainable and more resilient healthcare industry. To deliver, we will focus on the following four objectives, in order of magnitude:

1) Designing energy-efficient products and collaborating with our customers to reduce emissions during the use-phase

More and more, customers – both in healthcare and retail – are seeking solutions that are less impactful on the environment. To address that demand, we are continuously reducing the climate impact of our products by increasing the energy efficiency of our existing installed base and future product introductions. We see improving energy efficiency as a huge lever to deliver on our value chain emission reductions.

2) Collaborating with our suppliers to reduce emissions in our supply chain

There is a pressing need for industry and business to manage and reduce CO2-e emissions across the entire value chain – including at supplier level. To this end, we have invited many of our largest suppliers – first-tier manufacturing and transportation-related suppliers – to report their climate performance and strategy as part of the Carbon Disclosure Project (CDP) Supply Chain program. Additionally, we engage with these suppliers to reduce their emissions as part of our Supplier Sustainability program.

3) Minimizing our climate impact by adopting circular economy principles

From a climate perspective, applying circular business models can lead to a significant emission reduction. As the value of materials is retained, the need for virgin resources is significantly reduced, and consequently, the need for e.g. energy to produce those virgin materials, leading to reduced emissions. This is also part of our Circular Economy program.

4) Transitioning to lower carbon-emitting energy at our sites

By continuing to phase out fossil fuels at our sites and increase our global renewable energy share, we will be able to achieve our long-term emission targets (scope 1 and 2). This entails, for example, moving towards geothermal and renewable district heating and cooling solutions where available.

Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard[1] and uses the appropriate Government emission conversion factors for greenhouse gas company reporting[2].

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard[3].

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

Signed on behalf of the Supplier:

Date: 26/03/2025

Published 01/04/2025

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[1] https://ghgprotocol.org/corporate-standard
[2] https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting
[3] https://ghgprotocol.org/standards/scope-3-standard