

Annual Report 2025
Remuneration
Report

SHIIPS

Letter from the Remuneration Committee Chair

Dear stakeholder,

On behalf of the Remuneration Committee, I am pleased to present the 2025 Remuneration Report, providing an overview of the remuneration paid and owed to the individual members of the Board of Management and the Supervisory Board.

Company performance in 2025 and incentive plan realization

Over the past year, the geopolitical environment remained volatile. Philips has significant presence in both the US and China, where local-first politics continue to influence global supply chains and our manufacturing footprint. In several other regions, conflicts and political tensions added further complexity to logistics and operations. Despite these headwinds, Philips' sales and order intake grew consistently during 2025. The company achieved margin expansion throughout the year, reflecting strong demand for its innovations and operational discipline.

In this challenging climate, Philips has delivered on its plan to create value out of its portfolio of leadership positions by driving operational improvements and scaling innovation leadership. Significant progress was made on its execution priorities including patient safety and quality.

For the awards granted under our Long-Term Incentive (LTI) plan in 2023, the company performance resulted in a realization above target for the relative Total Shareholder Return (TSR) and adjusted Earnings Per Share (EPS) metrics. For the sustainability objectives there was also an above target performance. With respect to the financial metrics of the 2025 Annual Incentive, performance was at target for the Adjusted EBITA metric, and above target for the free cash flow and comparable sales growth metrics. Please refer to the subsequent pages of the report for more details.

Other matters prepared by the Remuneration Committee

During the AGM 2025, our Chief ESG & Legal Officer Marnix van Ginneken was re-appointed, adding a four-year term to his membership of the Board of Management that started in 2017. The company and Mr Van Ginneken entered into a new services agreement that was prepared by the Remuneration Committee and published on the company's website.

Looking ahead

As included in the 2024 Remuneration Policy for the Board of Management, the Annual Incentive target levels could be increased as of 2025. The Supervisory Board noted that in 2024, the company delivered on its commitments regarding profitability, free cash flow and ESG. Nevertheless, the Supervisory Board decided to maintain the current target levels for another year. Now, at the close of the company's three-year plan 2023-2025, the Supervisory Board assessed the progress that was made on the company's performance trajectory. The Supervisory Board notes that the company delivered on its commitments also in 2025. Therefore it decided that as of performance year 2026 the Annual Incentive target will be increased to 120% (from 100%) for the CEO, and to 100% (from 80%) for the CFO and CLO, enabling to reward at market median level for the Annual Incentive.

The Remuneration Policy (including fee levels) for the Supervisory Board, is reviewed in principle every two years. The current fee levels were adopted at the AGM 2024. The Remuneration Policy is aimed at attracting and retaining Supervisory Board members internationally, of the highest caliber and with relevant expertise and experience. Therefore the Supervisory Board intends to submit a proposal for new Supervisory Board fees to the upcoming AGM 2026. Building on our stakeholder engagements during the past years, we took a careful approach and engaged with relevant stakeholders to solicit their feedback on, and support for the proposal.

The Remuneration Committee will evaluate the Remuneration Policy for the Board of Management in the course of 2026, which may result in proposals to revise the Remuneration Policy to the Supervisory Board and ultimately to our shareholders. The Remuneration Committee

notes that, since the current Long-Term Incentive target levels for the Board of Management were set in 2024, the median LTI target levels continued to increase within our Quantum Peer Group, widening the gap with Philips' target levels.

I look forward to presenting our Remuneration Report 2025 and the 2026 Supervisory Board Remuneration Policy at the AGM 2026. Furthermore I would like to extend my gratitude to Paul Stoffels, who concluded his tenure as Chair of the Remuneration Committee this year.

Herna Verhagen

Chair of the Remuneration Committee

Introduction

In this Remuneration Report, the Supervisory Board provides a comprehensive overview, in accordance with article 2:135b of the Dutch Civil Code, of the remuneration paid and owed to the individual members of the Board of Management and the Supervisory Board, respectively, in the financial year 2025. This Remuneration Report was included in the company's [Annual Report 2025](#). It has also been published as a stand-alone document on the company's website after the AGM 2026, at which a majority of our shareholders voted to approve it (advisory vote).

Board of Management

Summary of 2025 Remuneration Policy

The Remuneration Policy for the Board of Management (BoM), which includes a Long-Term Incentive plan, was adopted at the AGM 2024 with a majority of 96.07% of the votes cast.

The objectives of the Remuneration Policy for members of the Board of Management are in line with those for Philips executives throughout the Philips Group: to focus them on pursuing our purpose to improve people's health and well-being through meaningful innovation, and on delivering on our strategy, as well as to motivate and retain them to create superior, long-term stakeholder value.

Main elements of the Remuneration Policy

Compensation element	Purpose and link to strategy	Operation	Policy level
Total Direct Compensation	To support the Remuneration Policy's objectives, the Total Direct Compensation includes a significant variable part in the form of an Annual Incentive (cash bonus) and Long-Term Incentive in the form of performance shares. As a result, a significant proportion of pay is 'at risk'.	The Supervisory Board ensures that a competitive remuneration package for board-level executive talent is maintained and benchmarked. The positioning of Total Direct Compensation is reviewed against benchmark data on an annual basis and is recalibrated if and when required. To establish this benchmark, research is carried out each year on the compensation levels in the Quantum Peer Group.	Total direct remuneration is aimed at or close to the median of the Quantum Peer Group.
Annual Base Compensation	Fixed cash payments intended to attract and retain executives of the highest caliber and to reflect their experience and scope of responsibilities.	Annual Base Compensation levels and any adjustments made by the Supervisory Board are based on factors including the median of Quantum Peer Group data and performance and experience of the individual member. The annual review date for the base salary is typically before April 1.	The individual salary levels are shown in this Remuneration Report.
Annual Incentive	Variable cash incentive of which achievement is tied to specific financial and non-financial targets derived from the company's annual strategic plan.	The payout in any year relates to the achievements of the preceding year. Metrics and their weighting are disclosed ex-ante in the Remuneration Report and there will be no retroactive changes to the selection of metrics used in any given year once approved by the Supervisory Board and disclosed.	Policy (maximum) level: President & CEO On-target: 120% Maximum: 240% of Annual Base Compensation. Other BoM members On-target: 100% Maximum: 200% of Annual Base Compensation.
Long-Term Incentive	Variable equity incentive of achievement is tied to targets reflecting long-term stakeholder value creation and delivered in the form of performance shares.	The annual award size is set by reference to a multiple of base salary. The actual number of performance shares to be awarded is determined by reference to the average closing price of the Royal Philips share measured over the last month of the quarter preceding the actual grant of performance shares (the day of publication of the relevant quarterly results). Dependent upon the achievement of the performance conditions, cliff-vesting applies three years after the date of grant. During the vesting period, the value of dividends will be added to the performance shares in the form of shares. These dividend-equivalent shares will only be delivered to the extent that the award actually vests.	President & CEO Annual grant size: 200% of Annual Base Compensation. Other BoM members Annual grant size: 150% of Annual Base Compensation. Maximum vesting opportunity is 200% of the number of performance shares granted.
Mandatory share ownership and holding requirement	To further align the interests of executives to those of stakeholders and to motivate the achievement of sustained performance.	The guideline for members of the Board of Management is to hold at least a minimum shareholding in the company. Until this level has been reached the members of the Board of Management are required to retain all after-tax shares derived from any Long-Term Incentive plan. The shares granted under the Long-Term Incentive plan shall be retained for a period of at least five years or until at least the end of their contract period if this period is shorter. The guideline does not require members of the Board of Management to purchase shares in order to reach the required share ownership level.	The minimum shareholding requirement is 400% of Annual Base Compensation for the CEO and 300% for other members of the Board of Management.
Pension	Participation in the Philips Flex ES pension plan in the Netherlands (applicable for all executives) combined with a fixed pension contribution intended to result in an appropriate level at retirement.	Defined Contribution plan with fixed contribution (applicable to all executives in the Netherlands – capped at EUR 137,800). Gross allowance of 25% of Annual Base Compensation exceeding EUR 137,800.	

Compensation element	Purpose and link to strategy	Operation	Policy level
Additional arrangements	To aid retention and remain competitive within the marketplace.	Additional arrangements include expense and relocation allowances, medical insurance, accident insurance, Philips product arrangements and company car arrangements. The members of the Board of Management also benefit from coverage under the company's Directors & Officers (D&O) liability insurance. The company does not grant personal loans to members of the Board of Management.	Cash value (grossed up) of the benefits received, which are in line with other Philips executives in the Netherlands.
Clawback	Risk management and accountability mechanism.	Annual incentives and long-term incentives are subject to claw-back provisions, which allow the Supervisory Board to recoup some or all of the relevant payments.	Clawback provisions are further specified in the Remuneration Policy.

Peer Groups

We use a Quantum Peer Group for remuneration benchmarking purposes, and therefore we aim to ensure that it includes business competitors, with an emphasis on companies in the healthcare, technology-related or consumer products area, and other companies we compete with for executive talent. The Quantum Peer Group consists of predominantly Dutch and other European companies, plus a minority (up to 25%) of US-based global companies of comparable size, complexity and international scope. In 2025 no changes were made in the Quantum Peer Group.

Philips Group Quantum Peer Group 2025

European companies	Dutch companies	US companies
Alcon	Lonza	Ahold Delhaize
BAE Systems	Nokia	AkzoNobel
Dräger	Reckitt Benckiser	ASML
Ericsson	Roche	Heineken
Fresenius Medical Care	Siemens Healthineers	
Getinge	Smith & Nephew	
GSK	Thales	

In addition, we use a TSR Performance Peer Group to benchmark our relative Total Shareholder Return performance against peers in health technology and other sectors. The companies we have selected for this peer group include predominantly US-based healthcare companies. Given that a substantial number of relevant competitors are US-headquartered, the weighting of US-based healthcare companies is more notable than for the Quantum Peer Group.

Philips Group TSR Performance Peer Group 2025

US companies	European companies	Japanese companies
Baxter	Alcon	Canon
Becton Dickinson	Elekta	Terumo
Boston Scientific	Fresenius Medical Care	
Danaher	Getinge	
GE Healthcare	Reckitt Benckiser	
Hologic	Siemens Healthineers	
Johnson & Johnson	Smith & Nephew	
Medtronic		
Resmed		
Stryker		

The Remuneration Policy and the LTI plan allow changes to the peer groups to be made by the Supervisory Board without further approval from the General Meeting of Shareholders for up to three companies on an annual basis (for instance: following a delisting of a company or a merger of two peer companies), or six companies in total during the four years following adoption and approval of the Remuneration Policy and the LTI plan, respectively (or, if earlier, until the adoption or approval of a revised Remuneration Policy or revised LTI plan).

Service agreements

The members of the Board of Management are engaged by means of a services agreement (*overeenkomst van opdracht*). Termination of the contract by either party is subject to six months' notice period. The severance payment is set at a maximum of one year's Annual Base Compensation. In the event of a period of garden leave, no Annual Incentive entitlement will accrue in respect of such period. No

severance payment is due if the agreement is terminated early on behalf of the Board of Management member or in the case of urgent cause (*dringende reden*) as defined in article 7:678 and further of the Dutch Civil Code. The term of the services agreement is aligned with the term for which the relevant member has been appointed by the General Meeting of Shareholders (which is a maximum period of four years, it being understood that this period expires no later than at the end of the AGM held in the fourth year after the year of appointment).

Philips Group Contract terms for current members 2025

	end of term
Roy Jakobs	AGM 2026
Charlotte Hanneman	AGM 2028
Marnix van Ginneken	AGM 2029

Remuneration of the Board of Management in 2025

The Supervisory Board has determined the 2025 pay-outs to the members of the Board of Management, upon the proposal of the Remuneration Committee, in accordance with the 2024 Remuneration Policy.

The Remuneration Committee annually conducts a scenario analysis. This includes the calculation of remuneration under different scenarios, whereby different performance assumptions and corporate actions are examined. The Supervisory Board concluded that the relationship between the strategic objectives and the chosen performance criteria for the 2025 Annual Incentive, as well as for the 2023 LTI grants, were adequate. The variable remuneration awards are considered fair and appropriate under the various scenarios.

Annual Base Compensation

As part of the regular remuneration review, Annual Base Compensation for the members of the Board of Management is being reviewed every year. This year, the Annual Base Compensation has been increased per April 1, 2025, as follows: for Roy Jakobs from EUR 1,250,000 to EUR 1,300,000; for Charlotte Hanneman from EUR 700,000 to EUR 725,000; and for Marnix van Ginneken (as disclosed before his re-appointment at the AGM 2025) from EUR 660,000 to EUR 725,000, respectively. This increase was made to move the total compensation level closer to the market median level, as well as to reflect internal relativities.

2025 Annual Incentive

The Annual Incentive performance has been assessed based on company financial results as well as non-financial results.

Financial element (70% weighting)

In line with the 2024 Remuneration Policy, the company sets financial performance metrics and targets in advance of the year for all members of the Board of Management. For the year 2025, the financial targets set at Group level cover comparable sales growth¹, Adjusted EBITA¹ and free cash flow¹. For the comparable sales growth metric, the realized

performance was above target, which resulted in a 115% payout for this metric. For the Adjusted EBITA metric, the realized performance was at target performance level, which resulted in a 100% payout for this metric. For the free cash flow metric, the realized performance of 512 million EUR results in a 137.4% payout for this metric. The financial realization fully includes the impact of tariffs announced in 2025 after targets were set.

Financial performance metric	Weighting as % of target Annual Incentive	Assessment of performance				Resulting payout as % of target	Weighted pay-out as % of target Annual Incentive
		Threshold performance	Target performance	Maximum performance	Realized performance		
Comparable Sales Growth ¹	35%	1.0%	2.0%	4.0%	2.3%	115.0%	40.3%
Adjusted EBITA margin ¹	20%	10.8%	12.3%	13.8%	12.3%	100.0%	20.0%
Free Cash Flow ¹	15%	100	400	700	512	137.4%	20.6%
Total	70%						80.9%

¹ Non-IFRS financial measure. For the definition and reconciliation of the most directly comparable IFRS measure, refer to section "Reconciliation of non-IFRS information" in Chapter "Further information" of the [Annual Report 2025](#).

Non-financial element (30% weighting)

The non-financial performance categories and objectives were set at the beginning of the year and disclosed in the 2024 Remuneration Report. As per remuneration policy, each selected performance category received an equal weighting. The Supervisory Board has assessed performance and granted a pay-out between 0% and 200% per selected category.

Member of Board of Management	Performance category	Performance objective	Assessment of performance	Weighted pay-out as % of target Annual Incentive
Roy Jakobs	Patient safety and quality	Drive patient safety and quality as highest priority in the organization	Overall improvement in processes, controls and culture reflecting commitment to patient safety and quality. Significant progress made on addressing consent decree requirements. FDA inspection resulted in a warning letter. It remains of crucial importance to further resolve the related causes.	34.5%
	Customer	Improve market share and customer experience	Strong progress made on gaining Market share.	
		Improve supply chain reliability	On-time delivery of orders as per customer expectations further improved.	
	Strategy and execution	Drive focused strategy to win in the market	Accelerated growth in strategic growth businesses and launched several world-first innovations.	
		Establish simplified, more agile operating model	Strong progress on execution priorities with simplification of how work, improved operational performance and rigorous cost management and productivity.	
ESG	Deliver on ESG commitments	ESG index realization ahead of target. Employee engagement in line with target. Talent building as per plan.		
Charlotte Hanneman	Patient safety and quality	Drive patient safety and quality as highest priority in the organization	Overall improvement in processes, controls and culture reflecting commitment to patient safety and quality. Significant progress made on addressing consent decree requirements. FDA inspection resulted in a warning letter. It remains of crucial importance to further resolve the related causes.	34.5%
	Customer	Improve market share and customer experience	Strong progress made on gaining Market share.	
		Improve financial forecasting	Improved predictability on Margin, while opportunity to further improve Sales predictability.	
	Strategy and execution	Drive focused strategy to win in the market	Accelerated growth in strategic growth businesses and launched several world-first innovations.	
		Establish simplified, more agile operating model	Strong progress on execution priorities with simplification of how work, improved operational performance and rigorous cost management and productivity.	
ESG	Deliver on ESG commitments	ESG index realization ahead of target. Employee engagement in line with target. Talent building as per plan.		
Marnix van Ginneken	Patient safety and quality	Drive patient safety and quality as highest priority in the organization	Overall improvement in processes, controls and culture reflecting commitment to patient safety and quality. Significant progress made on addressing consent decree requirements. FDA inspection resulted in a warning letter. It remains of crucial importance to further resolve the related causes.	33.0%
	Customer	Manage legal issues	In 2025 important milestones were achieved in resolving the Respiroics recall related legal proceedings including the resolution of the US personal injury and medical monitoring litigation.	
	Strategy and execution	Drive focused strategy to win in the market	Accelerated growth in strategic growth businesses and launched several world-first innovations.	
		Establish simplified, more agile operating model	Strong progress on execution priorities with simplification of how work, improved operational performance and rigorous cost management and productivity.	
ESG	Deliver on ESG commitments	ESG index realization ahead of target. Employee engagement in line with target. Talent building as per plan.		

Overall, this leads to the following total Annual Incentive realization:

Annual Incentive realization 2025
in EUR unless otherwise stated

	Annual incentive opportunity		Realized annual incentive			
	Target as a % of base compensation	Target Annual Incentive	Financial performance (weighted pay-out %)	Individual performance (weighted pay-out %)	Payout as % of target Annual Incentive ¹	Realized annual incentive
Roy Jakobs	100%	1,300,000	80.9%	34.5%	115.4%	1,499,680
Charlotte Hanneman	80%	580,000	80.9%	34.5%	115.4%	669,088
Marnix van Ginneken	80%	580,000	80.9%	33.0%	113.9%	660,388

¹ Note that figures may not add up due to rounding.

* Non-IFRS financial measure. For the definition and reconciliation of the most directly comparable IFRS measure, refer to section "Reconciliation of non-IFRS information" in Chapter "Further information" of the [Annual Report 2025](#).

2026 Annual Incentive

Financial element (70% weighting):

For the year 2026, the following financial performance metrics are selected to ensure alignment with the key (strategic) priorities in the year:

- 35% weighting: Comparable Sales Growth*
- 20% weighting: Adjusted EBITA* margin
- 15% weighting: Free Cash Flow*

For each of the selected performance metrics, the Supervisory Board sets challenging but realistic target levels which will be disclosed ex-post in the subsequent Remuneration Report.

Non-financial element (30% weighting):

At the start of each year, two to four performance categories are selected from the following list, whereby each selected category receives an equal weighting:

- Patient safety and quality
- Customer
- Strategy and execution
- ESG

For each selected category, one or more performance objectives are determined at the start of the year for each of the members of the Board of Management.

For the year 2026, the following categories and objectives were selected to ensure alignment with the key (strategic) priorities in the year:

Performance category	Performance objective	Applicable for	Weighting	Measurement description
Patient safety and quality	Drive patient safety and quality as highest priority in the organization	All members of Board of Management	7.50%	This objective measures delivery on our company-wide program to strengthen our patient safety and quality culture, capabilities and performance.
Customer	Improve market share and customer experience	Roy Jakobs	7.50%	This objective is measured by the market share gain and delivery on prioritized innovations
	Improve market share and customer experience	Charlotte Hanneman		This objective is measured by the market share gain and by a reliable forecast as per plan.
	Manage legal issues	Marnix van Ginneken		This objective measures the extent to which litigation strategy is developed and potential liabilities are managed.
Strategy and execution	Drive focused strategy to win in the market and simplify the operating model	All members of Board of Management	7.50%	This objective measures delivery on our value creation plan and delivery on our operating model simplification plan.
ESG	Deliver on ESG commitments	All members of Board of Management	7.50%	This objective measures: <ul style="list-style-type: none"> • performance on our Impact index (which includes various elements such as emission targets) • our capacity to grow and retain talent and further improve employee engagement

* Non-IFRS financial measure. For the definition and reconciliation of the most directly comparable IFRS measure, refer to section "Reconciliation of non-IFRS information" in Chapter "Further information" of the [Annual Report 2025](#).

2023 Long-Term Incentive

The 3-year performance period of the 2023 LTI grant, consisting of performance shares, ended on December 31, 2025. The realization of this grant is based on TSR achievement, adjusted EPS growth and sustainability objectives. The following performance achievement and vesting levels have been determined by the Supervisory Board with respect to the 2023 grant of performance shares:

Philips Group Performance achievement and vesting levels

	achievement	weighting	vesting level
TSR	200%	50%	100%
EPS	200%	40%	80%
Sustainability objectives	140%	10%	14%
Total			194%

TSR (50% weighting)

A ranking approach to TSR applies, with Philips itself included in the TSR Performance Peer Group. TSR scores are calculated based on a local currency approach and by taking a three-month averaging period prior to the start and end of the three-year performance period. The performance incentive pay-out zone applicable to the 2023 LTI grant (based on the 2020 LTI Plan) is outlined in the following table. This results in zero vesting for performance below the 40th percentile and 200% vesting for performance levels above the 75th percentile. The incentive zone range has been constructed such that the average pay-out over time is expected to be approximately 100%.

Philips Group Performance-incentive zone for TSR in %

Position	20-14	13	12	11	10	9	8	7	6	5-1
Vesting %	0	60	80	90	100	120	140	160	180	200

The TSR achieved by Philips during the performance period was 93.52%, using a start date of October 2022 and end date of December 2025. This resulted in Philips being positioned at rank 2 in the TSR performance peer group shown in the following table, resulting in a TSR achievement of 200%.

LTI Plan TSR realization 2023 grant: 93.52%)

	total return	rank number
Boston Scientific	126.42%	1
Philips	93.52%	2
Stryker	65.33%	3
Fresenius Medical Care	60.52%	4
Canon	60.46%	5
GE HealthCare Technologies	44.57%	6
Smith & Nephew	32.54%	7
Medtronic	32.31%	8
Johnson & Johnson	25.40%	9
Terumo	22.00%	10
ResMed	19.67%	11
Reckitt Benckiser	13.51%	12
Hologic	2.60%	13
Getinge	2.16%	14
Alcon	1.09%	15
Siemens Healthineers	(0.08%)	16
Danaher	(3.75%)	17
Elekta	(6.96%)	18
Becton Dickinson	(15.10%)	19
Baxter	(59.70%)	20

Adjusted EPS growth (40% weighting)

The LTI Plan EPS payouts and targets set at the beginning of the performance period were as follows:

Philips Group LTI Plan EPS payouts

	Below threshold	Threshold	Target	Maximum	Actual
LTI plan EPS (euro)	<0.54	0.54	0.64	0.83	1.26
Vesting %	-%	40%	100%	200%	200%

In respect of the 2023 LTI grant, the LTI Plan EPS is calculated based on a reported net income attributable to shareholders divided by the number of common shares outstanding (after deduction of treasury shares) on the day prior to the beginning of the performance period (to eliminate the impact of any share buyback, stock dividend, etc.), resulting in an EPS of EUR 1.02. Furthermore, as per the 2020 LTI Plan, the LTI Plan EPS includes adjustments to account for events that were not planned when targets were set or were outside management's control, such as the profit and loss impact of acquisitions and divestments (balance is neutral), the profit and loss impact of unhedged foreign exchange variations versus plan (positive adjustment), the profit and loss impact of legacy legal proceedings (positive impact), and the profit and loss impact of Respiroics-related charges (positive impact). Overall, this resulted in an LTI Plan EPS of EUR 1.26 based on adjusted net income from continuing operations, leading to a realization of 200% of target. The historic EPS realization was 0% of target for the LTI grants related to the years 2020, 2021 and 2022.

Philips Group

LTI Plan EPS realization in millions of EUR unless otherwise stated

	Net income	EPS (euro)
Income from continuing operations attributable to shareholders	899	1.02
Profit and loss impact of:		
- Foreign exchange variations versus plan ¹	65	0.07
- Respiroics-related charges ²	147	0.17
Adjusted net income from continuing operations	1,111	1.26

¹ Impact of variations of unhedged volatile currencies compared to the performance period plan.

² Impact of Respiroics field-action running costs and consent decree charges.

Sustainability objectives (10% weighting)

In order to further align the remuneration package for the Board of Management with our purpose and our ESG commitments, a sustainability criterion was introduced in the 2020 LTI Plan. Philips believes that ESG performance will improve the company's performance as a whole and, therefore, that it should be explicitly linked to (long-term) remuneration. The criteria are based on three Sustainable Development Goals (SDGs) as defined by the United Nations that are included in Philips' strategy on sustainability (no. 3, 12 and 13). These three SDGs are translated in five underlying objectives, which are measured against a specific target range.

At the beginning of the performance period, challenging target ranges are set for each of the five objectives. Based on a point-to-point method, performance achievement is measured at the end of the performance period (i.e., three years) versus the beginning of the performance period. The vesting level is determined based on the following scheme:

No. of measures achieved on or above target	Vesting %
1	0%
2	0%
3	50%-100%
4	100%-150%
5	150%-200%

The realized performance is described in the following table. As 4 out of 5 objectives are achieved within or better than target range, the vesting % lies between 100% and 150% of target. Based on target range performance of one and outperformance of three objectives, the Supervisory Board has assessed that a vesting level of 140% would reflect an appropriate position within the vesting range.

For more information on the realized performance on all five objectives please refer to Chapter Environmental, Social and Governance of the Annual Report 2025.

2026 Long-Term Incentive

The 2026 Long-Term Incentive grant consists of 100% performance shares of which vesting is subject to performance over a period of three years, whereby performance is measured based on the following performance metrics and weighting:

- 40% weighting: Relative Total Shareholder Return ('TSR')
- 40% weighting: Adjusted Earnings per Share growth* ('EPS')
- 20% weighting: ESG performance

Sustainability category	Underlying objective	Target range	Realized performance	
Ensure healthy lives and promote well-being for all at all ages (SDG3) Lives improved	Targeted # of lives improved in year 3 ¹	1.92 – 2.14 billion	2.0 billion	Within target range
Ensure sustainable consumption and production patterns (SDG12) Circularity	Targeted circular revenue in year 3 ²	22.5% – 25.0%	27.9%	Better than target range
	Targeted waste to landfill in year 3 ³	2.5% – 0.1%	<0.01%	Better than target range
	Targeted closing the loop in year 3 ⁴	34.0% – 42.0%	20.2%	Below target range
Take urgent action to combat climate change and its impacts (SDG13) Carbon footprint	Targeted CO ₂ -equivalent (in kilotonnes) in year 3	483 – 433 kilotonnes CO ₂	372 kilotonnes CO ₂	Better than target range

¹ Lives improved by Philips products, solutions and services and care to those in underserved markets

² Revenue from products, services and solutions contributing to circularity (e.g., optimizing and re-using materials)

³ Avoiding production of waste materials

⁴ Taking back healthcare equipment

ESG performance (20% weighting)

At the start of each performance year, we select four ESG objectives in line with our long-term strategic priorities. There is no exhaustive list of objectives that can be selected. To ensure that all objectives are material, auditable and measurable, we only select objectives which are reported in our Annual Report (in preparation for the Corporate Sustainability Reporting Directive) and therefore are subject to assurance from our external provider of assurance with respect to the company's sustainability reporting. Furthermore, we make sure that in any measurement year, the ESG objectives do not overlap with our non-financial performance objectives for the Annual Incentive.

The objectives selected for the 2026 LTI grant are shown in the following table, including the rationale for selecting these objectives and more details on the measurement approach.

2026-2028

ESG objective	Rationale	Measurement approach
Targeted # of lives improved in year 3 ¹	Ensure healthy lives and promote well-being for all at all ages (SDG3) Lives improved	Please refer to section Improving people's lives of the Annual Report 2025 for more details.
Inclusion and belonging score	Aim to be the best place to work for our employees	Please refer to Note V Diversity, Inclusion and Well-being of the Annual Report 2025
Targeted full value chain CO ₂ -equivalent (in kilotonnes) in year 3	Take urgent action to combat climate change and its impacts (SDG13) Carbon footprint	Please refer to section Climate change of the Annual Report 2025 for more details.
Virgin non-renewable materials (in kilotonnes)	Aim to use less virgin non-renewable materials and make more materials available for re-use (SDG12) Circularity	Please refer to Note II Resource use and circular economy of the Annual Report 2025

¹ Lives improved by Philips products, solutions and services and care to those in underserved markets

Pension

The following pension arrangement is in place for the members of the Board of Management working under a services agreement governed by Dutch law:

- Flex ES Pension Plan in the Netherlands, which is a Collective Defined Contribution plan with a fixed contribution of (currently) 30.3% (including an own contribution of 8%) of the maximum pensionable salary of EUR 137,800 (effective January 1, 2025) minus the offset. The Flex ES Plan has a target retirement age of 68 and a target accrual rate of 1.85%;
- A gross Pension Allowance equal to 25% of the base compensation exceeding EUR 137,800.

Total remuneration costs in 2025

The table on the following page gives an overview of the costs incurred by the company in 2025 and 2024 in relation to the remuneration of the Board of Management. Costs related to performance shares are based on accounting standards (IFRS), which prescribe that costs for each LTI grant are recognized over the full (multi-year) vesting period, proportionate to the relevant fiscal year. Therefore, the costs for any year reflect costs of multiple LTI grants, as opposed to the actual value for the holder of an LTI grant at the vesting date. Please refer to section [2023 Long-Term Incentive](#) for more details on the actual vesting of the performance shares.

Philips Group
Remuneration Board of Management ¹ in EUR

	reported year	annual base compensation ²	Accounting costs in the year						total cost	Fixed-variable remuneration ⁵
			base compensation	realized annual incentive	performance shares ³	pension allowances	pension scheme costs	other compensation ⁴		
Roy Jakobs	2025	1,300,000	1,287,500	1,499,680	3,772,196	287,425	26,609	96,386	6,969,796	24%-76%
	2024	1,250,000	1,237,500	927,750	1,692,087	274,925	32,218	83,870	4,248,350	38%-62%
Charlotte Hanneman	2025	725,000	718,750	669,088	835,637	145,237	26,609	108,598	2,503,919	40%-60%
	2024	700,000	175,545	98,372	104,606	35,247	7,775	23,089	444,633	54%-46%
Marnix van Ginneken	2025	725,000	708,750	660,388	1,531,456	142,737	26,609	62,090	3,132,030	30%-70%
	2024	660,000	652,500	422,374	740,101	128,675	32,218	74,227	2,050,095	43%-57%
Total	2025		2,715,000	2,829,156	6,139,289	575,399	79,827	267,074	12,605,745	29%-71%
	2024		2,065,545	1,448,496	2,536,794	438,847	72,211	181,186	6,743,078	41%-59%

¹ Reference date for board membership is December 31, 2025.

² Annual Base Compensation as incurred in the year, base compensation increases are reflected proportionally.

³ The value of the performance shares that vested during the year is as follows, for Roy Jakobs EUR 241,089 (2024: EUR 77,227), Charlotte Hanneman EUR 0 (2024: EUR 0), Marnix van Ginneken EUR 141,783 (2024: EUR 94,985). Values are determined at vesting date. Taking the vesting value into account for the performance shares (instead of IFRS expenses) results in the following total remuneration, for Roy Jakobs EUR 3,438,688, Charlotte Hanneman EUR 1,668,282, Marnix van Ginneken EUR 1,742,357.

⁴ The stated amounts mainly concern (share of) allowances to members of the Board of Management that can be considered as remuneration. In a situation where such a share of an allowance can be considered as (indirect) remuneration (for example, private use of the company car), then the share is both valued and accounted for here. The method employed by the fiscal authorities is the starting point for the value stated.

⁵ Fixed remuneration is determined as the sum of base compensation, pension allowances, pension scheme costs and other compensation. Variable remuneration is determined as the sum of realized annual incentive and performance shares.

Philips Group
Total remuneration Board of Management in EUR

Roy Jakobs

2025



2024



■ Base compensation ■ Annual incentive ■ Performance shares ■ Pension ■ Other compensation

Charlotte Hanneman ¹

2025



2024



Marnix van Ginneken

2025



2024



¹ Charlotte Hanneman joined on October 1, 2024

Five-year development of CEO and Board of Management versus average employee remuneration costs compared to company performance

Internal pay ratios are a relevant input factor for determining the appropriateness of the implementation of the Remuneration Policy, as recognized in the Dutch Corporate Governance Code. Following the European Sustainability Reporting Standards (ESRS), this disclosure

enhances transparency in income distribution and aligns with our commitment to fair remuneration practices. For the 2025 financial year, the ratio between the annual total compensation for the CEO, which is the highest paid individual, and the average annual total remuneration for an employee was 70:1. The ratio increased from 43:1 in 2024. The increase is mainly caused by the 194% vesting of the 2023 LTI grant for the CEO. Furthermore, the ratio between the CEO and median annual

total remuneration for all employees (excluding the highest-paid individual) was 83:1. Further details on the development of these amounts and ratios over time can be found in the following table. Please note that the amounts presented in the table reflect total remuneration costs to the company, which differ from the actual payouts to the members of the Board of Management.

Philips Group Remuneration costs* in EUR

	2025	2024	2023	2022	2021	2020
Remuneration						
CEO Total Remuneration Costs (A) ¹	6,969,796	4,248,350	4,582,347	5,133,659	5,452,299	6,153,067
CFO Total Remuneration Costs	2,503,919	3,517,514	3,002,907	1,896,081	2,652,864	3,007,990
CLO Total Remuneration Costs	3,132,030	2,050,095	2,302,397	1,416,837	2,029,054	2,203,160
Average Employee (FTE) Total Remuneration Costs (B) ²	99,667	99,091	99,866	93,373	86,853	91,455
Ratio A versus B ⁴	70:1	43:1	46:1	55:1	63:1	67:1
Median Employee Total Remuneration Costs (C) ³	83,708	89,103				
Ratio A versus C ⁴	83:1	48:1				
Company performance						
Annual TSR ⁵	(5.5)%	43.3%	42.9%	(60.0)%	(14.5)%	6.2%
Comparable Sales Growth% ⁶	2.3%	1.2%	6.0%	(2.8)%	(1.2)%	2.9%
Adjusted EBITA% ⁶	12.3%	11.5%	10.6%	7.4%	12.0%	13.2%
Free Cash Flow ⁶	512	906	1,582	(961)	900	1,635

* The Dutch implementation of SRDII requires disclosure of the compensation of the Supervisory Board members in a way that allows comparison. The members of the Supervisory Board received fixed remuneration during the years covered by the table above in line with the Remuneration Policy for the Supervisory Board as approved by the AGM, ranging from 116,269 (lowest full-time amount in 2020) to 225,845 (highest full-time amount in 2025). They are not entitled to any variable remuneration. For more information, see "[Remuneration of the Supervisory Board in 2025](#)".

¹ For 2022, CEO refers to Frans van Houten for the period up to October 15, 2022, and to Roy Jakobs for the period from October 15, 2022, onward. For 2020 and 2021, CEO refers to Frans van Houten.

² Based on Employee benefit expenses (EUR 6.7 billion) divided by the average number of employees (67,033 FTE) as reported in Income from operations. This results in an average annual total compensation cost of EUR 99,667 per employee.

³ Median Employee Total Remuneration Costs are based on the full salary and wage expenses to the company, including base salary, social security, benefits in cash, benefits in kind, Annual Incentive and Long Term Incentives.

⁴ A consideration when interpreting the ratios between CEO (i.e., highest paid individual) and average and median employee remuneration is that the remuneration of the CEO is more heavily dependent on variable compensation than the remuneration of the typical employee at Philips. Furthermore, the costs of performance shares are based on accounting standards (IFRS) and the specific allocation of these costs to the year. As such, the total remuneration level and costs applicable to the CEO will vary more with Philips' financial performance than the remuneration level and costs applicable to the typical employee. As a consequence, the ratio will increase when financial performance is strong and conversely decrease when financial performance is not as strong.

⁵ Annual TSR was calculated in line with the method used for the LTI Plan (i.e., based on reinvested dividends and three-month averaging)

⁶ Non-IFRS financial measure. For the definition and reconciliation of the most directly comparable IFRS measure, refer to "Reconciliation of non-IFRS information" in Chapter "Further information" of the [Annual Report 2025](#)

Historical LTI grants and holdings

Number of performance shares (holdings)

Under the LTI Plan the current members of the Board of Management were granted 222,428 performance shares in 2025. The following table provides an overview at the end of December 2025 of performance share grants.

Philips Group

Number of performance shares (holdings) in number of shares unless otherwise stated

	Grant date	Number of shares originally granted	Value at grant date	Vesting date	End of holding period	Unvested opening balance at Jan. 1, 2025	Number of shares awarded in 2025	(Dividend) shares awarded	Number of shares vested in 2025 ¹	Value at vesting date in 2025	Unvested closing balance at Dec. 31, 2025
Roy Jakobs	4/29/2022	37,630 ²	930,000	4/29/2025	4/29/2025	42,148	-	-	6,322	139,532	-
	10/28/2022	24,279	314,137	10/28/2025	10/28/2027	26,233	-	1,112	4,102	101,557	-
	4/28/2023	124,538	2,400,000	4/28/2026	4/28/2028	134,560	-	5,702	-	-	140,261
	7/5/2024	131,443	2,500,000	5/7/2027	5/7/2029	135,939	-	5,760	-	-	141,700
	6/5/2025	120,686	2,580,000	6/5/2028	6/5/2030	-	120,686	5,114	-	-	125,800
Charlotte Hanneman	7/29/2024	25,346	613,934	7/29/2027	7/29/2029	25,346	-	1,074	-	-	26,420
	7/29/2024	37,982	920,000	7/29/2027	7/29/2029	37,982	-	1,609	-	-	39,591
Marnix van Ginneken	6/5/2025	50,871	1,087,500	6/5/2028	6/5/2030	-	50,871	2,156	0	-	53,027
	4/29/2022	38,237	945,000	4/29/2025	4/29/2027	42,828	-	-	6,424	141,783	-
	4/28/2023	49,037	945,000	4/28/2026	4/28/2028	52,983	-	2,245	-	-	55,228
	5/7/2024	52,051	990,000	5/7/2027	5/7/2029	53,832	-	2,281	-	-	56,113
	6/5/2025	50,871	1,087,500	6/5/2028	6/5/2030	-	50,871	2,156	-	-	53,027

¹ The shares vested in 2025 are subject to a two-year holding period.

² Awarded before date of appointment as a member of the Board of Management

Share ownership guidelines

To further align the interests to those of stakeholders and to motivate the achievement of sustained performance, the members of the Board of Management are bound to a minimum shareholding requirement. The following table shows the minimum shareholding requirement, Annual Base Compensation, (vested) shares held, and share ownership ratio of each Board of Management member as of December 31, 2025. Until the minimum shareholding requirement is reached, the members of the Board of Management are required to retain all after-tax performance shares that have vested, but they are not required to make additional share purchases.

Philips Group

Share ownership Board of Management

	Minimum shareholding requirement ¹	Annual Base Compensation	(Vested) shares held	Ownership ratio ²
Roy Jakobs	4.0x	1,300,000	147,397	2.7x
Charlotte Hanneman	3.0x	725,000	-	0x
Marnix van Ginneken	3.0x	725,000	147,126	4.8x

¹ As ratio of Annual Base Compensation

² The ownership ratio is calculated by multiplying the total shares held by the share price of EUR 23.663 (the average closing share price from November 1, 2025, to December 31, 2025) and dividing this by the base compensation.

Remuneration of the Supervisory Board in 2025

Summary of Remuneration Policy

The Remuneration Policy for the Supervisory Board was also adopted at the AGM 2024, with a majority of 98.94% of the votes cast.

The overarching objective of the 2024 Remuneration Policy for the Supervisory Board is to enable its members to fulfill their duties, acting independently: supervising the policies and management and the general affairs of Philips, and supporting the Board of Management and the Executive Committee with advice. Also, the members of the Supervisory Board are guided by the company's long-term interests, with due observance of the company's mission, vision and strategy, taking into account the interests of shareholders and all other stakeholders.

As reflected in the profile of the Supervisory Board (as updated early 2024 and included in the Rules of Procedure of the Supervisory Board), the selection of candidates for appointment to the Supervisory Board will be based on merit. The profile aims for an appropriate combination of knowledge and experience among its members, encompassing a wide range of proficiencies and capabilities, all in relation to the global character of Philips' Businesses. The Supervisory Board furthermore aims to have members with a diverse set of qualities, including different nationalities and (cultural) backgrounds.

To support the objectives mentioned previously, the 2024 Remuneration Policy is aimed at attracting and retaining Supervisory Board members internationally, of the highest caliber and with experience and expertise relevant to our health technology Businesses.

To enable more gradual increases in the future, the 2024 Remuneration Policy includes the Supervisory Board's intention to review the fee levels, in principle, every two years, to monitor and take account of market developments and to manage expectations from our key stakeholders. In these reviews we will, in principle, apply a consistent approach using the same Quantum Peer Group for our Supervisory Board as is used for the Board of Management.

The accompanying table provides an overview of the current remuneration structure. The fee levels were set below median market levels paid in the Quantum Peer Group used in the 2024 Remuneration Policy for the Board of Management.

Philips Group Remuneration Supervisory Board in EUR

Fee type (amounts in EUR)	Chairman		Vice Chair		Member	
	As of 2025	2024	As of 2025	2024	As of 2025	2024
	Supervisory Board (annual fee)	175,000	166,500	130,000	123,500	113,000
Audit Committee	30,500	29,000	n.a.		20,250	19,250
Remuneration Committee	23,750	22,500	n.a.		15,750	15,000
Corporate Governance and Nomination & Selection Committee	23,750	22,500	n.a.		15,750	15,000
Quality and Regulatory Committee	23,750	22,500	n.a.		15,750	15,000

In accordance with the Dutch Corporate Governance Code, the remuneration for the members of the Supervisory Board is not dependent on the results of the company and does not include any shares (or rights to shares). Nevertheless, members of the Supervisory Board are encouraged to hold shares in the company for the purpose of long-term investment to reflect their confidence in the future course of the company. The company does not grant personal loans to members of the Supervisory Board.

Attendance fees, entitlement to Philips product arrangements and fixed net expense allowances are as follows:

Philips Group Fee and reimbursement type in EUR

	Chairman	All members
Attendance fee per inter-European trip	2,750	2,750
Attendance fee per intercontinental trip	5,500	5,500
Entitlement to Philips product arrangement	2,000	2,000
Annual fixed net expense allowance	11,345	2,269
Other travel expenses	As reasonably incurred	

The members of the Supervisory Board benefit from coverage under the company's Directors and Officers (D&O) liability insurance.

Remuneration of the Supervisory Board in 2025

The individual members of the Supervisory Board received, by virtue of the positions they held, the following remuneration in 2025:

Philips Group

Remuneration of the Supervisory Board in EUR

	membership	committees	other compensation ¹	total 2025	total 2024
F. Sijbesma	175,000	39,500	11,345	225,845	232,945
P.A. Stoffels	130,000	39,500	16,019	185,519	174,269
S.K. Chua	113,000	20,250	15,088	148,338	152,857
M.E. Doherty	113,000	30,500	11,718	155,218	156,789
A.M. Harrison	113,000	15,750	18,769	147,519	130,269
P. Löscher	113,000	36,000	10,519	159,519	160,519
I. Nooyi	113,000	15,750	15,064	143,814	142,654
S. Poonen	113,000	15,750	20,500	149,250	143,538
D. Pyott	39,627	8,329	13,992	61,948	155,019
B. Ribadeau-Dumas	113,000	15,750	15,270	144,020	98,198
H. Verhagen	113,000	41,195	2,847	157,042	149,996
R.J. White	97,521	13,592	12,958	124,071	
Total	1,346,148	291,866	164,089	1,802,103	1,697,054

¹ The amounts mentioned under other compensation relate to the fee for intercontinental travel, inter-European travel, the Philips product arrangement and the annual fixed net expense allowance.

