Sustainable Finance Framework

July 2026

PHILIPS

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1. About Philips

1.1. Company overview

Koninklijke Philips N.V. (hereafter “the Company” or “Philips”) is a leading health technology company focused on improving people’s health and well-being through meaningful innovation. Philips’ patient- and people-centric innovation leverages advanced technology and deep clinical and consumer insights to deliver personal health solutions for consumers and professional health solutions for healthcare providers and their patients in the hospital and the home.

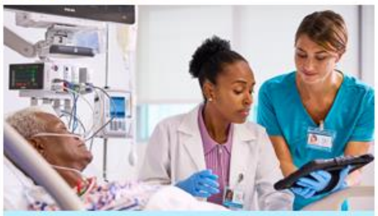
Headquartered in the Netherlands, the Company is a leader in diagnostic imaging, ultrasound, image-guided therapy, monitoring and enterprise informatics, as well as in personal health. Philips generated 2025 sales of EUR 18 billion and employs approximately 66,401 employees with sales and services in more than 100 countries.

About 48% of the Company's revenue comes from the Diagnosis & Treatment segment, which features Business Units focused on imaging systems, ultrasound equipment, and image-guided therapy solutions. The Connected Care segment (28% of revenue) includes monitoring systems for hospitals, Enterprise Informatics, and Sleep & Respiratory Care devices. The Personal Health segment (21% revenue) includes Business Units that focus on electric toothbrushes and men's grooming and personal care products.

Diagnosis & Treatment

Businesses[1]:
- **Image Guided Therapy**
  #1
- **Precision Diagnosis**
  #1 in cardiovascular ultrasound
  #3 in diagnostic imaging

Connected Care



Businesses[1]:
- **Monitoring**
  #1 in hospital and ambulatory
- **Enterprise Informatics**
  #1 in PACS and interoperability
- **Sleep & Respiratory Care**
  #2 in sleep therapy devices and masks

Personal Health

The Personal Health Business includes three Business Units[1]:
- **Personal Care**
  #1 in grooming
- **Oral Healthcare**
  #2
- **Mother and Child Care**
  #2 in infant feeding

1.2. Philips’ strategy

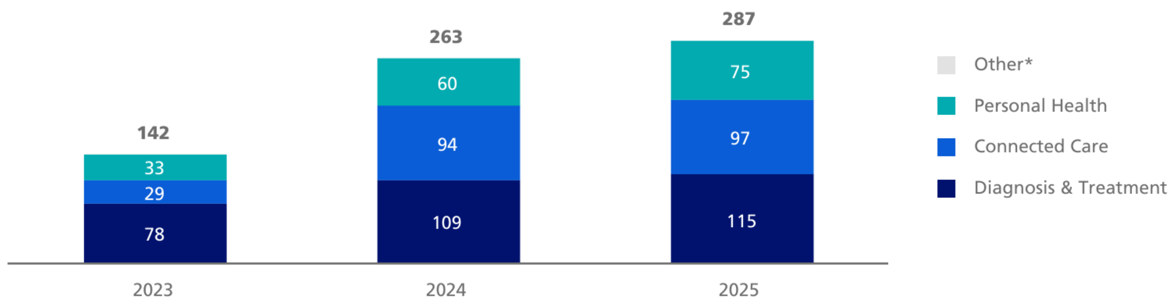
Philips’ purpose – to improve people’s health and well-being through meaningful innovation – is at the center of everything we do. As a leading health technology company, we believe that – viewed through the lens of customer needs – patient- and people-centric innovation can improve people’s health and healthcare outcomes, and make care more convenient and sustainable, both in the hospital and at home. Philips aims to improve the lives of 2.5 billion people a year by 2030, including 400 million people in medically underserved communities. Environmental, Social and Governance priorities are strongly embedded in Philips’ core business processes, such as innovation (EcoDesign), sourcing (supplier sustainability), manufacturing (sustainable operations), and logistics (green logistics), as well as programs like the Circular Economy initiative. Customer- and consumer-centric innovation and platform-based solutions integrate hardware, software, data, and AI. This will enable Philips to address clinical, operational and everyday health challenges, enabling better outcomes, improved experiences, and sustainable profitable growth.

EcoDesign

We see a growing demand from our customers, including hospitals and retailers, to reduce the environmental impact of our products over the total life cycle. As a product’s environmental impact is influenced by decisions made at the design stage, EcoDesign is essential.

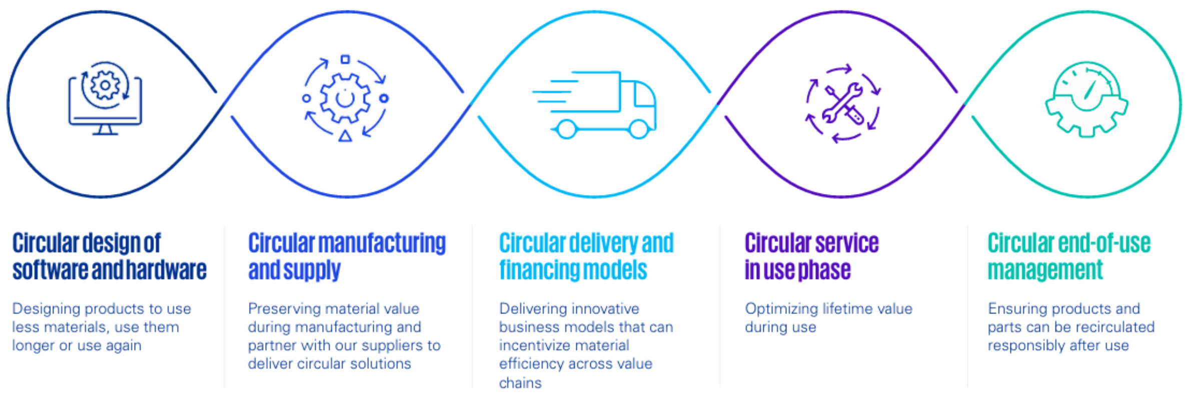
The EcoDesign program aims to increase energy efficiency, avoid the use of hazardous substances, optimize the use of materials and improve packaging. Green Innovation investments support the development and scaling of these EcoDesigned products and technologies, helping to reduce life cycle emissions, particularly in purchased goods and in the use phase, and providing a strong basis for financing eligible green projects.

Philips Group
Green Innovation per segment in millions of EUR



* The numbers for 'Other' are negligible compared to the other segments.

By embedding circular design, responsible manufacturing, and service-based models across the value chain, Philips reduces resource use, extends product lifetimes, and lowers environmental impact. Through EcoDesign, supplier collaboration, and strong end-of-use practices, materials are preserved, reused, or recycled in a responsible way. This integrated approach strengthens Philips' ESG ambitions and helps deliver more sustainable, efficient, and future-proof healthcare solutions.



Philips strives to deliver superior, long-term value to its customers and shareholders, while acting responsibly towards our planet and society, in partnership with its stakeholders. This commitment is reflected in Philips' 2030 Impact Ambitions, which build on the Company's 2020-2025 ESG program. The Company has deployed a comprehensive set of commitments across all the ESG dimensions that guide the execution of its strategy and support its contribution to the UN Sustainable Development Goals ("SDG"):

- UN SDG 3 (*Ensure healthy lives and promote well-being for all at all ages*),
- UN SDG 12 (*Ensure sustainable consumption and production patterns*), and
- UN SDG 13 (*Take urgent action to combat climate change and its impacts*).

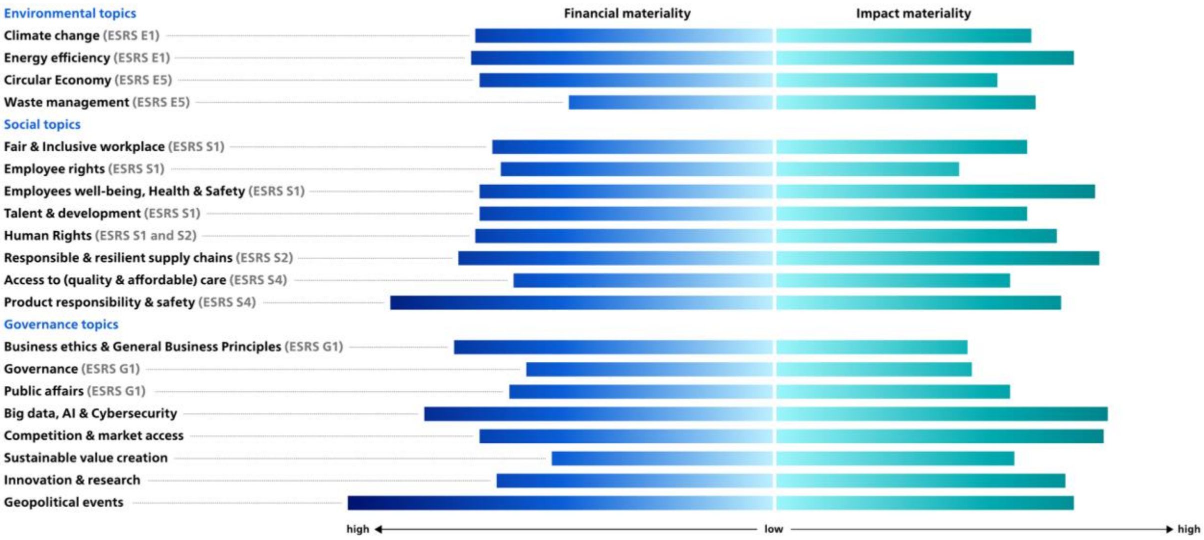
The goal of the 2030 Impact Ambitions is to act as a step up from the previous commitments and continue in pursuit of Philips' absolute GHG emission reduction targets to limit its impact on global warming, not only in its operations, but throughout its value chain – collaborating with suppliers and customers to amplify its effect. Philips' targets have been assessed and approved by the Science Based Targets initiative (SBTi) – locking down its commitment to drive climate action across the value chain, from suppliers to customers, and ensuring that we contribute to the decarbonization required to keep the global temperature increase below 1.5 °C.

Philips has also stepped up its commitment to reduce the use of virgin non-renewable materials across its products and operations through low-weight packaging design, increased use of renewable or recycled materials, and closer collaboration with suppliers to reduce packaging waste and single-use plastics. This new focus actively contributes to Philips' circularity goals.

Other focus areas include restoring land equal to 30% of Philips' total manufacturing land footprint and reducing water withdrawal in water stressed areas. Philips aims to extend these environmental ambitions across the value chain.

1.3. Double materiality

In 2025, Philips completed a refreshed Double Materiality Assessment (DMA), pursuant to the EU Corporate Sustainability Reporting Directive (CSRD) and the related European Sustainability Reporting Standards (ESRS). The DMA addresses both financial materiality (the impact of society on Philips) as well as impact materiality (the impact of Philips on people and the environment). The data sources used for the DMA include corporate reports, mandatory regulations, and voluntary initiatives, as well as news. The results of the materiality assessment have been reviewed and approved by the Philips Board of Management.



1.4. ESG governance

Philips' Board of Management is our highest governing ESG body. The Board of Management also defines Philips' ESG strategy, ambitions, programs, targets, action plans and policies, as well as monitors progress and takes corrective action where needed. Typically, the Board of Management convenes four times per year on ESG. On a quarterly basis, ESG is also discussed in the Audit Committee of the Supervisory Board. Progress on ESG is communicated internally and externally on a quarterly basis and at least annually to the Executive Committee and to the Supervisory Board.

Philips publishes its integrated Annual Report with the highest (reasonable) assurance level from its independent auditor on most of its financial, environmental, social, and governance performance. With that reasonable assurance level, Philips is a frontrunner in its industry.

2. Sustainable Finance Framework

2.1. Rationale

With the publication of this Sustainable Finance Framework (the "Framework"), Philips is looking to strengthen the link between its funding and its ESG strategy. The sustainable financing instruments issued under this Framework are intended to contribute to achieving Philips' 2030 Impact Ambitions.

2.2. Basis of this Framework

Based on this Framework, Philips may issue bonds, private placements, commercial papers, or other debt instruments with sustainable finance characteristics whereby an amount equivalent to the (net) proceeds serves to finance eligible green and/or social projects ("Sustainable Finance Instruments").

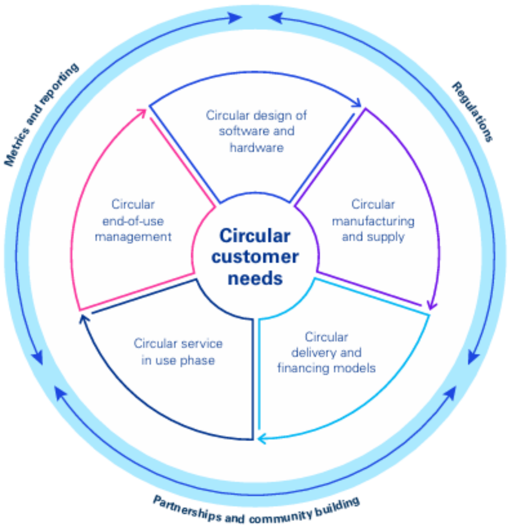
The Framework has been developed in accordance with ICMA Green Bond Principles 2025 ("GBP"), ICMA Social Bond Principles 2025 ("SBP"), APLMA/LMA/LSTA Green Loan Principles 2025 ("GLP"), and APLMA/LMA/LSTA Social Loan Principles 2025 ("SLP").

If Philips issues any bonds with the designation "European Green Bond" or "EuGB", such bond will be issued in accordance with Regulation (EU) 2023/2631 (the "EuGB Regulation") and any relevant European Green Bond factsheet published on Philips' website. In the event of any European Green Bond issuance, this will be reflected in the relevant instrument documentation.

As further described below, Philips may review the Framework from time to time to align with industry best market practices and market developments, regulations, and expectations. Any updated version of the Framework will be published on Philips' website and, if changes are not minor in nature, reviewed by a second party opinion provider. Sustainable financing instruments issued under previous versions will not be affected by any updates or new iterations of this document, unless otherwise provided for in this Framework or explicitly stated by Philips.

2.3. Use of proceeds

An amount equivalent to the (net) proceeds from the issuance of Sustainable Finance Instruments will be used to finance and/or refinance, in whole or in part, new or existing green or social projects defined in the table below ("Eligible Projects"). Eligible Projects may take the form of assets, capital expenditures or operational expenditures that meet the eligibility criteria outlined in the below table.

GBP/GLP category	Eligible Project description	UN SDGs	EU Environmental Delegated Act[1]
Circular economy adapted products, production technologies and processes; and/or certified eco-efficient products	Products that comply with the requirements for at least one of the Circular Revenue categories. A circular product or solution must comply with the Philips EcoDesign and Circularity requirements. **Circular design of software and hardware** - Products designed to use less materials with repeat use **Circular manufacturing and supply** - Products manufactured to preserve material value through efficient processes and circular supplier practices **Circular delivery and financing models** - Products offered through business models that promote efficient use, reuse, and return of materials **Circular service in use-phase** - Products that optimise lifetime value during use **Circular end-of-use management** - Products that can be recirculated after use 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	1.2. Manufacture of electrical and electronic equipment 4.1. Provision of IT/OT data-driven solutions 5.1. Repair, refurbishment and remanufacturing 5.2. Sale of spare parts 5.5. Product-as-a-service and other circular use- and result-oriented service models

[1]For the technical screening criteria in the Environmental Delegated Act, see Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council. References to EU Taxonomy activities are included for mapping purposes only, unless expressly stated otherwise. Eligibility under this Framework does not necessarily imply that an Eligible Project is fully aligned with the EU Taxonomy Regulation.

SBP/SLP category	Eligible Project description	UN SDGs	Target group(s)
Access to essential services: healthcare	**Products and solutions directly providing better healthcare and improve health outcomes for all**. **Products and solutions directly improving access to care for underserved communities:** Philips aims to improve the health and well-being of 2.5 billion people per year by 2030, including 400 million people in medically underserved communities[2]. Philips develops specific healthcare innovations and products that are useable in underserved communities, including but not limited to: Ultrasound, patient monitors, mobile imaging, and informatics solutions.	3 GOOD HEALTH AND WELL-BEING	General population Underserved communities

2.4. Project evaluation and selection process

Philips' Treasury and Sustainability groups jointly facilitate the process for project evaluation and selection. Group Sustainability, together with the Innovation sites, monitors Philips' production and development of EcoDesigned and circular products and solutions.

In addition, Group Sustainability and the Innovation sites keep track of the expenditures in EcoDesigned and sustainable innovation, and identify projects under the Philips Sustainability Programs. Group Sustainability makes recommendations to Group Treasury as to which Eligible Projects should be allocated on an annual basis.

The responsibilities of Group Sustainability and the Innovation sites include, but are not limited to:

- Reviewing the content of this Framework and updating it to reflect changes in corporate strategy, technology, market, or regulatory developments on a best effort basis
- Updating external documents, such as the Second Party Opinion ("SPO") and related documents from external consultants and accountants in connection with material updates to this Framework
- Evaluating and selecting projects for the Eligible Project Portfolio in line with the eligibility criteria as set out in this Framework
- Excluding projects that no longer comply with the eligibility criteria or have been disposed of, and replacing them on a best-efforts basis
- Overseeing, approving and publishing the allocation and impact reporting, including external assurance statements (Philips may rely on external consultants and their data sources, in addition to its own assessment)
- Monitoring internal processes to identify known material risks of negative social and/or environmental impacts associated with the Eligible Project Portfolio and advising appropriate mitigation measures where possible

[2] Underserved communities and countries are determined by the "Access to Care score", a scoring based on the computation of the sub-categories of the Universal Health Coverage Service Coverage index, developed by the World Health Organization (WHO). Communities and countries that have relatively higher maternal, newborn and child mortality, higher probability of dying from non-communicable diseases, higher incidence of infectious diseases and lower service capacity and access than others, are defined as medically underserved. See Lives Improved Methodology 2025.

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- Liaising with relevant Business finance segments and other stakeholders as necessary

Philips ensures that all its activities, including the Eligible Projects, comply with applicable national and international environmental and social laws and regulations. Philips' standards and policies are critical to achieving its sustainability vision:

- General Business Principles
- Environmental policy
- Supplier Sustainability Declaration
- Occupational Health & Safety Policy
- Human Rights Policy
- Fair Employment Policy
- Procurement Code of Ethics

For more information on Philips' ESG policies, compliance standards and reports, please visit General Business Principles and Sustainability Sources on Philips' website.[3]

2.5. Management of proceeds

Philips will manage, monitor and track an amount equal to the (net) proceeds in an appropriate manner through its internal accounting system and will seek to allocate 100% of this amount against its Eligible Projects, as applicable.

Eligible Projects may take the form of assets and/or expenditures that meet the eligibility criteria under section 2.3 Use of proceeds. Asset values and capital expenditures shall qualify for refinancing with no look-back period, while operational expenditures qualify with a maximum three-year look-back period from the time of issuance.

Philips intends to allocate proceeds to Eligible Projects, selected in accordance with the Eligibility Criteria and the Process for Project Evaluation and Selection presented above, within 24 months of issuance of the Sustainable Finance Instrument. Philips will strive, over time, to achieve a level of allocation to Eligible Projects which at least matches the balance of proceeds from its outstanding Sustainable Finance Instruments.

Pending the full allocation to the applicable Eligible Projects, Philips will hold and/or invest the balance of (net) proceeds not yet allocated, at its own discretion, in its treasury liquidity portfolio or for any treasury business. If any Eligible Projects ceases to be an Eligible Project, the (net) proceeds will be re-allocated against different Eligible Projects, as soon as reasonably practicable.

2.6. Reporting

Reporting on the use of proceeds and impact evaluation will be available to investors within one year from the date of the Sustainable Finance Instruments issuance and annually thereafter until the proceeds have been fully allocated. The annual allocation and impact reports will be published on the Company's website, along with a letter of an independent auditor and confirmations by Philips' management that an amount equal to the (net) proceeds of the Sustainable Finance Instruments were allocated to Eligible Projects.

Group Treasury and Group Sustainability track the allocation of Sustainable Finance Instrument proceeds and they report on the percentage allocated. They also specify the percentage of proceeds allocated to the use of proceeds categories, as well as the percentage of proceeds allocated to refinance existing projects, versus the funding of new projects.

[3] See General Business Principles | Philips and Sustainability Resources | Philips.

On a best-efforts basis, Philips intends to align the impact reporting with the portfolio approach table as described in the ICMA Handbook – Harmonised Framework for Impact Reporting for Green Bonds (June 2026)[4] and for Social Bonds (June 2026).[5]

Allocation reporting

The allocation report may include the following information, on an aggregated basis:

- The total amount of Philips' Sustainable Finance Instruments outstanding
- The amount of the proceeds allocated to the Eligible Project Categories
- The balance (if any) of unallocated proceeds
- The amount or the percentage of new financing and refinancing

Impact reporting

Philips will report annually on the environmental and social impact associated with the Eligible Projects until full allocation or until maturity of the Sustainable Finance Instruments. The impact report may provide:

- A high-level description of relevant Eligible Projects
- Metrics regarding projects' environmental and social impact

Examples of relevant indicators associated with the eligibility criteria that may be reported on a best-efforts basis where feasible include:

GBP/GLP category	Impact metrics
Circular economy adapted products, production technologies and processes; and/or certified eco-efficient products	• Percentage of total material inflows sourced from reused, recycled, or renewable materials, and volume of material outflows directed toward reuse, recycling, or recovery processes • Avoided use of virgin materials (metric tons) through e.g. use of recycled content in materials, secondary reuse • Use of renewable materials (metric tons) • Local recycling of medical equipment (metric tons) • Number of medical systems upgraded

[4] See Harmonised Framework for Impact Reporting for Green Bonds
[5] See Harmonised Framework for Impact Reporting for Social Bonds

SBP/SLP category	Impact metrics
Access to essential services: healthcare	• Number of sustainable projects, products and solutions produced • Number of lives improved in medically underserved communities • Example case studies of projects, products and solutions

2.7. External Review

Second Party Opinion

This Framework has been reviewed by Moody's, the "Second Party Opinion Provider", who was asked to confirm the Framework's alignment with the ICMA GBP, the ICMA SBP, the APLMA/LMA/LSTA GLP, and the APLMA/LMA/LSTA SLP. The independent Second Party Opinion will be published on Philips' website.

Verification

The allocation reporting may be externally verified, by an auditor or another independent third party, to verify the internal tracking method and the allocation of funds from the proceeds of Sustainable Finance Instruments. This verification is expected to take place annually until full allocation. This will be made available together with the relevant annual reporting on Philips' website.

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3. Disclaimer

Definitions

Unless otherwise defined in this Framework, capitalized terms used herein have the meanings given to them in our Annual Report.

Forward-looking statements

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of Philips and certain of the plans and objectives of Philips with respect to these items. Examples of forward-looking statements include statements made about our strategy, estimates of sales growth, future Adjusted EBITA*, future restructuring and acquisition-related charges and other costs, future developments in Philips' organic business and the completion of acquisitions and divestments. Forward-looking statements can be identified generally as those containing words such as "anticipates", "assumes", "believes", "estimates", "expects", "should", "will", "will likely result", "forecast", "outlook", "projects", "may" or similar expressions. By their nature, these statements involve risk and uncertainty because they relate to future events and circumstances and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these statements.

These factors include, but are not limited to, macro-economic and geopolitical changes - including the war in Ukraine and ongoing tensions in the Middle East – as well as measures such as enacted and proposed tariffs and trade actions introduced in response to rising global tensions; Philips' ability to keep pace with the changing health technology environment; Philips' ability to gain leadership in artificial intelligence and health informatics in response to developments in the health technology industry; integration of acquisitions and their delivery on business plans and value creation expectations; ability to meet expectations with respect to ESG-related matters; securing and maintaining Philips' intellectual property rights, and unauthorized use of third-party intellectual property rights; failure of products and services to meet quality or security standards, adversely affecting patient safety and customer operations; the resilience of our supply chain; challenges in simplifying our organization and our ways of working; attracting and retaining personnel; breach of cybersecurity; challenges in driving operational excellence and speed in bringing innovations to market; treasury and financing risks; tax risks; reliability of internal controls; compliance with regulations and standards involving quality, product safety, (cyber) security and artificial intelligence; and compliance with business conduct rules and regulations including privacy, existing and upcoming ESG disclosure and due diligence requirements.

As a result, Philips' actual future results may differ materially from the plans, goals and expectations set forth in such forward-looking statements. For a discussion of factors that could cause future results to differ from such forward-looking statements, reference is made to the information in Risk factors and responses included in Philips' Annual Report 2025.

Unless expressly provided in the relevant instrument documentation, failure to allocate proceeds, achieve expected environmental or social impacts, publish reports within the expected timeframe, maintain any external review, or comply with this Framework shall not constitute an event of default or breach of contractual obligations under any Sustainable Finance Instrument.