

# Methodology for compensating customer use phase emissions

At Philips, we recognise the threat of climate change and the effects it can have on human health. We are on track to become carbon neutral in our global operations in 2020 and beyond. We continue to work on driving down our emissions, collaborating with our suppliers and customers to drive positive change and on innovation to make our products more energy efficient.

You now have the option to compensate the estimated CO<sub>2</sub> emissions associated with the use of your purchased Philips product. Your contribution will fully go to the highest standard reforestation- and forest conservation projects. Thanks in advance for your support.

## Methodology

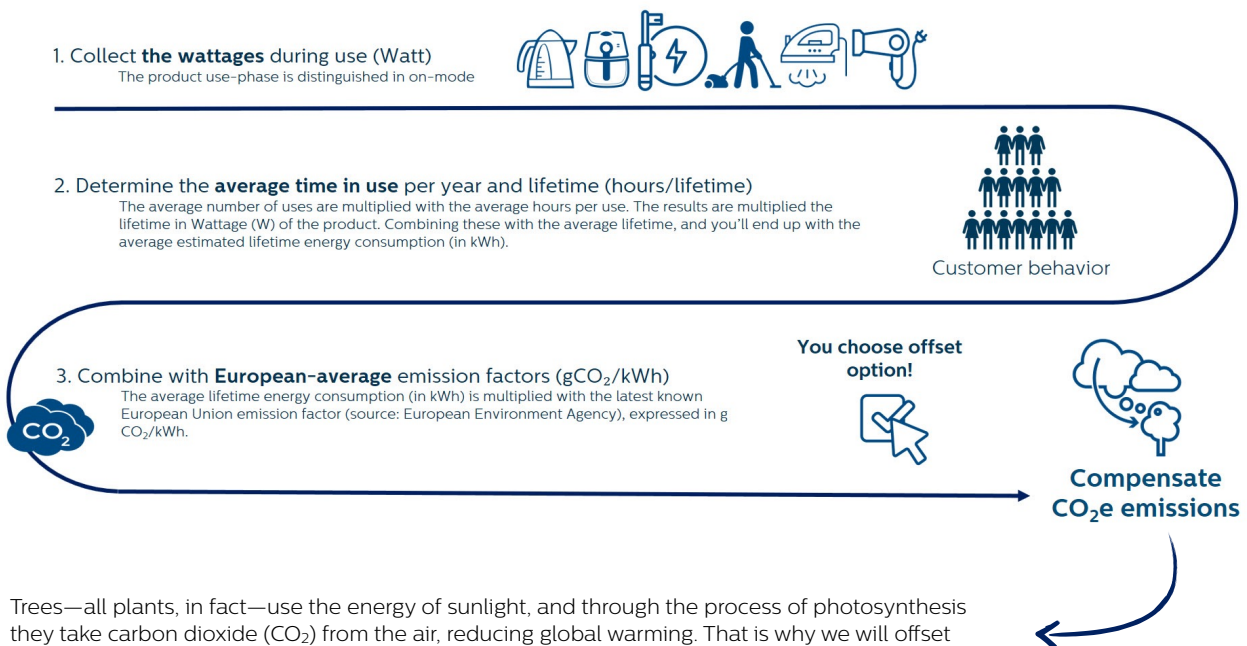
We developed a methodology to quantify the average product emissions during a products lifetime. This is estimated by taking the products wattage (in W) during use and multiplying this by the expected number of uses per lifetime of the selected products (times per day \* hours per time \* days per year \* lifetime in years). These are all based on estimated averages. This gives us a proper indication of the product(s) lifetime energy consumption (in kWh) that you purchased. We have clustered products with similar energy profiles into five distinct groups, as indicated in table 1.

Range	Estimated lifetime energy consumption		Set carbon offset fee (eur/product)
	kWh from	kWh to	
Product range 1	No power consumption		€ 0.00
Product range 2	0	65	€ 0.25
Product range 3	65	300	€ 0.90
Product range 4	300	660	€ 1.90
Product range 5	660	820	€ 3.85
Product range 6	820	3500	€ 9.50

Table 1: product ranges for average lifetime energy consumption and the respective carbon offset fee

The energy consumption in kWh has been used as the basis for determining the lifetime emissions in CO<sub>2</sub>e. As we promote this carbon offset option in the European markets, we used a European average emission factor (g CO<sub>2</sub>e/kWh), based on the 2016 averages (Environmental Energy Agency, 2018). This way, we can contribute as one European market to the collective issue of global warming.

You can now help us to further limit our footprint by compensating the CO<sub>2</sub> emissions associated with the use of your Philips product. Your contribution will go fully to various reforestation- and forest conservation projects in Africa. Philips will not profit in any way from this.



# Striving for a healthier and more sustainable future

Climate change is not a distant problem of the future, it is happening right now. That is why we have to take action to rethink our business models and decouple economic growth from the impact we have on the environment.

We have already reduced our operational carbon footprint, including emissions from our sites, business travel and logistics, by over 40% since 2007. And we will be carbon-neutral in our operations from 2020 onwards, ensuring that 100% of our total electricity consumption comes from renewable sources. We are also committed to sourcing over 75% of our total energy consumption from renewable sources by 2025.

In order to achieve our Climate Action ambitions, we have to look beyond our operations to reduce CO<sub>2</sub>e emissions in our entire value chain in line with a 1.5 °C global warming scenario.

To reach that goal, we need to start collaborating with our customers and suppliers to magnify our impact. Some great examples can be found in our [Sustainable Supply Chain program](#), [Circular Economy program](#), and our [EcoDesign program](#), all aimed at making the world healthier and more sustainable.

