

Consultation on the revision of the Energy Labelling Directive Philips position

Philips is a healthcare, lifestyle and technology company with significant positions in lighting, consumer electronics, small domestic appliances and medical equipment.

Philips would like to thank the Commission for the constructive dialogue around energy efficiency, and for the opportunities given to industry to participate in the legislative process. Philips is indeed constantly working on making its products more energy efficient, and invested heavily in the development of highly environmentally friendly products, as reflected in the Dow Jones Sustainability Index. We therefore welcome the many initiatives taken by the Commission in this field, and hope ambitious measures will be taken soon.

(1) How do you suggest the Commission could best ensure coherent product policy?

A coherent product policy can be ensured by coordinating the ongoing work on the EuP Directive, the Labelling directive and financial incentives. Philips advocates to work jointly on the phasing-out of the least efficient products (through Eup) and on the labelling of the other products (e.g. Domestic lighting, currently under discussion under Eup).

Any product-design related legislation should ideally be channeled through the EuP and REACH directives. The RoHS directive's remaining product requirements after its review should become incorporated into REACH's product related part. Ecodesign requirements currently in the WEEE directive should be harmonized with and incorporated into the EuP directive. Philips further believes that additional mechanisms must be introduced to stimulate ecodesign in a harmonized way across Europe and will not fragment the internal market; market-based mechanisms that create a financial reward to best-performing companies could be installed where legislation could give the necessary framework conditions.

Philips welcomes the success of the energy label, and is very much in favour of reinforcing the directive. The market situation however shows us a labelling scheme alone is not powerful enough for consumers to 'make the switch' to more energy efficient products. The product price is indeed still the most important factor for consumers when choosing a product. Philips therefore expects the announced Sustainable Industrial Policy Action Plan and Sustainable Production and Consumption Action Plan to come forward with concrete proposals on financing of environmentally friendly goods (e.g. Tax rebates to consumers). The European Union will indeed not reach the expected targets on energy efficiency if there is no uptake from the market of the best environmentally friendly goods. Information campaigns are also a much needed tool.

The coherence will also be stronger by extending the product scope of the labelling directive (see question 6). The essential issue is to define products where real energy savings can be reached, and to focus on implementation of the measures taken for the most relevant categories of products.

On Lighting products, we also believe coherence could be assured through the ELC/CELMA proposal to draft a '*lighting Design directive*', that would develop EU-wide energy saving and performance criteria for lighting installation. It would complement the EUP implementation measures, ease the task of the member States for the implementation of the Energy performance of buildings directive through an adoption of the building codes and define the public procurement rules and requirements in the whole EU. It would cover next to office, street and domestic lighting – all other important indoor and outdoor application requirements – and make sure all the measures related to lighting are coherent in the 27 Member States, which is currently not the case.

Finally, market surveillance is key to the success of the whole policy.

(2) Do you agree to the general principle of reinforcing the use of energy labelling in order to more vigorously contribute to the Union's objectives on climate mitigation, competitiveness and sustainable product policy?

Philips is fully in favour of reinforcing the energy labelling, as it is a simple and efficient tool to inform the consumer on the product's energy consumption. But the label will *not work for new products if it does not become dynamic*. If the directive extends its scope to other products such as consumer electronics, it has to be able to move as quickly as the market. This implies for the Commission to allocate *sufficient resources* to a regular upgrading of the labels.

The label should be dynamic so as to stimulate manufacturers to innovate and show in an accurate way the state of product development. Philips supports the CECED position that keeps the well-known label (colours) while adapting it to a fast-evolving market by making it open-ended. The scheme should allow to integrate product specific aspects (differentiation due to product type, function and market segment). Concerning the design of the label, flexibility should be kept as to the size of the label.

Two remarks must be done as to the product scope

- Since the objective of the label is to inform consumers, the labelling should be confined to consumer products, and not take into account labelling of energy-using products bought by professional customers in other channels (wholesale, installers, ..). For professional purposes, purchase decisions will be determined by functional performance next to environmental performance, but there, a more complicated message involving more environmental aspects can be told (energy efficiency of products, energy saving of installations, life time, hazardous substances content, packaging, recyclability, ..) on the basis of a life cycle approach
- This label is a suitable tool for products of which eco-aspects are confined to the product itself, but which are independent of non-product related criteria, e.g. a product which is ready for use as sold. Products of which its use depends on how they are installed shall not carry such label because it cannot give the correct information, just estimations.

Finally, it is essential for energy labelling to be developed through regulatory measures and not voluntary agreements. Among the policy options considered by the Commission in its consultation document, Philips strongly disagrees with option 3

(3) For energy using products, would you favour the use of an energy label focusing on the energy consumption at use or of an 'eco-design label', (near to the Eco-label showing the 'best') giving the global environmental performance of the product throughout its life-cycle?

Philips is not in favour of an eco-label. The actual label is simple, and it should stay that way. The label must focus on energy consumption, as it is a factor that can be altered during the use phase *by the user*. Overload of information will decrease attention to the important issues – and make it difficult to the consumer to make a choice.

Philips is in favour of the actual system, which informs on energy consumption and on very specific criteria's (e.g. for lighting lumen output (the most important functional unit) and life time (another environmental aspect)). If the new directive includes televisions, stand-by power should be specified – as it relates directly to energy consumption. It is indeed a direct point of concern for consumers, and the general energy label would not inform the consumer on it.

If an extended eco design label is to be used, this label should be defined on environmental relevant performance specifications and not on application relevant specifications. Arbitrary weighting factors should also be avoided as much as possible. The content and meaning of this label should also be transparent and understandable for the end consumer.

(4) Are you in favour of adding CO2 on the energy label? How could reliable information be assured in the light of different energy mixes in the 27 Member States?

Philips opposes this idea. Energy efficiency and energy saving are the core messages, CO2 reduction is a consequence. Only core elements can be made understandable for the layman user. Adding too much information – in this case even redundant as the energy consumption is known – will weaken the label.

(5) Are you in favour of adding annual running costs on the energy label? How could reliable information be assured in the light of different energy prices in the 27 Member States?

Philips is not in favour of this proposal, for the same reasons as the ones developed in question 4. The energy costs are different in all countries, and it would therefore be impossible to calculate them accurately. It would also require the manufacturers to print different labels for each market.

(6) Would you like to add other products to the scope of the labelling Directive than those covered at present (household appliances only)? If yes, which products would you suggest (non-household or non energy-using products, 'energy-relevant' product, services such as holiday packages or other)?

As already stated, the label is intended to inform the end user who is buying products in the retail business and that principle shall be kept. In the professional (non-household) market, the choices are made by knowledgeable people. Such label is of no added value in this sector.

For household appliances however, Philips believes the inclusion of some products would cover very important parts of house-hold energy consumption,

and contribute to the Commission's climate change policy, the promotion of energy efficiency and sustainable product policy. For these reasons, Philips favours an extension of the product scope to the following house-hold appliances:

- For domestic lighting applications, one may envisage adding the lamp energy label to:
 - ✓ consumer luminaires, as a means to inform the consumer upon initial purchase
 - ✓ high or low voltage adapters, that feed the light sources from the mains.
- For consumer electronics:
 - ✓ televisions

Other products can be considered in the future, based on a product-by-product analysis.

(7) In view of dynamic labelling, which approach would you suggest for the transition from an existing labelling scheme to a new labelling classification in order to cause minimum distortions?

Philips supports the CECED label, which is different from the actual one as it includes numbers. For products that are currently labelled (for Philips products - lamps), it has to be sure the implementation period is long enough to make sure products do not have to be relabelled.

The transition will be much more difficult if the same label is kept. In that case, it is essential that 'old labels' and 'new labels' can not be found at the same moment on the market, and this will require strict enforcement rules and controls.

A European wide information campaign will be needed.

(8) Do you want to propose an alternative route beyond the considerations in this document?

Philips believes the actual tools are accurate and should be implemented quickly.