



External Auditor policy

May 2025

Purpose and scope

Purpose: This policy aims to safeguard compliance with rules and regulations in the Netherlands, the European Union and the United States of America requiring the independence of the External Auditor from Koninklijke Philips N.V. (Royal Philips) and all its affiliates (together with Royal Philips, the Philips Group).

Scope: This policy is mandatory for all organizations and employees within the Philips Group. Local requirements should be applied in case they are stricter than the requirements outlined in this policy. The External Auditor shall comply with this policy.

The External Auditor must be independent

The External Auditor appointed by the General Meeting of Shareholders (together with all of the auditor's network firms, the External Auditor) must at all times be independent of the Philips Group both in fact and appearance throughout the audit and professional engagement period to ensure that the External Auditor is capable of exercising objective and impartial judgement in performing their duties.

The External Auditor is *not* considered independent if it or any of its audit partners, officers and employees, directly or indirectly, maintain a financial, employment or businesses relationship with the Philips Group or provide services which:

- create a mutual or conflicting interest between the External Auditor or any of its audit partners, officers and employees and the Philips Group;
- create a direct or material indirect business relationship between the External Auditor and the Philips Group, including Philips Group directors or officers in a decision making capacity or persons in a financial reporting oversight role;
- place the auditor in a position to audit their own work;
- result in the auditor acting as a Philips Group manager or Philips Group employee; or
- put the auditor in the role of advocate for Philips Group.

Mandatory rotation of the External Auditor and audit partners

Philips Group and the External Auditor shall observe applicable rules and regulations on the maximum duration of (consecutive) statutory audit engagements (currently ten years), the mandatory cooling-off period (currently four years), as well as the timely rotation of the lead/relationship audit partner and the review partner (currently after five consecutive years) and other audit partners who are members of the audit team (currently after seven consecutive years).

The (re-)appointment of the External Auditor is addressed in the Charter of the Audit Committee.

Services requiring pre-approval by the Audit Committee

The External Auditor may be engaged to provide permitted services that are allowed and approved in accordance with this policy, by the Audit Committee of the Supervisory Board. No such engagements may include a contingent fee or be commission based. Fees for non-audit services to Philips Group may not exceed 70% of the average audit fees paid over the last three consecutive years for the Group and Statutory audits.

Proposed services (that are permitted services) may be either pre-approved without specific case-by-case consideration by the Audit Committee (general pre-approval) or be specifically pre-approved by the Audit Committee

(specific pre-approval). General pre-approval will be based on an overview of categories of services to be provided and will be valid for 12 months from the date of the pre-approval unless the Audit Committee states otherwise.

Any other non-prohibited service requires specific pre-approval. Any services falling under a general pre-approval given, that exceeds the relevant pre-approved fees will also require specific pre-approval.

Permitted services may also be approved by the Chief Accounting Officer up to EUR 50,000, provided these are reported to the Audit Committee in its next meeting [or, if not practicable, in its meeting thereafter].

The Audit Committee may further delegate approval authority to its Chairman or to individual members provided that decisions by the Chairman or the delegated member shall be presented to the Audit Committee in its next meeting [or, if not practicable, in its meeting thereafter].

Permitted services

The External Auditor is permitted to provide the below audit and audit-related services, including general information services.

Audit services are:

- the statutory audit of company or consolidated financial statements
- the audit or review of interim and annual financial statements
- the provision of assurance with respect to other aspects of annual reporting, such as corporate governance, risk management or corporate responsibility, sustainability and CSRD reporting
- the provision of assurance and fact-finding services on behalf of reporting to supervisory/regulatory authorities and tax authorities
- issuing audit opinions or consents in relation to the Form 20-F and other SEC filings
- attestation services pursuant to Section 404 of the U.S. Sarbanes-Oxley Act
- any other statutory task in relation to audit services that is imposed upon an external auditor or audit firm by the law

Audit-related services are assurance services or services generally provided by the Auditor in its' role as External Auditor. These services are permissible if they are provided on behalf of the Supervisory Board or external users and include, inter alia, the following services:

- the provision of assurance or agreed upon procedures services (for example in the area of prospectuses, comfort letters, GSA audits, and in the areas of internal control, M&A, fraud and tax certification)
- employee benefit plan audits
- forensic audits
- EDP-audits

These audit-related services should be provided pursuant to audit, review, other assurance or agreed-upon procedures engagements conducted in accordance with relevant auditing standards. In addition, the External Auditor may provide the Philips Group with general information services. The External Auditor may be engaged to perform these audit-related services without the requirement of a separate tender process.

Prohibited services

The Philips Group may *not* engage the External Auditor to, and the External Auditor shall not provide non-audit services that compromise the External Auditor's independence. Such prohibited services include, but are not limited to, the following categories of services:

- tax advisory and tax compliance
- corporate finance/due diligence
- appraisal or valuation services, fairness opinions or contribution in kind reports
- financial information systems design and implementation
- strategy and operational consulting
- bookkeeping

- management functions
- human resources
- broker-dealer, investment advisor or investment banking
- legal
- internal audit outsourcing
- actuarial
- IT systems

Responsibilities of the External Auditor and the Audit Committee

The External Auditor is responsible for maintaining a quality control system that provides reasonable assurance that its independence will not be impaired.

The Audit Committee evaluates at least annually the External Auditor's independence, as provided in and in accordance with the Charter of the Audit Committee.

The External Auditor will annually report to the Audit Committee certifying its independence in writing (including threats identified and safeguards applied). This report should be duly substantiated and cover all aspects concerning independence, including a description of the firm's internal quality-control procedures, related review procedures/findings thereof and conflicts with this policy.

The External Auditor shall also report on all relationships between the External Auditor and the Philips Group or persons in financial reporting oversight roles at Philips Group, that may reasonably be thought to bear on independence and discuss with the Audit Committee the potential effects of the relationships.

Hiring arrangements

Philips Group and the External Auditor agree on a restricted hiring policy:

- The Philips Group will not hire partners or other professionals of the External Auditor who have been involved in the Philips Group audit within the preceding two years; and
- The External Auditor will not hire any officer, director or employee of the Philips Group for involvement in the Philips Group audit within two years after termination of their employment agreement with the Philips Group.

Fee disclosure and cap

Philips Group will disclose the fees incurred for professional services provided by the External Auditor during the reporting period in the Annual Report.

In this disclosure the total fee of the External Auditor will be broken down into fees for audit services, audit-related services and all other services to the extent permissible in view of the 'Prohibited services' discussed above.

Fees for approved non-audit services may not exceed 70% of the average fees paid in the last three financial years for statutory audits of the Philips Group. Services required by national or EU legislation are exempt from the calculation of the cap.

Monitoring and Continuous improvement

Compliance with this policy is monitored by Technical Accounting & Oversight Audit Co-ordination when reviewing services proposed by the Auditor and through the quarterly pre-approval process with the Audit Committee. For any questions or to report potential breaches, please contact Technical Accounting & Oversight Audit Co-ordination.



Policy Owner: Chief Financial Officer
Approved by: Board of Management
Royal Philips (Koninklijke Philips N.V.)
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