



Environmental Policy

July 2026

Purpose and scope

Philips purpose is to improve people's health and well-being through meaningful innovation. Our 2030 Impact Ambitions are integral to Philips' global strategy (SP2026-2028) and fully embedded in business strategies, performance management and incentives. As a responsible company, we operate sustainably, to high Environmental, Social and Governance (ESG) standards. We continue to embed sustainability ever deeper in the way we do business, in our own operations and beyond, together with our partners.

We aim to deliver better care for more people, supporting sustainable long-term value creation for people, patients, customers, and the planet. We live up to high standards of ethics and governance in our culture and practices, in compliance with sustainability regulations.

Philips is committed to reducing impact on the environment, across its own operations and its value chain. We aim for absolute environmental impact reduction targets across the value chain, towards achieving net-zero emissions by 2045. By 2030 we aim to:

- **Climate:** Remain carbon neutral in our operations. Further reduce our greenhouse gas emissions in our operations (Scope 1-2) by 90% ^[1] and reduce our indirect greenhouse gas emissions (Scope 3) across our value chain by 42% ^[2].
- **Materials:** Reduce the use of virgin non-renewable materials and make more materials available for re-use^[3].
- **Nature:** Reduce our pressure on nature at Philips manufacturing sites. Restore land equal to 30% of our total manufacturing land footprint and reduce water withdrawal in water-stressed areas. We aim to extend our nature ambitions along our value chain over the next years.

The objectives of this policy are to set out Philips' environmental ambitions and to explain how our Impact ambitions for Climate, Materials and Nature are translated into expectations and responsibilities for Philips employees, value-chain partners and other stakeholders. We embed our Impact Ambitions in design, business models, AI, operations and our approach to customers and suppliers. We deliver critical projects for ESG and apply EcoDesign in our innovation process and new product introductions.

Our policy objective is set in consultation with stakeholders, such as Philips' businesses, investors, non-governmental organizations, academia, customers and partners. Our main principles and the key programs that we have implemented to pursue these objectives are described in the section below.

We do what is reasonable and practicable, and pro-actively partner with them to achieve our policy objective, while acknowledging and weighing the economic and practical constraints and other external factors that may limit our ability to control environmental impacts beyond our own operations.

Climate: toward a net-zero future

We aim for absolute environmental impact reduction targets across the value chain, aligned with international science-based frameworks, towards achieving net-zero emissions by 2045. We focus on setting science-based targets, decarbonizing our operations and full value chain, and managing risk associated with our decarbonization journey. By 2030 we aim to remain carbon neutral in our operations, further reduce our greenhouse gas emissions in our operations (Scope 1-2) by 90% ^[1] and reduce our indirect greenhouse gas emissions (Scope 3) across our value chain by 42% ^[2].

To that end, our Climate Action program drives action by:

- Designing energy-efficient products and collaborating with our customers to reduce emissions during the use-phase in line with our EcoDesign program.
- Minimizing our purchased goods emissions by adopting circular economy practices and transitioning to more sustainable materials in line with our EcoDesign program.
- Collaborating with our suppliers to reduce emissions in our supply chain.
- Reducing emissions from logistics by optimizing route planning and exploring sustainable alternatives.
- Electrifying our lease fleet, as well as promoting video conferences and low carbon travel.
- Transitioning to lower carbon energy at our sites.
- Building climate resilience as part of our climate change adaptation journey. This is further discussed in our annual Climate Resilience report.

The above actions help limit the risks and capture the opportunities related to climate change mitigation and adaptation. Refer to our annual Climate Resilience report for details.

Materials: toward a circular economy

We focus on helping our customers 'do more with less materials' by applying our circularity principles – Use less, use longer, use again – across the value chain.

To that end, our Circular Economy program drives action to manage resource inflows and outflows by:

- Embed circularity principles in our product and services offering: We strive to maximize lifetime value, while minimizing waste, from cloud-based digital solutions, upgrade services, take-back to refurbishment.
- Applying EcoDesign in products and packaging: We apply circularity principles from the beginning of the product lifecycle, from low-weight design, sustainable material use (including managing product-related hazardous substances), to longer usage lifetimes and recycle-ready design.
- Driving sustainable waste practices at our sites: We manage our waste streams circularly, from waste prevention to recovery and continuing zero waste to landfill at our industrial sites.

Nature: toward reducing pressure on nature

We aim to protect and restore biodiversity, actively promote ecosystem restoration through partnerships and focus on sustainable chemicals management. To that end, our Nature program drives action by:

- Reducing our pressure on nature while restoring biodiversity for the benefit of local communities, customers and our employees.
- Restoring land use: We invest in local restoration projects and partner with communities to protect and restore ecosystems, safeguarding biodiversity and healthy communities.
- Reducing water withdrawal: We're reducing our water withdrawal on manufacturing sites in water-stressed areas. Our rainwater harvesting and water recycling projects support the protection of local ecosystems and ensure we use water in the most responsible way across our operations.
- Reducing – and, wherever possible, eliminating – the use of hazardous substances in our products (by EcoDesign) and production processes is integral in our commitment to health, safety and the environment.
- Building nature resilience as part of our climate change adaptation approach.

Measurement, governance, embedding and external reporting

We measure and monitor our environmental performance and report on such performance in our Annual Report in accordance with applicable sustainability reporting rules and standards (including those under the Corporate Sustainability Reporting Directive). These environment-related disclosures are audited by our external auditor. We disclose climate-related financial risks and opportunities through our annual Climate Resilience Report in line with the requirements defined in the European Sustainability Reporting Standard E1. We disclose nature-related financial risks and opportunities following internationally recognized standards. In case data quality improvements or organizational changes result in a deviation of more than 5% compared to our baseline, Philips intends to restate the baseline.

This policy directly applies to the activities of the Philips group, including its businesses, regions, and functions. Although this policy summarizes our key enabling programs, Philips employees are expected to do what is reasonable and practicable to minimize any adverse environmental impact of our activities and products over their lifecycle. We team up with our partners, including suppliers and customers, to reduce their environmental footprint. Some of our environmental ambitions extend to other parts of our value chain, affecting our business partners, suppliers, and customers.

Monitoring and continuous improvement

This policy incorporates input we received from our internal and external stakeholders, and we will use our environmental performance as further input for our dialogues with them. Following global trends, stakeholder input and company strategy, we are continuously improving our programs. As an outcome of that process, this policy will be regularly reviewed and may be updated.

The principles of this policy have been embedded in the Philips Operating Model and are implemented by its various elements such as process standards and more detailed enabling documentation which specify, for example, EcoDesign criteria for our Personal Health and Health Systems Businesses. The policy is available to external and internal stakeholders via the Philips website.

Further policies, standards, guidelines, or procedures

This policy may be supported through more specific policies, standards, guidelines, programs or procedures which are maintained by the enabling function(s) provided that such derivatives remain substantively aligned with and do not exceed the parameters established by this enterprise-wide policy.

[1] Compared to baseline 2015, [2] Compared to baseline 2020, [3] Compared to baseline 2024.



Policy Owner: Chief ESG & Legal Officer
Approved by the Board of Management
Royal Philips (Koninklijke Philips N.V.)
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