



PHILIPS



Green and Sustainability Innovation Bond Report 2023

July 1, 2024

Table of contents

Introduction	3
1. Allocation reporting (summary).....	4
2. Impact reporting (summary).....	6
3. Sustainability at Philips	7
4. Green and Sustainability Innovation Bonds.....	8
Green Innovation Bond – Eco-efficient and/or circular economy-adapted products, production technologies and processes.....	8
Sustainability Innovation Bond – Access to Essential Services: Healthcare	9
Alignment with EU Action Plan on Sustainable Finance	11
5. External assurance	12
Other information.....	13
Reasonable assurance report of the independent auditor on Koninklijke Philips' Green and Sustainability Innovation Bond report.....	14

Introduction

In this Green and Sustainability Innovation Bond Report 2023, Koninklijke Philips N.V. (Royal Philips) reports on the use of proceeds and impact valuation during the financial years 2019, 2020, 2021, 2022 and 2023 in respect of the:

- EUR 345,529,000 1.375 per cent Notes due March 30, 2025 (Sustainability Innovation Bond) that Philips issued on March 30, 2020 (ISIN XS2149368529)
- EUR 750,000,000 0.500 per cent Notes due May 22, 2026 (Green Innovation Bond) that Philips issued on May 22, 2019 (ISIN XS2001175657)
- EUR 650,000,000 2.125 per cent Notes due November 2029 (Green Innovation Bond) that Philips issued on May 3, 2022 (ISIN XS2475958059)
- EUR 600,000,000 2.625 per cent Notes due May 2033 (Sustainability Innovation Bond) that Philips issued on May 3, 2022 (ISIN XS2475955543)

Please refer to [Philips website](#) for the prospectuses of these Green and Sustainability Innovation Bonds as well as the Green and Sustainability Innovation Bond Framework (ESG Framework).

As of December 31, 2023, 50% of the net proceeds of the 2022 Green Innovation Bond and 100% of the other Green and Sustainability Innovation Bonds were allocated to Green and Sustainability Eligible Projects, defined in the prospectuses of the bonds as well as the Green and Sustainability Innovation Bond framework.

The Green and Sustainability Innovation Bonds were issued under Philips' Green and Sustainability Innovation Bond Framework dated April 24, 2019 (also available on the above-mentioned website), which provides for certain reporting requirements. All bonds issued under the Framework follow the International Capital Market Association (ICMA) Green Bond Principles 2018, Social Bond Principles 2018 and the ICMA Sustainability Bond Guidelines 2018, to ensure that the selected and disclosed projects meet widely recognized criteria. Sustainalytics issued a Second-Party Opinion stating that the Philips Green & Sustainability Innovation Bond Framework is credible and impactful and aligns with the Green Bond Principles 2018, Social Bond Principles 2018 and Sustainability Bond Guidelines 2018.

Ernst & Young Accountants LLP have performed a reasonable assurance engagement over the years 2019, 2020, 2021, 2022 and 2023. The report contains allocation and impact reporting on a portfolio level.

1. Allocation reporting (summary)

Green Innovation Bonds

Portfolio of green eligible projects	Amount allocated (EUR million)					
	2019	2020*	2021**	2022	2023	Total***
Green Innovation, Circular Products and Solutions, Sustainable Operations programs	728	22	-	176	146	1.072
Portfolio of eligible project expenditures	728	22	-	176	146	1.072

Green Innovation funding portfolio	Amount allocated (EUR million)					
	2019	2020	2021	2022	2023	Total
ISIN XS2001175657 (May 2019)	750					750
Allocation %	97%	3%				100%
ISIN XS2475958059 (May 2022)				650		650
Allocation %				27%	22%	50%
Green Innovation Bond Funding Total						1.400
Green Innovation Bond Allocation Total						77%

Sustainability Innovation Bonds

Portfolio of sustainability eligible projects	Amount (EUR million)					
	2019	2020	2021**	2022	2023**	Total**
Financially Sustainable Care, Access to Care for Underserved Communities		500		600		1.100
Repaid				-154		-154
Portfolio of Eligible Project Expenditures Total		500		446		946

Sustainability Innovation funding portfolio	(EUR million)					
	2019	2020	2021	2022	2023	Total
ISIN XS2149368529 (March 2020)****		500		-154		346
Allocation %		100%				100%
ISIN XS2475955543 (May 2022)				600		600
Allocation %				100%		100%
Sustainability Innovation Bond Funding Total						946
Sustainability Innovation Bond Allocation Total						100%

* EUR 22 million spend on Personal Health Green Innovation in 2020 has been allocated in 2021 as substitution of the previous allocated spend of the Domestic Appliance Business in 2019 (as a result of the disentanglement of the Domestic Appliance Business in 2021)

** Since all outstanding bonds were fully allocated in 2021 and 2023, Philips did not report eligible projects in 2021 nor 2023

*** Philips does not make use of the "look back option" and did not allocate any 2021 green eligible projects to the 2022 Green Innovation Bond. In 2023, EUR 289 million of the allocated EUR 500 million to circular products and solutions in 2019 was spent on circular products and solutions, the remaining EUR 211 million is available as of December 31, 2023.

**** Philips repaid EUR 154 million in 2022



Green Innovation Bond

In 2023, EUR 146 million was newly assigned to Eligible Projects related to Green Innovation, Circular Products and Solutions and Philips' Sustainable Operations programs. This means that 50% of the proceeds of Philips' 2022 Green Innovation Bond have been allocated. Thereof, 100% was used to finance new projects in 2022 and 2023.

Of the EUR 146 million allocated in 2023, EUR 142 million was used to finance Green/EcoDesigned Innovation, mainly addressing the energy efficiency of our products and solutions and reducing the other environmental impacts. Lastly, EUR 4 million was invested in Philips' Sustainable Operations program, for example through the installation of on-site solar panels, energy efficient equipment and the renovation of existing buildings.

Sustainability Innovation Bond

In 2023, there was no assignment to new Eligible Projects related to Financially Sustainable Care and Access to Care for Underserved Communities as the proceeds had been fully allocated in 2022.

Please refer to the Green and Sustainable Innovation Bond report 2022 for more details on the allocation.

2. Impact reporting (summary)

A large part of the proceeds was invested in research and development (R&D) activities. While these advanced R&D activities have the potential to drive positive environmental and social outcomes, it is difficult to quantify the direct impacts of R&D related activities. Philips can however present several examples of recent developments and product launches in the eligible project categories listed in the table below.

Green and Sustainability Innovation Bond report aligned with the ICMA handbook for Harmonized Framework for Impact Reporting

[Link to template \(see chapter V\)](#)

				Examples of innovation products in Philips' five Green Focal Areas					Product impact indicators (2023)	Operational impact indicators (2023)			
Green Innovation Bond (2019 and 2022)	Eligible portfolio (EUR)	Share of Total Financing	Eligibility for Green Bonds	Energy efficiency	Packaging	Hazardous substances	Weight	Circularity	Refurbished products (tons/year)	Waste collection and recycling (tons/year)	CO ₂ emission reduction, scope 1+2 (tons/year)		
a/		b/		c/		d/			e/	e/			
Green Innovation*, Circular Products and Solutions, Sustainable Operations programs	1.072.000.000	77%	100%	Image Guided Therapy	Patient monitors	Phase-out of PVC, BFR, BPA and phthalates from food contact and childcare products		The Philips Diamond Select program	1.655	11.800 (Waste Electrical and Electronic)	22.000		
				MMX Multi measurement module	Fit for Future packaging		Lumify portable ultrasound service						
							Bio-based brushheads						
Total Portfolio	1.072.000.000	77%	100%						1.655	11.800	22.000	Social impact indicators (2023)	
Sustainability Innovation Bond (2020 and 2022)	Eligible portfolio (EUR)	Share of Total Financing	Eligibility for Sustainability Bonds	Energy efficiency	Packaging	Hazardous substances	Weight	Circularity	Refurbished products (tons/year)	Waste collection and recycling (tons/year)	CO ₂ emission reduction, scope 1+2 (tons/year)	Number of lives improved through sustainable healthcare innovations (per year)	Number of lives improved in underserved healthcare communities (per year)
a/		b/		c/		d/			e/	e/		e/	
Financially Sustainable Care, Access to Care for Underserved Communities	946.000.000	100%	100%	CT7500	CT Incisive	Dose management	Zenition	Mobile ICUs in India				96.608.000	2.707.000
				SmartSpeed MR software									
				HealthSuite Imaging PACS									
				EMR Tasy									
Total Portfolio	946.000.000	100%	100%						-	-	-	96.608.000	2.707.000

a/ Signed/budgetted amount committed by the issuer for the portfolio or portfolio components eligible for Sustainability Innovation Bond or Green Innovation Bond financing

b/ This is the share of the total portfolio per category

c/ This is the percentage that is Sustainability Bond or Green Innovation Bond eligible

d/ Examples of projects

e/ Impact indicators

3. Sustainability at Philips

At Philips, our purpose to improve people's health and well-being through meaningful innovation is at the heart of everything we do. Never has this central tenet been more important than it is now, in these challenging times.

As a leading health technology company, we believe that innovation can improve people's health and healthcare outcomes, as well as making care more accessible and affordable. In concrete terms, we aim to improve the lives of 2 billion people a year by 2025, including 300 million in underserved communities, rising to 2.5 billion and 400 million respectively by 2030.

Guided by this purpose, it is our strategy to lead with innovative solutions that combine systems, smart devices, informatics and services, and leverage big data – helping our customers deliver on the Quadruple Aim (better health outcomes, improved patient experience, improved staff experience, lower cost of care) and helping people to take better care of their health at every stage of life.

We strive to deliver superior, long-term value to our customers and shareholders, while acting responsibly towards our planet and society, in partnership with our stakeholders.

We aim to grow Philips responsibly and sustainably. To this end, we have deployed a comprehensive set of commitments across all the Environmental, Social and Governance (ESG) dimensions that guide the execution of our strategy and support our contribution to UN Sustainable Development Goals¹ 3 (*Ensure healthy lives and promote well-being for all at all ages*), 12 (*Ensure sustainable consumption and production patterns*) and 13 (*Take urgent action to combat climate change and its impacts*).

As a part of its strategy, Philips set company-wide ESG targets for 2025 and the overview below provides insights into the progress made in 2023 towards the SDG 12 and 13-related targets:



¹ <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

4. Green and Sustainability Innovation Bonds

Philips issued its inaugural Green Innovation Bond in 2019 as a means to finance its sustainability activities, underlining its commitment to advancing sustainability in all areas of the business. Next, Philips issued its inaugural Sustainability Innovation Bond in 2020 as a means to finance its innovation activities, focusing on the 'Quadruple Aim' of better health outcomes, improved patient experience, improved staff experience, and lower cost of care. The Bonds are issued under our Green and Sustainability Innovation Bond Framework, which is structured in line with the ICMA Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines 2018. The Eligible Project categories of the Green Bond Principles and Social Bond Principles to which Philips has allocated proceeds from its Green and Sustainable Innovation Bonds are 'Eco-efficient and/or circular economy-adapted products, production technologies and processes' and 'Access to essential services: healthcare'.

Green Innovation Bond – Eco-efficient and/or circular economy-adapted products, production technologies and processes



The Green Innovation Bond issued in 2022 supports innovation in the environmental friendliness of Philips' products and production processes, focusing on Philips' six Green Focal Areas: Energy efficiency, Packaging, Hazardous substances, Weight, Circularity, and Lifetime reliability. The net proceeds of the Green Innovation Bond have been allocated to a portfolio of eligible Green Innovations, which belong to the following categories: (A) expenditures regarding Green Innovation in R&D; (B) expenditures regarding the implementation of circular products and solutions; and/or (C) expenditures under the Group's Sustainable Operations programs.

Sustainable Operations programs

Reportable capital expenditures in 2023 amounted to EUR 4 million, or 0.4% of total capital expenditure, and mainly related to energy efficiency improvement measures in our buildings (installation, maintenance and repair of energy efficiency equipment), such as energy efficient heating, ventilation, and air conditioning (HVAC) in various locations around the world. Next, we invested in onsite renewable electricity generation (installation, maintenance and repair of renewable energy technologies) by installing PV panels in one of our factories in Asia.

Updated impact in 2023

As a result of the continued investments in Green Innovation and Circular Economy, Philips achieved a level of Green Revenues of 70.5% in 2023 (71.7% in 2022). At the same time, 20% of our revenues were generated from circular products and services in 2023 and 18% in 2022.

New business models that enable Philips to close the loop on medical systems through take-back, refurbishment, spare-parts harvesting, and resale will reduce resource consumption, waste and environmental footprint. The proceeds from sales based on these new models will enable Philips in continuity to finance future loops in these new business models and therefore support the transition to a low-carbon economy.

Trade-in and return for resale as refurbished products and for spare parts harvesting (Diagnosis & Treatment and Connected Care) amounted to 1,655 tonnes in 2023.

These new business models will continue to bring used products and components to Philips that will be repurposed responsibly.

More details on material flows are given below.

Philips Group

Circular design metrics in kilotonnes and %

Material flow metrics	2023
Recycled content in materials	28 kilotonnes / 23%
Renewable materials	35 kilotonnes / 29%
Critical raw materials	0.24 kilotonnes / 0.2%
Strategic raw materials	3 kilotonnes / 2%

In our operations, we avoided an estimated 3 kilotonnes of CO₂ emissions through various on-site renewables projects, 4 kilotonnes of CO₂ emissions through multiple energy efficiency measures in industrial sites, and 15 kilotonnes of CO₂ emissions through the implementation of over 110 Smart Meeting Rooms in the Philips locations most traveled to.

Sustainability Innovation Bond – Access to Essential Services: Healthcare



With the 'Access to essential services' project category, proceeds have been allocated to a portfolio of eligible Sustainability Innovations, which belong to the following categories: (A) expenditures related to Sustainable Innovation R&D contributing to Financially Sustainable Care; and/or (B) expenditures regarding improving access to care for underserved communities.

A. Expenditures related to Sustainable Innovation R&D contributing to Financially Sustainable Care

The impact of Sustainability Innovation investments made have been included in Section 2. Impact Reporting. Additional impact will become visible in years to come, as the resulting products and solutions come to the market; future sales volumes are as yet unknown.



Diagnosis & Treatment

Philips develops innovative diagnosis and treatment solutions that support precision diagnosis and effective, minimally invasive interventions and therapy, while respecting the limits of natural resources.

Use of Proceeds examples:

- At RSNA23, Philips announced a number of new innovations, including next-generation EPIQ Elite 10.0 and Affiniti ultrasound systems that increase diagnostic confidence and workflow efficiency.
- Philips expanded its image-guided therapy portfolio with the launch of Philips Zenition 10, which provides a cost-effective imaging solution to guide high-volume routine surgery, as well as complex orthopedic and trauma procedures. Philips also launched the Zenition 30 Image Guided Therapy Mobile C-arm. Its workflow-enhancing features and excellent image quality enable surgeons to deliver enhanced care to more patients, helping alleviate the staff shortages faced by many hospitals.

Connected Care

Philips' connected health solutions integrate, collect, combine and deliver quality data for actionable insights to help improve access to quality care, while respecting the limits of natural resources.

Use of Proceeds examples:

- Philips introduced the cloud-based Philips HealthSuite Imaging PACS on Amazon Web Services. This cloud-based enterprise imaging solution, which includes advanced AI-enabled applications, has been designed to enhance image access speed, reliability, and data orchestration for clinicians across the imaging workflow, while reducing costs for healthcare organizations.
- Philips launched its ambulatory monitoring offering in Japan, combining Philips ePatch Holter monitors with ECG analysis through AI and advanced algorithms. This innovative approach aims to reduce clinician workload and improve the patient experience.

B. Expenditures regarding improving access to care for underserved communities

As a global health technology leader, Philips attaches paramount importance to enabling access to healthcare. Philips is committed to improve the lives of 400 million people in underserved communities by 2030. For that purpose, the company develops specific healthcare innovations and products that can be used in underserved communities.

Use of Proceeds example:

- At RSNA23, Philips launched BlueSeal MRI Mobile, the world's first and only mobile MRI system with helium-free operations, and new AI-enabled cloud solutions that enhance radiology efficiency and clinical confidence.

Alignment with EU Action Plan on Sustainable Finance

Sustainable Operations programs

The eligible projects funded by the Green Innovation Bond have a direct impact on 'Climate change mitigation' and 'Transition to a circular economy, waste prevention and recycling'. The projects related to climate change mitigation contribute to the transition towards a zero-carbon economy.

EU Environmental Objective	Allocation	Impact
Climate change mitigation	<ul style="list-style-type: none"> Philips' Sustainable Operations programs 	<ul style="list-style-type: none"> Transition support: 22 kilotonnes estimated CO₂ emissions avoided
Transition to a circular economy, waste prevention and recycling	<ul style="list-style-type: none"> Green Innovation Implementation of Circular Products and Solutions 	<ul style="list-style-type: none"> 1,655 tonnes of goods as trade-in and return for resale as refurbished products and for spare parts harvesting Reclaimed more than 11,500 systems or pieces of equipment

'Do no significant harm' principles

Philips takes the broad definition of sustainability into account in all our business practices. The company follows several company policies, including an environmental policy, social engagement policy and human rights policy. For our product development and packaging, Philips also works with a regulated substances list. All of these documents have been published on the [Philips website](#).

Philips constantly strives to optimize the environmental performance of its products and to limit the environmental impact of their development and manufacture.

Product development objectives include:

- Evaluating the environmental impact of a product or packaging over the total lifecycle
- Taking steps toward more efficient use of materials
- Reducing or eliminating hazardous substances
- Reducing energy consumption
- Improving the recyclability

Manufacturing objectives include environment-related aspects of Philips' activities and services, such as emissions into air and water, use of energy and water, reducing or eliminating hazardous substances, recycling and waste disposal.

Philips measures its environmental performance and publishes the results in its Annual Report. These results are verified by its independent auditor. The company also publishes validated environmental achievements and product claims.

Social safeguards

Philips' General Business Principles express our support and respect for human rights as set out in the International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. In this, the company follows the guidance given in the OECD Guidelines for Multinational Enterprises. The company has a dedicated Human Rights policy and a Modern Slavery and Human Trafficking Statement, which have been published on the [Philips website](#).

Philips has strict environmental and social standards that help promote an inclusive workplace, where all employees can feel valued and respected, with safe and healthy working conditions. Consistent with the company's commitment to sustainable development, we do all that is reasonable and practicable to minimize any adverse effects of our activities. Philips intends to perform regular human-rights impact assessments as part of an overall human-rights due-diligence process which allows the company to prevent or mitigate any potential adverse impact encountered.

The company publishes an annual [Human Rights report](#).

5. External assurance

EY performed a reasonable assurance engagement on the Green and Sustainability Innovation Bond Report over the years 2019, 2020, 2021, 2022, and 2023. The report contains allocation and impact reporting on a portfolio level.

Other information

Definitions

Unless otherwise defined in this Green and Sustainability Innovation Bond Report 2023, capitalized terms used herein have the meanings given to them in Philips' Green and Sustainability Innovation Bond Framework. Furthermore, we refer to our Annual Report 2023 for definitions and scope of the Sustainability KPIs disclosed in in this 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: Philips' ability to gain leadership in health informatics in response to developments in the health technology industry; Philips' ability to keep pace with the changing health technology environment; macroeconomic and geopolitical changes; integration of acquisitions and their delivery on business plans and value creation expectations; securing and maintaining Philips' intellectual property rights, and unauthorized use of third-party intellectual property rights; Philips' ability to meet expectations with respect to ESG-related matters; failure of products and services to meet quality or security standards, adversely affecting patient safety and customer operations; breaches of cybersecurity; challenges in simplifying our organization and our ways of working; the resilience of our supply chain; attracting and retaining personnel; challenges in driving operational excellence and speed in bringing innovations to market; compliance with regulations and standards including quality, product safety and (cyber) security; compliance with business conduct rules and regulations including privacy and upcoming ESG disclosure and due diligence requirements; treasury and financing risks; tax risks; reliability of internal controls, financial reporting and management process; global inflation.

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, see also the Risk management chapter included in the [Annual Report 2023](#).

Reasonable assurance report of the independent auditor on Koninklijke Philips' Green and Sustainability Innovation Bond report

To: The Board of Management and Supervisory Board of Koninklijke Philips N.V.

Our opinion

We have performed a reasonable assurance engagement on the accompanying Green and Sustainability Innovation Bond Report for the year 2023 of Koninklijke Philips N.V. (the Company) at Eindhoven, the Netherlands.

In our opinion, the Green and Sustainability Innovation Bond Report is prepared, in all material respects, in accordance with the applicable criteria as included in the section "Criteria".

Basis for our opinion

We have performed our reasonable assurance engagement on the Green and Sustainability Innovation Bond Report in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten)' (Assurance engagements other than audits or reviews of historical financial information (attestation engagements)). Our responsibilities in this regard are further described in the section 'Our responsibilities for the assurance engagement on the Green and Sustainability Innovation Bond Report' of our report.

We are independent of Koninklijke Philips N.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics for Professional Accountants).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Criteria

The criteria applied for the preparation of the Green and Sustainability Innovation Bond Report are the criteria developed by Koninklijke Philips N.V. and are disclosed in the "Royal Philips Green and Sustainability Innovation Bond Framework" version 24 April 2019 as available on [philips_green_and_sustainability_bond_framework_pub.pdf](#) and the applied supplemental reporting criteria as disclosed in the section "Other information" of the Green and Sustainability Innovation Bond Report.

The comparability of the Green and Sustainability Innovation Bond Reports between entities and over time may be affected by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques. Consequently, the Green and Sustainability Innovation Bond Report needs to be read and understood together with the criteria applied.

Limitations to the scope of our assurance engagement

The Green and Sustainability Innovation Bond Report includes prospective information such as ambitions, strategy, plans, expectations and estimates. Prospective information relates to events and actions that have not yet occurred and may never occur. We do not provide assurance on the assumptions and achievability of this prospective information.

The references to external sources or websites are not part of our assurance engagement on the Green and Sustainability Innovation Bond Report. We therefore do not provide assurance on this information.

Our opinion is not modified in respect to these matters.

Responsibilities of the Board of Management and the Supervisory Board for the Green and Sustainability Innovation Bond Report

The Board of Management is responsible for the preparation of the Green and Sustainability Innovation Bond Report in accordance with the criteria as included in the section “Criteria”. The Board of Management is also responsible for selecting and applying the criteria and for determining that these criteria are suitable for the legitimate information needs of the intended users, considering applicable law and regulations related to reporting. The choices made by the Board of Management regarding the scope of the Green and Sustainability Innovation Bond Report and the reporting policy are summarized in section “Other information” of the Green and Sustainability Innovation Bond Report.

Furthermore, the Board of Management is responsible for such internal control as it determines is necessary to enable the preparation of the Green and Sustainability Innovation Bond Report that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the reporting process of the Green and Sustainability Innovation Bond Report of Koninklijke Philips N.V.

Our responsibilities for the assurance engagement of the Green and Sustainability Innovation Bond Report

Our responsibility is to plan and perform the assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our opinion.

Our assurance engagement has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material fraud and errors during our assurance engagement.

We apply the ‘Nadere voorschriften kwaliteitssystemen’ (NVKS, regulations for quality management systems) and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Our assurance engagement included amongst others:

- Performing an analysis of the external environment and obtaining an understanding of the sector, relevant sustainability themes and issues, and the characteristics of the company as far as relevant to the Green and Sustainability Innovation Bond Report
- Evaluating the appropriateness of the criteria applied, their consistent application and related disclosures on the Green and Sustainability Innovation Bond Report. This includes the evaluation of the reasonableness of estimates made by the Board of Management

- Obtaining an understanding of the systems and processes for collecting, reporting and consolidating the Green and Sustainability Innovation Bond Report, including obtaining an understanding of internal control environment relevant to our assurance engagement, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Identifying and assessing the risks that the Green and Sustainability Innovation Bond Report is misleading or unbalanced, or contains material misstatements, whether due to fraud or error, designing and performing further assurance procedures responsive to those risks, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our opinion. These procedures consisted amongst others of:
 - Making inquiries of management and relevant staff at corporate level responsible for the strategy, policy and results relating to the Green and Sustainability Innovation Bond Report
 - Interviewing relevant staff responsible for providing the information for, carrying out controls on, and consolidating the data in the Green and Sustainability Innovation Bond Report
 - Obtaining assurance evidence that the Green and Sustainability Innovation Bond Report reconciles with underlying records of Koninklijke Philips N.V.
 - Evaluating, on a sample basis, relevant internal and external documentation to determine the reliability of the Green and Sustainability Innovation Bond Report
 - Evaluating the data and trends
- Reconciling the relevant financial information with the financial statements
- Evaluating whether the Green and Sustainability Innovation Bond Report is presented and disclosed free from material misstatement in accordance with the criteria applied

Eindhoven, July 1, 2024

Ernst & Young Accountants LLP

A.B.E. Laan

