

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 20-F

(Mark one)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

For the transition period from _____ to _____

Commission file number 001-05146-01

KONINKLIJKE PHILIPS NV

(Exact name of Registrant as specified in its charter)

ROYAL PHILIPS

(Translation of Registrant's name into English)

The Netherlands

(Jurisdiction of incorporation or organization)

Philips Center, Amstelplein 2, 1096 BC Amsterdam, The Netherlands

(Address of principal executive offices)

Marnix van Ginneken, Chief ESG & Legal Officer

+31 2059 77232, marnix.van.ginneken@philips.com, Philips Center, Amstelplein 2, 1096 BC Amsterdam, The Netherlands

(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares - par value (EUR) 0.20 per share	PHG	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

(Title of class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

(Title of class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Class	Outstanding at December 31, 2024
KONINKLIJKE PHILIPS NV	925,009,074
Common Shares par value EUR 0.20 per share	

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Note - Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated filer Non-accelerated filer Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.

† The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.

7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued by the International Accounting Standards Board

Other

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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1 Introduction

This document contains information required for the Annual Report on Form 20-F for the year ended December 31, 2024 of Koninklijke Philips N.V. (the 2024 Form 20-F). Reference is made to the Form 20-F cross reference table herein. Only the following information shall be deemed to be filed with the Securities and Exchange Commission (SEC) for any purpose (i) the information in this document that is referenced in the Form 20-F cross reference table, (ii) this introduction and the cautionary statement “forward-looking statements” on the next two pages and (iii) the Exhibits. Any additional information in this document which is not referenced in the Form 20-F cross reference table, or the Exhibits themselves, shall not be deemed to be so incorporated by reference, shall not be part of the 2024 Form 20-F and is furnished to the SEC for information only.

References to Philips

References to the Company or company, to Philips or the (Philips) Group or group, relate to Koninklijke Philips N.V. and its subsidiaries, as the context requires. Royal Philips refers to Koninklijke Philips N.V.

IFRS based information

The audited consolidated financial statements as of December 31, 2024 and 2023, and for each of the years in the three-year period ended December 31, 2024, included in the 2024 Form 20-F have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU). All standards and interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee effective 2024 have been endorsed by the EU; consequently, the accounting policies applied by Philips also comply with IFRS as issued by the IASB. These accounting policies have been applied by group entities.

Use of non-IFRS information

In presenting and discussing the Philips financial position, operating results and cash flows, management uses certain financial measures that are not measures of financial performance or liquidity under IFRS ('non-IFRS'). These non-IFRS measures should not be viewed in isolation as alternatives to the equivalent IFRS measure and should be used in conjunction with the most directly comparable IFRS measures. Non-IFRS measures do not have standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. In this document, Philips reports the following non-IFRS measures: comparable sales growth; EBITA; Adjusted EBITA; Adjusted EBITDA; Adjusted income from continuing operations attributable to shareholders; Adjusted income from continuing operations attributable to shareholders per common share (in EUR) - diluted (Adjusted EPS); Free cash flow; Net debt : group equity ratio; and Organic Return on Invested Capital (ROIC). A reconciliation of these non-IFRS measures to the most directly comparable IFRS measures is contained in this document. Reference is made in [Reconciliation of non-IFRS information](#).

ESG-related statements

Materiality, as used in the context of ESG, is distinct from, and should not be confused with, such term as defined in the Market Abuse Regulation or as defined for SEC reporting purposes. Any issues identified as material for purposes of ESG in this document, including the materiality assessment undertaken by Philips pursuant to the EU Corporate Sustainability Reporting Directive and the related European Sustainability Reporting Standards, are therefore not necessarily material as defined in the Market Abuse Regulation or for SEC reporting purposes.

Third-party market share data

Statements regarding market share, contained in this document, including those regarding Philips' competitive position, are based on outside sources such as specialized research institutes, industry and dealer panels in combination with management estimates. Where full year information regarding 2024 is not yet available to Philips, market share statements may also be based on estimates and projections prepared by management and/or based on outside sources of information. Management's estimates of rankings are based on order intake or sales, depending on the business.

Documents on display

Philips' SEC filings are publicly available through the SEC's website at www.sec.gov. The SEC website contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Philips' internet address is www.philips.com/investor. The contents of any websites referred to herein shall not be considered a part of or incorporated by reference into this document.

For definitions and abbreviations reference is made in [Definitions and abbreviations](#)

Due to rounding, amounts may not add up precisely to the totals provided in this report.

2 Forward-looking statements

Pursuant to provisions of the United States Private Securities Litigation Reform Act of 1995, Philips is providing the following cautionary statement.

This document, including the information referred to in the Form 20-F cross reference table, 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, in particular, among other statements, certain statements in Item 4 "Information on the Company" with regard to management's views and objectives, market trends, market standing, product volumes, business risks, the statements in Item 5 "Operating and financial review and prospects" with regards to trends in results of operations, margins overall, market trends, risk management, exchange rates, the statements in Item 8 "Financial Information" relating to legal proceedings and goodwill and statements in Item 11 "Quantitative and qualitative disclosure about market risks" relating to risk caused by derivative positions, interest rate fluctuations and other financial exposure are forward-looking in nature. Forward-looking statements can be identified generally as those containing words such as "anticipates", "assumes", "believes", "estimates", "expects", "should", "will", "will likely result", "forecast", "outlook", "projects", "may" or similar expressions. By their nature, these statements involve risk and uncertainty because they relate to future events and circumstances and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these statements.

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

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

3 Form 20-F cross reference table

Only the following information shall be deemed to be filed with the Securities and Exchange Commission for any purpose (i) the information in this document that is referenced in the Form 20-F cross reference table, (ii) the Introduction and the cautionary statements concerning forward-looking statements of this report on pages 6-7, and (iii) the Exhibits. The content of Philips websites and other websites referenced herein should not be considered to be a part of or incorporated into the 2024 Form 20-F. Any additional information which is not referenced in the Form 20-F cross reference table or the Exhibits themselves shall not be deemed to be so incorporated by reference, shall not be part of the 2024 Form 20-F and is furnished to the Securities and Exchange Commission for information only.

The table below sets out the location in this document of the information required by SEC Form 20-F. The exact location is included in the column 'Location in this document'. The page number refers to the starting page of the section for reference only (and is not intended to refer to the starting page of the specific subsection, if applicable).

Item	Form 20-F caption	Location in this document
Part 1		
1	Identity of directors, senior management and advisors	Not applicable
2	Offer statistics and expected timetable	Not applicable
3	Key information	
	A [Reserved]	Not applicable
	B Capitalization and indebtedness	Not applicable
	C Reason for the offer and use of proceeds	Not applicable
	D Risk factors	Chapter 10.2 – Risk factors Chapter 10.2.1 – Strategic risks Chapter 10.2.2 – Operational risks Chapter 10.2.3 – Financial risk and reporting risks Chapter 10.2.4 – Compliance risks
4	Information on the Company	
	A History and development of the company	Chapter 1 – Introduction - Documents on display Chapter 5.2.1 – Our Business structure Chapter 6.2 – Results of operations - Discontinued operations Chapter 6.2 – Results of operations - Restructuring, acquisition-related charges and other items Chapter 6.3.1 – Acquisitions and divestments Chapter 6.4.1 – Cash flows Chapter 10.1 – Corporate governance report Chapter 10.1.9 – Corporate information Chapter 10.7.3 – Investor contact - How to reach us Note 3 – Discontinued operations and assets classified as held for sale Note 4 – Acquisitions and divestments Note 5 – Interests in entities Note 30 – Subsequent events
	B Business Overview	Chapter 1 – Introduction - Third-party market share data Chapter 5.1 – Strategic focus Chapter 5.2.1 – Our Business structure Chapter 5.2.2 – Our geographic structure Chapter 5.2.3 – Supply chain and procurement Chapter 6.1 – Performance Summary Chapter 7.3.3 – Patient safety, quality and regulatory Note 2 – Information by segment and main country

Item	Form 20-F caption	Location in this document
	C Organizational structure	Chapter 5.2.1 – Our Business structure Note 2 – Information by segment and main country Note 5 – Interests in entities Index of exhibits - Exhibit 8
	D Property, plant and equipment	Chapter 5.2.1 Our Business structure - Central costs Note 2 – Information by segment and main country Note 3 – Discontinued operations and assets classified as held for sale - Assets classified as held for sale Note 10 – Property, plant and equipment Note 19 – Provisions - Environmental provisions; Other provisions (provisions for decommissioning costs) Note 24 – Contingencies - Environmental remediation
4A	Unresolved staff comments	Not applicable
5	Operating and financial review and prospects	
	A Operating results	Chapter 5.2.1 – Our Business structure Chapter 5.2.3 – Supply chain and procurement Chapter 6.1 – Performance Summary Chapter 6.1.1 – Factors impacting performance Chapter 6.2 – Results of operations Chapter 6.2 – Results of operations - Restructuring, acquisition-related charges and other items Chapter 6.3.1 – Acquisitions and divestments Chapter 6.4.1 – Cash flows Chapter 6.4.2 – Liquidity position Chapter 6.4.3 – Cash obligations Chapter 7.1.1 Measuring our environmental impact Chapter 7.1.2 – Climate change - Carbon neutral operations since 2020 Chapter 7.1.3 – Resource use and circular economy - (third paragraph, first line of fourth paragraph, third line of fifth paragraph and sixth paragraph) Chapter 7.2.1 – Improving people's lives (first and second paragraph) Chapter 10.4 – Reconciliation of non-IFRS information Chapter 10.5 – Other Key Performance Indicators Note 1 – General information to the Consolidated financial statements - Foreign currency transactions: Foreign operations Note 3 – Discontinued operations and assets classified as held for sale Note 4 – Acquisitions and divestments Note 6 – Income from operations Note 7 – Financial income and expenses Note 8 – Income taxes - Deferred tax assets and liabilities Note 11 – Goodwill Note 12 – Intangible assets excluding goodwill Note 20 – Post-employment benefits Note 24 – Contingencies Note 29 – Details of treasury and other financial risks - Currency risk Note 30 – Subsequent events
	B Liquidity and capital resources	Chapter 6.2 – Results of operations Chapter 6.2 – Results of operations - Restructuring, acquisition-related charges and other items Chapter 6.3.1 – Acquisitions and divestments Chapter 6.3.2 – Financing Chapter 6.3.3 – Debt position Chapter 6.3.4 – Shareholders' equity

Item	Form 20-F caption	Location in this document
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		Chapter 6.4.2 – Liquidity position
		Chapter 6.4.3 – Cash obligations
		Note 17 – Equity
		Note 18 – Debt
		Note 23 – Cash flow statement supplementary information
		Note 29 – Details of treasury and other financial risks
	C Research and development, patents and licenses, etc.	Chapter 5.1 – Strategic focus
		Chapter 5.2.1 – Our Business structure - Innovation & Strategy; IP Royalties
		Chapter 6.2 – Results of operations - Research and development expenses
	D Trend information	Chapter 5.2.3 – Supply chain and procurement
		Chapter 6.1 – Performance summary - The year 2024
		Chapter 6.1.1 – Factors impacting performance
		Chapter 10.4 – Reconciliation of non-IFRS information
		Chapter 10.5 – Other Key Performance Indicators
	E Critical accounting estimates	Not applicable
6	Directors, senior management and employees	
	A Directors and senior management	Chapter 4.2 – Members of the Board of Management and Executive Committee - Members of the Board of Management
		Chapter 8.2 – Members of the Supervisory Board
		Chapter 10.1.2 – Board of Management and Executive Committee - Appointment and composition
		Chapter 10.1.3 – Supervisory Board - Appointment and composition
		Note 27 – Information on remuneration - Table: Accumulated annual pension entitlements and pension-related costs in EUR unless otherwise stated
	B Compensation	Chapter 8.4 – Remuneration report 2024 - Letter from the Remuneration Committee Chair
		Chapter 8.4 – Remuneration report 2024
		Chapter 8.4 – Remuneration report 2024 - Remuneration of the Board of Management in 2024
		Note 26 – Share-based compensation
		Note 27 – Information on remuneration
	C Board practices	Chapter 8.2 – Members of the Supervisory Board
		Chapter 8.3 – Supervisory Board report - Supervisory Board Committees
		Chapter 8.3.3 – Report of the Audit Committee
		Chapter 8.4 – Remuneration report 2024 - Letter from the Remuneration Committee Chair (first paragraph)
		Chapter 8.4 – Remuneration report 2024 - Main elements of the Remuneration Policy; Services agreements
		Chapter 10.1.2 – Board of Management and Executive Committee - Appointment and composition
		Chapter 10.1.3 – Supervisory Board - Appointment and composition; Supervisory Board committees
	D Employees	Chapter 7.2.3 – Employment
		Note 6 – Income from operations - Employees
	E Share ownership	Chapter 8.4 – Remuneration report 2024 - Main elements of the Remuneration Policy
		Chapter 8.4 – Remuneration report 2024 - Remuneration of the Board of Management in 2024

Item	Form 20-F caption	Location in this document
		Chapter 10.1.4 – Other Board-related matters - Remuneration and share ownership
		Chapter 10.1.10 – Additional information - Equity compensation plans
		Note 17 – Equity
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		Note 27 – Information on remuneration
	F Disclosure of registrant's action to recover erroneously awarded compensation	Not applicable
7	Major shareholders and related party transactions	
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	B Related party transactions	Chapter 10.1.4 – Other Board-related matters - Conflicts of interest Note 5 – Interests in entities Note 25 – Related-party transactions Note 27 – Information on remuneration
	C Interests of experts and counsel	Not applicable
8	Financial information	
	A Consolidated statements and other financial information	Chapter 6.4.4 – Dividend - Dividend policy Chapter 9 – Group financial statements - 9.4 to 9.10
	B Significant changes	Note 30 – Subsequent events
9	The offer and listing	
	A Offer and listing details	Chapter 10.7.1 – Share information
	B Plan of distribution	Not applicable
	C Markets	Chapter 10.7.1 – Share information
	D Selling shareholders	Not applicable
	E Dilution	Not applicable
	F Expenses of the issue	Not applicable
10	Additional information	
	A Share capital	Not applicable
	B Memorandum and articles of association	Chapter 10.1.2 – Board of Management and Executive Committee - Appointment and composition Chapter 10.1.3 – Supervisory Board - Appointment and composition Chapter 10.1.4 – Other Board-related matters - Remuneration and share ownership, fifth paragraph; Conflicts of interest Chapter 10.1.5 – General Meeting of Shareholders - Meetings; Main powers of the General Meeting of Shareholders Chapter 10.1.7 – Stichting Preferente Aandelen Philips Chapter 10.1.10 – Additional information - Articles of association

Item	Form 20-F caption	Location in this document
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	C Material contracts	Chapter 8.4 – Remuneration report 2024 - Services agreements Chapter 10.1.2 – Board of Management and Executive Committee - Appointment and composition Note 26 – Share-based compensation Note 27 – Information on remuneration Index of exhibits - Exhibit 4(a) Index of exhibits - Exhibit 4(b) Index of exhibits - Exhibit 4(c) Index of exhibits - Exhibit 4(d) Index of exhibits - Exhibit 4(e) Index of exhibits - Exhibit 4(f)
	D Exchange controls	Chapter 10.1.10 – Additional information - Exchange controls Note 29 – Details of treasury and other financial risks - Liquidity risk
	E Taxation	Chapter 10.6 – Taxation - Dividend withholding tax
	F Dividends and paying agents	Not applicable
	G Statements by experts	Not applicable
	H Documents on display	Chapter 1 – Introduction - Documents on display
	I Subsidiary information	Not applicable
	J Annual Report to Security Holders	Not applicable
11	Quantitative and qualitative disclosure about market risk	
	A Quantitative information about market risk	Chapter 2 – Forward-looking statements Note 29 – Details of treasury and other financial risks
	B Qualitative information about market risk	Chapter 2 – Forward-looking statements Note 29 – Details of treasury and other financial risks
	C Interim periods	Not applicable
	D Safe harbor	Chapter 2 – Forward-looking statements Note 29 – Details of treasury and other financial risks
	E Smaller reporting companies	Not applicable
12	Description of securities other than equity securities	
	A Debt securities	Not applicable
	B Warrant and rights	Not applicable
	C Other securities	Not applicable

Item	Form 20-F caption	Location in this document
	D American depository shares	Chapter 10.7.4 – New York Registry Shares
Part 2		
13	Defaults, dividend arrearages and delinquencies	Not applicable
14	Material modifications to the rights of security holders and use of proceeds	Not applicable
15	Controls and procedures	
	A Disclosure controls and procedures	Chapter 9.1.1 – Disclosure controls and procedures
	B Management's Annual Report on internal control over financial reporting	Chapter 9.1.2 – Management's annual report on internal control over financial reporting Chapter 9.1.3 – Attestation report of the registered public accounting firm
	C Attestation report of the registered public accounting firm	Chapter 9.1.3 – Attestation report of the registered public accounting firm Chapter 9.3 – Independent auditor's report on internal control over financial reporting
	D Changes in internal control over financial reporting	Chapter 9.1.4 – Changes in internal control over financial reporting
16A	Audit Committee Financial Expert	Chapter 10.1.3 – Supervisory Board - Supervisory Board Committees, fifth paragraph
16B	Code of Ethics	Chapter 7.3.4 – General Business Principles (GBP) third paragraph Chapter 10.1.10 – Additional information - Code of business conduct
16C	Principal Accountant Fees and Services	Chapter 8.3.3 – Report of the Audit Committee Chapter 10.1.6 – Annual financial statements and external audit Note 6 – Income from operations - Audit and audit-related fees
16D	Exemptions from the Listing Standards for Audit Committees	Not applicable
16E	Purchases of Equity Securities by the Issuer and Affiliated Purchasers	Chapter 6.3.4 – Shareholders' equity - Share repurchase methods for long-term incentive plans and capital reduction purposes Chapter 10.1.5 – General Meeting of Shareholders - Share capital; issue and repurchase of (rights to) shares
16F	Change in Registrant's Certifying Accountant	Chapter 10.1.6 – Annual financial statements and external audit Index of exhibits - Exhibit 15(b)
16G	Corporate Governance	Chapter 10.1.10 – Additional information - Significant differences in corporate governance practices
16H	Mine Safety Disclosure	Not applicable
16I	Disclosure regarding Foreign Jurisdictions that prevent inspections	Not applicable
16J	Insider Trading Policies	Chapter 7.3.4 – General Business Principles (GBP) Index of exhibits - Exhibit 11
16K	Cybersecurity	Chapter 7.3.5 – Cybersecurity
Part 3		
17	Financial statements	Not applicable
18	Financial statements	Chapter 9 – Group financial statements - 9.4 to 9.10
19	Exhibits	Index of exhibits

4 Our Management

4.1 Message from the CEO

Dear Stakeholder,

Around the world, patients are facing longer waiting times, and we continue to see rising costs and staff shortages, among other issues. I have seen the immense pressure healthcare professionals are under and feel a deep sense of responsibility to help address the challenges and to support them to care for more patients in a better way. In parallel, we see that people everywhere want to be empowered to take care of their own health and well-being.

At Philips, we want to contribute to healthcare professionals feeling supported and energized, instead of overloaded and overworked, and to help people lead healthier lives. As an innovation company, we are committed to improving healthcare and driving impact with care for patients, people and the planet through our deep technological insight and our meaningful innovations.

Strong partnerships and advances in AI*-enabled innovation are helping to drive real change – freeing up space and time for healthcare professionals to focus on their patients and empowering people to take care of their health and well-being. With our next-generation BlueSeal helium-free MRI system, for example, we are helping to expand access to quality imaging and improve care delivery across multiple settings, with SmartSpeed AI powering up to three-times faster scanning and up to 65% higher resolution images. In the home, our AI-powered Philips Avent Premium Connected Baby Monitor gives parents peace of mind by allowing them to keep a closer eye on their children.

We want to help deliver better care for more people across the world. But we know that some people are facing barriers to better health; in parts of the world the devastating consequences of ongoing war and conflict are impacting millions of lives every day. It makes me even more determined to do what we can so people everywhere can access the care they need.

Making progress on our three-year plan

In 2024, we made solid progress on our 2023-2025 operating plan. We believe we are on the right path, executing our focused strategy to improve people's health and well-being through meaningful innovation, with patient safety and quality as our number one priority.

Reflecting our new operating model, Businesses are in the lead, driving quality and making impact through innovation, design and sustainability. We remain committed to scaling our AI-enabled innovations through excellence in execution and delivery, focusing on fewer, better-resourced initiatives. While we have made good progress, we have more to do.

Our results were negatively impacted in 2024 by deteriorated demand in China, due to subdued consumer confidence, leading to more cautious spending behavior. In addition, ongoing industry-wide anti-corruption initiatives have contributed to extended hospital procurement cycles. Given these factors, we adjusted our growth expectations for the year. Managing developments in China will remain a priority in 2025. Despite global uncertainties and slower growth, we delivered strong profitability improvement and cash flow, and further strengthened our balance sheet. We also made important progress on resolving the Philips Respiroics recall. As an indication of the progress we are making, we returned to comparable order intake growth. And, some of our largest investors further expanded their investment in Philips, showing confidence in our future.

Focusing on our priorities

Our focus on patient safety is at the center of strengthening our fundamentals and fostering a culture that upholds quality. In our latest engagement survey, colleagues shared that they feel empowered to speak up and take action to support our commitment to patient safety and quality. While we acknowledge this progress, we remain diligent in continuing this work.

Looking at other areas of progress in 2024, Philips Respiroics signed a consent decree, which, coupled with other significant milestones, such as the economic loss settlement and the settlement of personal injury and medical monitoring claims in the US, provided clarity on the way forward. We remain committed to rebuilding our position in Sleep & Respiratory Care while resolving the effects of the recall. We continue to work closely with the US Food and Drug Administration (FDA) and other regulators around the world.

We are concentrating on accelerating momentum, building on our industry-leading innovations, and continuing to improve execution. In our supply chain, we have made significant progress – addressing the components shortage and related risks, and reducing our lead times, in support of our drive to increase customer satisfaction. In addition, we are building in greater agility in our supply chain so we can respond, for example, to the potential impact of geopolitical tension or tariffs. We are also further simplifying our catalogs and products, and regionalizing to win locally.

In making sure we become a leaner, more agile and simpler organization – and therefore more competitive and resilient – we have made important strides with our move to an end-to-end Business-led model. We reduced approximately 10,000 roles from 2022 through the end of 2024. We focused on enhancing our team and culture with deep medtech experience and new leadership. This included the strengthening of our experienced and diverse Executive Committee by welcoming, among others, our new Chief Financial Officer, Charlotte Hanneman, and bringing in other proven leaders across Businesses, Regions and Functions.

* Artificial intelligence, defined in 10.8 Definitions and abbreviations

We are reinvigorating our culture of impact with care. We have shifted back to the workplace following a couple of years when some colleagues worked partly from home, with teams coming back together to build a stronger social fabric and support our thriving innovation culture. We believe we drive greater impact when we work together. In 2024, engagement across the company, as measured in our People Engagement Survey, increased 5 percentage points.

Our plans build on our strong heritage in social and environmental responsibility. In 2024, we improved the lives of 1.96 billion people and contributed to more sustainable healthcare, while ensuring a more sustainable consumer experience. This included, among other things, partnering with hospitals to support them with their own sustainability plans and expanding access to care in and outside the hospital. We have an enhanced and fully integrated approach to doing business responsibly and sustainably, for Philips and for our customers. And this is recognized. For example, our supplier sustainability approach featured in Fortune's 2024 'Change the World' rankings. In addition, Forbes recognized Philips as one of the world's best employers. Our ESG commitments help drive our business results and our global impact, and create long-term value for our stakeholders.

Looking ahead

We remain focused on successfully executing our three-year plan and are determined to further build on our industry-leading innovations, improve our fundamentals, simplify how we work, and ensure we are more competitive and more agile. We continue to deepen our culture of impact with care with patient safety, quality and integrity at the heart.

We want to win and deliver better care for more people in a fast-moving, competitive world, where care provision is under pressure. By doing so, we aim to deliver profitable growth, expand our margins, and fulfill our cash and ESG commitments.

I would like to thank all our stakeholders for their ongoing trust, support, collaboration, and confidence. I also want to share special thanks to our employees, who show their passion and commitment every day, and to their families.

Reflecting the progress we have made in executing our plan, reducing risk and strengthening our balance sheet, along with the importance we attach to dividend stability, we propose to maintain the dividend at EUR 0.85 per share, to be in shares or cash at the option of the shareholder.

As I look ahead, I am excited about the opportunity to deliver better care for more people, working with our many partners for the benefit of patients, customers and consumers.

Roy Jakobs

Chief Executive Officer

4.2 Members of the Board of Management and Executive Committee

Royal Philips has a two-tier board structure consisting of a Board of Management and a Supervisory Board, each of which is accountable to the General Meeting of Shareholders for the fulfillment of its respective duties. The Board of Management is entrusted with the management of the company. The other members of the Executive Committee have been appointed to support the Board of Management in the fulfillment of its managerial duties. Please also refer to [Board of Management and Executive Committee](#) within the company's Corporate governance report.

Members of the Board of Management

Roy Jakobs

Born 1974, Dutch and German

Chief Executive Officer (CEO)

Chairman of the Board of Management and the Executive Committee (since October 2022)

Roy joined Philips in 2010 and has held various global leadership positions across the company, starting as Chief Marketing & Strategy Officer for Philips Lighting. In 2012, he became Market Leader for Philips Middle East & Turkey, leading the Healthcare, Consumer, and Lighting businesses out of Dubai. Subsequently, he became global Business Leader of Domestic Appliances, based in Shanghai, in 2015. In 2018, Roy joined the Executive Committee as Chief Business Leader of the Personal Health businesses and in early 2020 he started as Chief Business Leader of Connected Care. As Chief Executive Officer and Chairman of the Board of Management and the Executive Committee, he also holds direct responsibility for Patient Safety and Quality, Medical Office, Internal Audit and Brand & Communications. Prior to his career at Philips, he held various management positions at Royal Dutch Shell and Reed Elsevier.

Charlotte Hanneman

Born 1978, Dutch

Executive Vice President

Member of the Board of Management (since October 2024)

Chief Financial Officer

Charlotte joined Philips in 2024 and is responsible for Finance, including Investor Relations and M&A, as well as Real Estate and Security. Before joining Philips, Charlotte worked as Controller and Head of Financial Planning & Analysis at global medical technology company Stryker. Prior to this, Charlotte held international finance leadership roles at several multinational healthcare companies.

Marnix van Ginneken

Born 1973, Dutch

Executive Vice President

Member of the Board of Management (since November 2017)

Chief ESG & Legal Officer

Marnix joined Philips in 2007 and became Chief Legal Officer of Royal Philips and member of the Executive Committee in 2014. In 2017 he was appointed to the Board of Management. He is responsible for driving ESG efforts across the company, including Group Sustainability. He is also responsible for Legal, Intellectual Property & Standards and Government and Public Affairs. Since January 1, 2024, he is Chairman of the Board of the Philips Foundation. In 2011, he was appointed Professor of International Corporate Governance at the Erasmus School of Law in Rotterdam. Before joining Philips, Marnix worked for Akzo Nobel and as an attorney in a private practice.

Other members of the Executive Committee

Willem Appelo

Born 1964, Dutch

Executive Vice President

Chief Operations Officer

Wim joined Philips in 2022, bringing over 30 years of experience in technology and the medical device technology industry in finance and supply chain management.

Steve C de Baca

Born 1968, American

Executive Vice President

Chief Patient Safety and Quality Officer

Steve joined Philips in 2023 and brings over 30 years of quality and regulatory affairs experience in the medical technology industry.

Jeff DiLullo

Born 1969, American

Executive Vice President

Chief Region Leader of Philips North America

Jeff joined Philips in 2019, drawing on more than 30 years of leadership experience in the US Army and the information technology industry.

Deeptha Khanna

Born 1976, Singaporean

Executive Vice President

Chief Business Leader Personal Health

Deeptha joined Philips in 2020. She has over 25 years of leadership experience working across Europe, US and Asia, on major global brands and across personal care and the consumer health industry.

Ling Liu

Born 1974, Chinese

Executive Vice President

Chief Region Leader of Philips Greater China

Ling joined Philips in 1998 and has more than 26 years' experience in leadership roles in Greater China, the Netherlands and North America.

Bert van Meurs

Born 1961, Dutch

Executive Vice President

Chief Business Leader responsible for Diagnosis & Treatment

Bert joined Philips in 1985 and has more than 39 years of experience in the medical imaging and healthcare business.

Edwin Paalvast

Born 1963, Dutch

Executive Vice President

Chief of International Region

Edwin joined Philips in 2020 and brings more than 30 years of leadership experience in the technology industry.

Shez Partovi

Born 1967, Canadian

Executive Vice President

Chief Innovation & Strategy Officer

Shez joined Philips in 2021 and has more than 30 years of experience leading large health systems, cloud transformation, and artificial intelligence and machine learning initiatives in the healthcare, life sciences and genomics industries.

Heidi Sichien

Born 1974, Belgian

Executive Vice President

Chief People Officer

Heidi joined Philips in 2006 and brings over 18 years of experience in leadership roles in HR across many parts of the company.

Julia Strandberg

Born 1974, American

Executive Vice President

Chief Business Leader Connected Care

Julia joined Philips in 2023 and has 20 years of leadership experience in the medical technology industry.

This page reflects the composition of the Executive Committee as per December 31, 2024. For a current overview of the Executive Committee members, see also <https://www.philips.com/a-w/about/executive-committee.html>

5 Strategy

5.1 Strategic focus

Today, most healthcare systems are struggling to keep up with the ever-rising need for, and cost of, healthcare, while systemic staff shortages and financial resource constraints increase the pressure. Climate change is impacting both environmental and human health, compounding the stress on our healthcare systems and influencing consumer behavior. At the same time, in both the hospital and the home, emerging technologies and artificial intelligence are affecting our lives like never before.

At Philips, our purpose is to improve people's health and well-being through meaningful innovation. As such, we see huge opportunities to make a difference through innovation, design, and sustainability – partnering with our healthcare customers to increase productivity and deliver better care for more people through our innovation platforms of monitoring, imaging, interventional and enterprise informatics. And, empowering more people to take care of their health and well-being through our personal health propositions.

Our plan: create value with sustainable impact

As a health technology company, Philips is committed to driving progressive value creation through a strategy of focused growth, scalable patient- and people-centric innovation, and reliable execution supported by our culture of impact with care.

Philips has significant strengths to build on. We have a portfolio of innovations in hardware, software, AI and services, supporting care in the hospital and in the home. We are the preferred strategic and innovation partner for many customers (including governmental entities) across the globe. And our strong heritage in environmental sustainability and social impact helps us make a difference globally and create long-term value for our stakeholders.

A strategy of focused growth

We operate in growing market segments, where attractive margins provide a foundation for sustainable value creation. To deliver on our strategy, we make clear business choices. We are concentrating our resources on 70% of our businesses where we have strong positions and believe we can accelerate growth and expand margins more quickly – Image Guided Therapy, Monitoring, Ultrasound, and Personal Health. In doing so, we focus on supporting clinical workflows in areas where we have domain leadership, such as cardiology, and that build on our deep strength in the intensive care unit and cath lab.

The focus for the remaining 30% of the businesses, such as Diagnostic Imaging and Enterprise Informatics, is achieving margin expansion by increasing productivity and scale, and by delivering operational excellence. Additionally, we aim to rebuild our position in Sleep & Respiratory Care after the progress made to resolve the effects of the Respironics recall.

Scalable patient- and people-centric innovation

At Philips, we've been innovating to improve lives for over 130 years. People's needs are at the very heart of how we innovate and design for sustainable impact with a 'safety and quality first' mindset.

Innovation is our strength and will continue to be our core differentiator. Recent challenges in the healthcare industry have accelerated the adoption of technology. We are embracing these trends and have shifted our innovation closer to our customers. This starts with asking: *What do people – in our case, patients and clinicians, nurses and technicians, consumers – really need? And how can we best support healthcare professionals with their workflow?*

Emerging AI innovations have the potential to address pain points across operational and clinical workflows in healthcare. Philips has AI embedded across our portfolio, and we see significant opportunities to further leverage this technology to deliver more and better care.

In our Businesses, we focus our efforts and resources on fewer projects offering greater impact on patient outcomes and care providers' clinical, operational and sustainability challenges. We take a long-term view, seeking to ensure the customer has the best experience with Philips throughout time. We do this by balancing new, breakthrough innovations and continuous optimized life cycle management, through upgrades and services, of Philips products and systems already deployed in care settings. With Research & Development mostly led by the Businesses, we bring together expertise across the product life cycle, from research through serviceability, with the aim of ensuring our innovations scale to drive maximum impact for our customers and consumers – delivering a superior experience and value, with minimum environmental impact.

Execution priorities

Enabled by a culture of patient- and people-centricity, accountability and impact, supported by strong health technology capabilities, we see effective execution as the key value driver of our plan. We are focusing on:

- patient safety and quality – our highest priority
- end-to-end supply chain resilience
- a simplified operating model with an agile way of working

First, patient safety, quality and integrity is at the heart of our culture of impact with care. All employees have dedicated patient safety and quality objectives, and the Patient Safety and Quality organization champions stronger processes and more effective early warning systems in the Businesses. The topic has high visibility at the Executive Committee level with the leadership of the Chief Patient Safety & Quality Officer and

Chief Medical Officer. We invest in systems, capabilities and training to facilitate identification of potential patient safety or quality issues. We listen to patients through our advisory boards. And we are taking the learnings from the Respiroics recall to improve our ability to correctly assess patient safety and provide quality of the highest standard across Philips and in delivery to patients, customers and consumers.

Second, alignment of procurement and supply chain to our Businesses has enabled us to improve the reliability of the delivery of our products, services and orders. A more regionalized supply chain ecosystem combined with dual sourcing can work effectively even when volatile conditions emerge in different parts of the world. We are paring down our product portfolio and making our platforms fit for the future, which includes pruning a long tail of smaller product lines and older generations of our products. We also have a dedicated team redesigning products and components to increase our resilience.

Finally, we are in the second year of implementing our simplified operating model to enable us to better serve patients, customers and consumers, as well as ensuring that our cost of organization remains competitive in an inflationary and cost-driven environment, and that we are more agile in responding to changes in the market. Prime accountability has been assigned to the Businesses, supported by lean Functions and Regions following tailored models, all guided by fewer KPIs and more focused targets. We will continue to simplify our operating model to adapt to the dynamic environment.

Driving impact for people and planet

We have operationalized our purpose by adopting a fully integrated approach to doing business responsibly and sustainably. We partner with stakeholders to drive environmental, social and governance (ESG) priorities and aim to make a global impact while focusing on three UN Sustainable Development Goals (SDGs):

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

Acting responsibly toward the planet and society is part of our DNA. We believe that this is the best way for us to meet our business goals and create superior, long-term value for Philips' stakeholders. Our 2021-2025 ESG program includes key ESG commitments that guide execution of the company strategy, setting challenging environmental and social targets, as well as the highest standards of governance. As an example, we aim to positively impact 2.5 billion lives per year by 2030, including 400 million in underserved communities.

Please refer to [Environmental, Social and Governance](#) for an overview of all our key ESG commitments, and for information on how we act and perform in the environmental and social dimensions and on the main elements of our governance framework.

Our approach to risk management

We approach risk management as a value-creating activity that is integral to innovation and entrepreneurship. It allows us to analyze the relationship between strategy and risk profile, to identify the specific risks that we face in executing our strategic plan to create value with sustainable impact, to analyze these risks, to set our risk appetite, and to implement balanced risk responses and monitor their effectiveness as an integral part of the Philips business planning and performance review cycle.

Refer to [Risk management and internal control](#) for more information, including our risk appetite and our risk management governance and process, and to [Risk factors](#) for a description of the material risk factors we have identified.

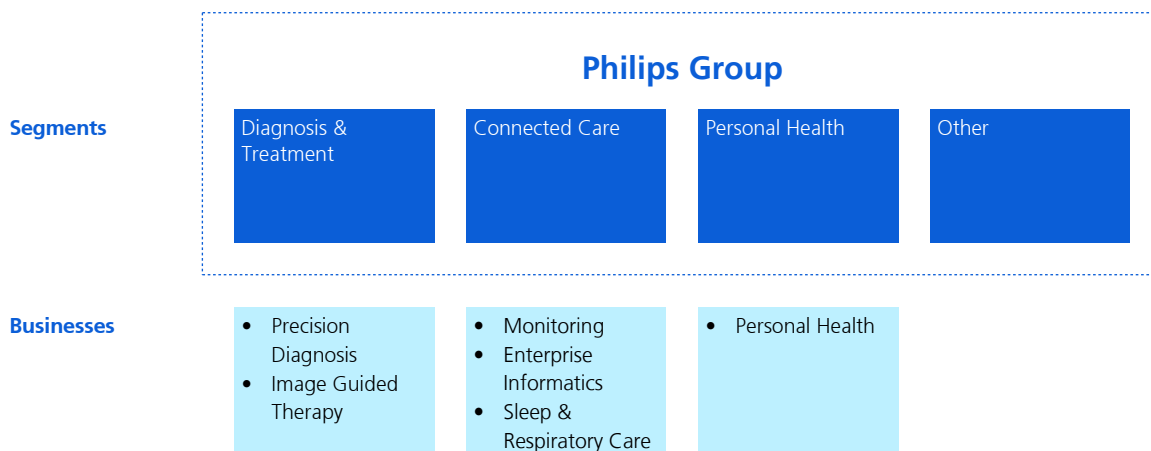
Delivering on our plan

With our global reach, market leadership positions, deep clinical and technological insights, and patient- and people-focused innovation, we believe Philips is well-positioned to help deliver real change across healthcare and personal health. Fueled by our purpose and supported by our culture of impact with care, we are empowered – and hold ourselves accountable – to create value with sustainable impact.

5.2 Business

5.2.1 Our Business structure

Koninklijke Philips N.V. (Royal Philips) is the parent company of the Philips Group. Philips' operating model grants end-to-end Businesses with single accountability in order to make the company more agile in its drive to create value with sustainable impact. The segments Diagnosis & Treatment, Connected Care and Personal Health are each responsible for the management of their business activity worldwide, and are made up of the six Businesses shown below. Additionally, Royal Philips identifies the segment Other.



Philips Group

Total sales by reportable segment

	2024
Diagnosis & Treatment	49%
Connected Care	29%
Personal Health	19%
Other	3%

Diagnosis & Treatment segment

Our Diagnosis & Treatment Businesses create value through their portfolio of innovative AI-enabled solutions that support precision diagnosis and minimally invasive treatment in therapeutic areas such as cardiology, peripheral vascular, neurology, surgery, and oncology. With these solutions, we enable our customers to enhance care delivery, optimize workflow to improve productivity, and work toward their sustainability goals.

Serving diagnostic imaging markets globally, our strategy is to focus on more precise and predictive diagnoses, integrating our intelligent imaging systems with our industry-leading informatics solutions to optimize workflow efficiency, improve productivity and maximize lifetime value. We do this through smart diagnostic systems, connected workflow solutions, and integrated AI-supported diagnostics and pathway informatics that enable clinicians to select tailored care pathways with predictable outcomes for every patient, both inside and outside the hospital.

We also provide integrated solutions that combine imaging systems and advanced clinical software, as well as diagnostic and therapeutic devices and services to optimize minimally invasive interventional procedures with more effective treatment, better outcomes and higher productivity. Building upon our leading-edge Azurion platform, we address a range of interventional clinical segments with high procedural growth rates, such as coronary artery disease, peripheral artery and venous disease, electrophysiology, structural heart disease, interventional neuroradiology, and interventional oncology. We are driving further innovation to treat new and more complex patient pools, using clinical and economic evidence to foster the adoption of these solutions, and that translates into guidelines and reimbursement.

In 2024, we took action to address key optimization and expansion challenges faced by our Diagnosis & Treatment Business Units. In Diagnostic Imaging, with renewed leadership, we embarked on a clear strategy with a focus on those customers who are looking to optimize care delivery in the mid- and high-end segments. Significant progress was made in the execution of our plans to drive margin expansion in line with the company's strategy. We also streamlined and focused our portfolio with one cloud-enabled hardware stack.

In Image Guided Therapy (IGT), we continued to take actions to deliver on our ambition to accelerate growth and expand margins more quickly. The IGT Business Units focused on creating customer preference for our integrated interventional platform, with Systems, Devices and Software seamlessly joined in one simple workflow to innovate the procedure.

The Diagnosis & Treatment segment consists of the following Businesses.

- **Precision Diagnosis** – This Business offers a range of diagnostic imaging products and solutions to address some of providers’ biggest challenges, from staff shortages and burnout to workflow, and ultimately delivering better care for their patients.
 - Diagnostic X-ray Business Unit – X-ray and fluoroscopy systems with associated software to optimize diagnostic imaging quality and improve efficiency and productivity for the hospital.
 - Magnetic Resonance Imaging (MRI) Business Unit – comprehensive BlueSeal portfolio with helium-free-for-life operations, bundled with AI-enabled software to streamline workflows, optimize diagnostic quality, and improve patient experience.
 - Computed Tomography (CT) Business Unit – advanced and efficient systems and software, including detector-based Spectral CT and systems equipped with advanced AI capabilities, for diagnosis, interventional procedures and screening, to help expand the standard of care.
 - Ultrasound Business Unit – imaging solutions focused on supporting diagnosis, treatment planning and guidance for cardiac, general imaging, obstetrics/gynecology, and point-of-care applications enabled by proprietary AI software, advanced imaging technology and tele-ultrasound to efficiently and confidently deliver diagnostic images for even the most complex conditions.
- **Image Guided Therapy** – This Business includes a market-leading portfolio of integrated interventional imaging systems, smart devices, and disease-specific software as well as services and consulting.
 - Image Guided Therapy Systems Business Unit – integrated interventional X-ray systems (fixed and mobile surgery) and software solutions, supported by AI, to perform a wide range of routine and complex interventional procedures, easily and confidently.
 - Image Guided Therapy Devices Business Unit – interventional specialty devices and software to aid in the diagnosis, navigation, treatment and confirmation in minimally invasive interventional coronary, peripheral vascular and hearth rhythm management procedures. Complemented by seamless integration with Image Guided Therapy Systems.

Diagnosis & Treatment
Total sales by Business

	2024
Precision Diagnosis ¹	59%
Image Guided Therapy	41%

¹ of which Diagnostic Imaging 40%, Ultrasound 19%

Revenue is predominantly earned through the sale of products, leasing, customer services fees, recurring per-procedure fees for disposable devices, and software license fees. For certain offerings, per-study fees or outcome-based fees are earned over the contract term.

Sales channels are a mix of direct sales, especially in the larger markets, third-party distributors and online sales. This varies by product, market and price segment. Our sales organizations have an intimate knowledge of technologies and clinical applications, as well as the solutions necessary to meet the needs of our customers.

Sales in the Diagnosis & Treatment Businesses are generally higher in the second half of the year, largely due to the timing of customer spending patterns.

At year-end 2024, Diagnosis & Treatment had 24,544 employees worldwide.

2024 highlights

Precision Diagnosis

- Philips introduced helium-free operations in MRI, and since its launch in 2018, we have installed more than 1,500 BlueSeal systems globally in wide-ranging settings, including the world’s first helium-free mobile MRI units. Our next-generation BlueSeal with Smart Reading, launched at Radiological Society of North America annual meeting in 2024, boosts performance, saves time, and supports better patient outcomes, all while caring for the planet. With AI applications seamlessly integrated into our latest 1.5T BlueSeal scanner, we have applied AI to every aspect of the MRI workflow. BlueSeal magnets are lighter than others, allowing them to be installed in more places – or even transported in mobile units – creating the potential to expand quality access to MRI exams for patients in a more sustainable way.
- The next-generation AI-enabled cardiovascular ultrasound platform helps speed up cardiac ultrasound analysis with proven AI technology and reduces the burden on echocardiography labs, integrated into EPIQ CVx and Affiniti CVx ultrasound systems. With the latest transesophageal echocardiography (TEE) transducer, it is designed to serve more patients with improved overall comfort, with FDA 510(k) clearance. Philips has developed the smaller X11- 4t Mini 3D TEE transducer to serve more patients with this valuable imaging tool, helping physicians serve a wider range of patients, from small children to fragile adults.
- In General Imaging Ultrasound we launched the Elevate Release featuring the EPIQ Elite Elevate and Affiniti Elevate. More than 100 optimized pre-sets across multiple clinical applications deliver greater precision imaging and intuitive workflows to help boost clinical confidence. These innovative features also help to deliver an improved user and patient experience by automating image brightness and uniformity, and reducing button pushes by up to 54% with Next Gen Auto Scan.

Philips launched a series of leading AI-driven innovations across the diagnostic imaging portfolio.

- MR SmartSpeed is AI-based imaging technology that can increase imaging speed by up to a factor of three while providing up to 65% greater resolution to deliver outstanding image quality. It is compatible with 97% of clinical protocols to address the needs of a broad range of patients in various conditions.
- AI-powered quantitative reporting software from our partner icometrix was seamlessly integrated into the latest BlueSeal MR scanners through new Smart Reading capability, providing consistent and more accurate diagnoses.
- Fully AI-enabled CT 5300 with Precise Image reconstruction software results in reduced reading time and 80% lower radiation while delivering better image quality. Philips collaborates with Annalise.ai to evaluate streamlining workflows to prioritize time-sensitive cases.
- Powered with Smart Workflow, AI-enabled productivity features of DXR 7300 C reduce X-ray retakes with the Eleva Tube Head and enhance confident diagnosis with Philips UNIQUE 2 image processing.

Image Guided Therapy

- Major enhancements to Azurion, our Image Guided Therapy System, were designed to speed up and improve minimally invasive diagnosis and treatment of neurovascular patients. The new Azurion neuro biplane system features enhanced 2D and 3D imaging and X-ray detector positioning flexibility, building on the system's capabilities to streamline neurovascular procedures to help care teams make the right decisions faster, treat more patients, and achieve better outcomes. It has been widely adopted at major healthcare institutions around the world, such as the Miami Cardiac & Vascular Institute in the United States (US), Osaka Police Hospital in Japan, and Leiden University Medical Center in the Netherlands.
- Our real-time 3D Intracardiac Echocardiography (ICE) Catheter – VeriSight Pro – is designed to give physicians more confidence and control during a variety of minimally invasive procedures in structural heart disease and electrophysiology. In 2024 we launched the first rollout of this technology outside the US, in Hong Kong, and it is expected to be an innovation to watch.
- Intravascular ultrasound (IVUS) and instantaneous wave-free ratio (iFR) technologies received top-level recognition in new European Society of Cardiology guidelines, reinforcing their role in optimizing coronary interventions and patient outcomes. The robust clinical evidence supporting the use of these technologies shows improved patient outcomes through numerous large-scale randomized trials like DEFINE FLAIR and iFR SWEDEHEART.
- Philips secured FDA approval for its new LumiGuide Navigation Wire, which uses fiber optic technology to reduce radiation for both patients and physicians during minimally invasive surgery. The company's breakthrough Fiber Optic RealShape (FORS) technology marked the milestone of more than 1,000 patients treated using FORS technology since the first clinical use in 2020.
- The Zenition 90 Motorized, designed to deliver state-of-the-art image quality for complex vascular needs and clinical procedures, was launched. It has intuitive motorization for greater control and high power, as well as automated workflows for greater clinical efficiency.

Diagnosis & Treatment partnerships

Philips continues to work with health systems to adopt solutions that can improve workflow and ease the technology burden on staff, as well as improve patients' experiences and outcomes and advance sustainability.

- Carilion Clinic's Cardiovascular Institute in the US committed to adopt 11 specialized Philips interventional suites, allowing physicians to treat patients with complex conditions closer to where they live. Equipped with these new Philips solutions, the highly skilled medical staff will be able to continue handling complex cases or procedures that may not be available at surrounding healthcare facilities.
- A 2024 analysis confirmed that the collaboration with Champalimaud Foundation (Portugal) achieved a 24% emissions reduction in its first year. This is equivalent to 40 tonnes CO₂e, a strong start to a strategic partnership aimed at halving the carbon footprint of Champalimaud's diagnostic and interventional imaging equipment use by 2028.
- For the Japanese market, where cerebrovascular diseases are on the rise and place a heavy social burden on society, Philips has launched SmartCT 3.0, an application powered by AI and specialized for endovascular treatment with high image quality. Additionally, the first MR 7700 with clinical 3.0T scanner has been installed at Hamamatsu University Hospital. With high image quality and reduced scan time, it provides high accuracy, power, and endurance to support confident diagnosis for every patient.

Connected Care segment

With technology constantly advancing and becoming increasingly pervasive in healthcare, the Connected Care Businesses aim to connect and elevate care for all. Philips connects patients and caregivers across care settings, delivering clinical, operational and therapeutic solutions that help our customers deliver better health outcomes, improve the patient and staff experience, and lower the cost of care. In 2024, the global economic situation continued to put additional pressure on customer budgets, worsened staff shortages, and increased the need for solutions that enable more effective, sustainable and convenient care in hospital, clinics and the home – especially those enabled by strong informatics and AI.

With clinical depth and discovery, Philips Connected Care technologies help to cultivate a more accurate and complete view of the patient that drives better care for more people. The combination of advanced technological solutions and a co-creation approach allows Philips to be the clinical technology partner to its customers in their digital transformation, across the enterprise and at the level of the individual clinician, nurse and patient. As a clinical technology partner, we help our customers to unlock actionable insights from pools of medical imaging and patient monitoring data, through the use of advanced AI, to improve outcomes and drive productivity.

Philips' open, interoperable platforms aggregate and leverage information from clinical devices, as well as patient and historical data, to support care providers in patient engagement, diagnostics, and patient monitoring in diverse settings.

The Connected Care segment consists of the following Businesses.

Monitoring – This Business spans in-hospital, ambulatory and home-based monitoring and diagnosis solutions and services supporting the patient journey, as well as continuous monitoring and workflow solutions fueled by advanced interoperability and patient insights.

- Hospital Patient Monitoring Business Unit – delivers acute patient management solutions to improve clinical and patient outcomes and achieve operational and economic efficiencies. Leveraging a strong presence in the operating theater and intensive care unit, Hospital Patient Monitoring offers vendor-neutral solutions to enhance customers’ experiences and improve patient outcomes with seamless patient data – generated from admission to discharge – that is turned into clinical insights, actionable at the right time and specific to targeted care settings.
- Ambulatory Monitoring & Diagnostics Business Unit – provides patient care management in ambulatory and home care settings through a suite of cardiac diagnostic and monitoring solutions to identify heart rhythm disorders, plus other disease states, supported by AI algorithms that orchestrate workflows and services across care settings to provide care virtually anywhere.
- Emergency Care Business Unit – plays a critical role in connected acute care management, both inside and outside the hospital, including cardiac resuscitation (e.g., automated external defibrillators) and emergency care solutions (devices, services, and digital/data solutions) for professional and consumer applications. On January 28, 2025, Philips announced an agreement to sell the Emergency Care Business Unit.

Enterprise Informatics – By combining our informatics propositions into one end-to-end Business, we can scale our software business, providing vendor-agnostic, integrated workflow solutions that convert data from our imaging and monitoring systems into clinical and operational insights.

- Radiology Informatics Business Unit – enables enterprise imaging across sites, specialties and technologies to simplify medical image management, facilitate effective collaboration and enhance patient care.
- Clinical Integration & Insights Business Unit – offers solutions that are seamlessly integrated into the customer workflow. These solutions enable vendor-neutral data capture from more than 1,000 device models and make sense of disparate data, providing insights at scale across the care pathway.
- Clinical Informatics Business Unit – delivers solutions for productivity, diagnostic confidence, and clinical decision support in the domains of digital pathology, advanced visualization and disease management solutions, specifically in radiology, cardiology, pathology and urology.
- Patient Care Informatics – aims to extend the reach of virtual care, support evidence-based practices, and provide actionable insights for continuous improvement, ensuring better health outcomes for patients globally. In 2024, we brought together EMR & Care Management and Cardiovascular Informatics to reflect shifts in the industry to drive not only data, but also to manage the entire patient journey. This combined portfolio consists of cardiovascular care, virtual care, electronic medical records, and acute care solutions.

Sleep & Respiratory Care – Working closely with clinical partners and Durable/Home Medical Equipment providers, Philips Respironics provides sleep and respiratory solutions to customers, clinicians and patients. This extends from ambulatory patient care solutions for obstructive sleep apnea, to solutions encompassing diagnostics, people-centric therapy, cloud-based connected propositions and care management services for patients with Chronic Obstructive Pulmonary Disease and respiratory conditions. Hospital Respiratory Care provides invasive and non-invasive ventilators for acute and sub-acute hospital environments; Home Respiratory Care supports chronic care management in the home.

Final agreement was reached on the terms of the Philips Respironics consent decree with the US Department of Justice and the US Food and Drug Administration (FDA), primarily focusing on Philips Respironics’ business operations in the US, including its manufacturing facilities in Murrysville and New Kensington, its service center in Mount Pleasant and its Sleep & Respiratory Care headquarters in the Greater Pittsburgh, Pennsylvania region.

The consent decree provides a clear path forward for the Sleep & Respiratory Care Business with defined actions, milestones and deliverables to demonstrate compliance with regulatory requirements and to restore the Business. As part of the agreement, the Business will prioritize completing the remediation of the sleep and respiratory care devices under Respironics’ voluntary June 2021 recall. More than 99% of the actionable registered CPAP and BiPAP sleep therapy devices have been remediated globally, while the remediation of the ventilators is ongoing in coordination with the relevant competent authorities. The Sleep & Respiratory Care Business must demonstrate continued compliance with the FDA’s Quality System Regulation. In the US, Philips Respironics will continue to service sleep and respiratory care devices already with healthcare providers and patients, and supply accessories, consumables, and replacement parts. Until the relevant requirements of the consent decree are met, Philips Respironics will not sell new CPAP or BiPAP sleep therapy devices or other respiratory care devices in the US. Outside the US, Philips Respironics will continue to provide new sleep and respiratory care devices, accessories, consumables, replacement parts, and services, subject to certain requirements.

Connected Care
Total sales by Business

	2024
Monitoring	58%
Enterprise Informatics	23%
Sleep & Respiratory Care	19%

In 2024, we took action to address the key challenges faced by the Connected Care Business Units. We took steps to deploy a global expansion of channel sales and delivery to scale Enterprise Informatics solutions with partners, and are assessing our approach in areas where this has proven difficult, particularly in China, and in the Growth geographies in the International Region. We also worked on implementing the terms of

the Philips Respiration consent decree, which includes defined actions, milestones and deliverables.

In most of the Connected Care Businesses, revenue is earned through the sale of products and solutions, as well as services and software licenses. Where bundled offerings result in solutions for our customers, or offerings are based on the number of people being monitored, we see more usage-based earnings models. In the area of patient care management (Ambulatory Monitoring & Diagnostics Business Unit and Sleep & Respiratory Care Business), revenue is generated through clinical services, product sales and through rental models, whereby revenue is generated over time.

Sales channels include a mix of direct sales, partly paired with an online sales portal and distributors (varying by product, market and price segment). Our sales organizations have an intimate knowledge of clinical settings and patient-specific diagnosis and treatment. Philips collaborates with customers and partners to co-create solutions, drive commercial innovation and adapt to new models such as monitoring-as-a-service and software-as-a-service.

Sales in the Connected Care Businesses are generally higher in the second half of the year, largely due to customer spending patterns.

At year-end 2024, Connected Care had 16,829 employees worldwide.

2024 highlights

Monitoring

Philips and Bon Secours Mercy Health (BSMH), one of the largest Catholic health systems in the US, announced a multi-year strategic collaboration for patient monitoring. Putting BSMH clinicians in control, the collaboration aims to reduce the digital burden on staff and give them more time to spend with patients. This 10-year journey is designed to bring innovations that will transform care delivery. BSMH provides patients care more than 11 million times annually through its network of more than 1,200 care sites, 60,000 associates and 49 hospitals serving communities in Florida, Kentucky, Maryland, New York, Ohio, South Carolina and Virginia, as well as Ireland.

Philips signed multi-year partnerships for monitoring with several university hospitals in the Netherlands and will provide patient monitors for the new Grand Hôpital de Charleroi in Belgium, as well as roll out its ePatch and AI-driven analytics platform across 14 hospitals in Spain.

Jackson Health System, one of the largest public health systems in the US, announced results of a collaborative Life Cycle Assessment measuring the sustainability impact of transitioning to Philips' next-generation monitoring solutions, which can help reduce carbon emissions by 685 tons of CO₂e, or 47%, compared with previous systems. This significant reduction can allow the health system to save USD 1.2 million over a 10-year device lifetime. These findings suggest that patient monitoring can become part of an overall carbon reduction strategy for health systems.

Enterprise Informatics

In 2024, we expanded our strategic collaboration with Amazon Web Services (AWS) to offer Philips' integrated diagnostics portfolio in the cloud, improving access to critical insights and driving better outcomes across clinical specialties. With more than 150 sites across North America and Latin America successfully transitioned to Philips HealthSuite Imaging on AWS, Philips and AWS are accelerating the migration of health systems to the cloud and expanding customer cloud migrations in Europe.

Also powered by AWS in 2024, Philips announced the launch of the Tasy EMR AI Virtual Assistant, designed to improve the efficiency and quality of healthcare delivery in Latin America by simplifying administrative tasks and improving the EMR experience so healthcare professionals can focus on what really matters – their patients. As part of a five-year partnership with ABC Medical Center in Mexico, Philips Tasy EMR software is being deployed as part of an interoperability solution, integrating more than 45 functionalities and 700 licenses and establishing a standardized, unified point between clinical and enterprise information systems.

Durham and Darlington NHS Foundation Trust, one of the largest integrated care providers in the United Kingdom, advanced its radiology and cardiology care with Philips PACS. This technology will provide a single view of patient records, providing more connected and coordinated care across not just the hospital sites but the entire North East and Cumbria region. This commitment marks yet another milestone in the 14-year partnership with the Trust, just one year after Durham became the first NHS Trust to co-develop a sustainability blueprint with Philips.

NYU Langone Health in the US launched a digital pathology program, offering unprecedented clarity for viewing tissue samples, enhancing collaboration and reducing diagnosis time while laying the foundation for advanced AI algorithms. This integrated, collaborative approach will serve as part of a drive to further enhance the patient experience through faster diagnosis and treatment, and improved outcomes.

Patient care and collaboration have been significantly improved in Vienna, Austria, as part of a renewed IT service agreement with Philips that includes solutions that centralize data and deliver insights. The ICCA patient data management system, which integrates patient data from monitors, laboratory data and other sources, has led to significant improvement in workflows and patient care in anesthesia, intensive care and general patient care at General Hospital of Vienna (Allgemeines Krankenhaus der Stadt Wien). At Vienna Health Group (Wiener Gesundheitsverbund), Philips Cardiovascular Workspace, a vendor-neutral system implemented in the adult and pediatric departments, helped improve patient care and internal operations.

Personal Health segment

Our Personal Health Business plays an important role in enabling healthy individual care routines with technology and solutions that support people's long-term health and well-being. Through our Personal Health Business, we offer a broad range of solutions in various consumer price segments. Depending on the market, we offer an additional portfolio of locally relevant innovations and adjust our range to increase accessibility.

We aim to drive profitable growth through a focus on innovation across three key areas:

- reaching more people through consumer-driven product and solutions innovation
- ensuring the highest quality of consumer experience from pre-purchase consideration through to purchase and unboxing, all the way to end-of-use recycling
- expanding our ecosystem through partnerships with leading retailers and scaling new business models, such as try-and-buy and subscription services

A notable aspect of our commercial strategy is driving direct-to-consumer relationships and sales through consumer communities and our online store. We are also leveraging connectivity to enable new business models, and partnering with key players in the health ecosystem, such as insurance companies and healthcare professionals, to create more opportunities to support the health and well-being of consumers across the world. Through social media and digital innovation, we are engaging consumers in their health journey in new and impactful ways.

In Personal Health, improving lives also means caring for the planet, with a key focus on environmental sustainability. In 2024, we expanded our Philips Refurb Editions across select European markets to give products a second life, complete with the same two-year guarantee as new products. A flagship activation of this initiative took place during Black Friday in the Benelux region, where the team flipped the Philips.com online storefront to prioritize Refurb Editions products, only offering new product supply after refurbished items sold out. This effort reflects Personal Health's commitment to driving a circular economy and exploring innovative ways to provide consumers with greater choices to live sustainably.

We offer mobile solutions to support parents and parents-to-be on a more informed, connected, and healthier journey to parenthood. The Philips Avent Pregnancy+ and Baby+ apps provide parents with supportive content through the critical first 1,000 days of their child's life. Pregnancy+ features photo-realistic, interactive 3D fetal models and personalized daily content to enhance the pregnancy experience. It is the No. 1 worldwide pregnancy app, with more than 6.5 million monthly active users, available in 22 languages, and offering premium subscription options.

In 2024, we took action to address the key challenges faced by the Personal Health Business Units, including the external context of a volatile macro environment, especially in China. The Personal Health strategy focused on driving innovation at the core; improving agility in responding to market, retail customer and consumer needs; and more integrated planning with its top customers and in-demand items. In China in particular, Personal Health is not a typical mass consumer business, as our products offer a more personalized experience for customers, and we are also impacted by cautious spending behavior. Consumer sentiment in China is unlikely to change in the near-term. We intend to address the challenging macro-economic environment by building on our brands that have a strong position with locally relevant accelerators and customer partnerships, and we aim to complement this effort by expanding our growth outside of China.

The Personal Health segment consists of the following units.

Personal Health – To help people take greater control of their personal health and well-being we deliver sustainable, meaningful solutions that help them to take care of themselves and their families, for happier, healthier lives, today and tomorrow.

- Oral Healthcare Business Unit – power toothbrushes for a range of price segments, from entry-level, battery-operated toothbrushes for a young audience to premium power toothbrushes connected to the Sonicare app with in-app coaching; brush heads, which are also available as a subscription service; and products for interdental cleaning and for in-office and take-home teeth whitening.
- Mother and Child Care Business Unit – products to support parents and babies in the first 1,000 days, including infant feeding (breast pumps, baby bottles and sterilizers), connected baby monitors, and digital parental and women's health solutions (Pregnancy+ and Baby+ apps).
- Personal Care Business Unit – grooming and beauty products ranging from entry-level to premium. The grooming portfolio includes shavers, OneBlade, groomers, trimmers and hair clippers, as well as premium solutions with SkinIQ technology, in-app coaching for a personalized shave, and blade subscriptions. The beauty portfolio includes devices to support skin care, hair care and hair removal, including Lumea premium intense pulsed light hair removal devices and solutions with the latest SenseIQ technology that sense and adapt for personalized care; these are also available through subscription models.

Personal Health

Total sales by Business

	2024
Personal Health ¹	100%

¹ Of which Personal Care 54%, Oral Healthcare 34%, Mother and Child Care 12%

The revenue model is mainly based on product sale at the point in time the products are delivered to retailers and online platforms. We continue to increase revenue model diversity by expanding our business models, including direct-to-consumer, subscriptions, and try-and-buy offerings and services.

The Personal Health Business experiences seasonality, with higher sales around key events and holidays.

At year-end 2024, Personal Health employed 7,991 people worldwide.

2024 highlights

Further expanding the successful OneBlade product range, Philips launched OneBlade Intimate – the first shaving product designed for everyone, to protect the most sensitive skin. Philips also launched its newest On-The-Go Compact Shaver in Greater China, designed to combine portability and ease of use without compromising quality. Highlighting the quality of the innovation, the On-The-Go shaver is accompanying the China Antarctic expedition team on their journey to the South Pole.

Also in the Greater China market, Philips unveiled a series of new locally relevant innovations, which are designed to meet consumer needs across the Region, including the first medical-grade Philips Lumea 8000 Series IPL hair removal device with cooling technology, the limited edition Transformers-themed 5000, 7000 and 9000 series shavers, and the new Sonicare 5300 power toothbrush.

In North America, we launched the Philips Sonicare brand's first at-home teeth whitening kit, a clinically proven solution developed by dentists, and debuted the new Philips One for Kids rechargeable toothbrush, helping children between 3 and 12 years old with healthier oral care routines. In Western Europe, Philips introduced its next-generation Sonicare technology in its new mid-range Sonicare Series 5000-7000, providing consumers with a superior, gentle and effective cleaning experience. The new range gives users a choice of features at different price points, encouraging them to make the switch from a manual toothbrush to achieve improved oral healthcare results.

The AI-powered Avent Premium Connected Baby Monitor – which offers scientifically proven cry translation as well as SenseIQ technology to track sleep, breathing and movements to support parents and give them peace of mind – had its global debut. And, in an effort to support parents in North America, we partnered with March of Dimes on Mom & Baby Mobile Health Centers, bringing care to underserved communities, and It Starts with Mom, an educational platform providing families with pregnancy resources.

Segment Other

In Other we report on the items Innovation & Strategy, IP Royalties, Central costs, and other small items. At year-end 2024, 18,459 people worldwide were working in these areas.

Innovation & Strategy

At Philips, we have set up our innovation teams to be as close to our customers and consumers as possible. The majority (90%) of our Research & Development (R&D) resources are embedded in our Business Units, where innovation teams can directly hear customer and consumer needs and work closely with other stakeholders to turn innovations into actual products. Innovation at Philips is organized to encourage innovation anywhere along the value chain – not just at the product ideation stage.

The remaining R&D resources (10%) are part of our central Innovation & Strategy organization. Within I&S, innovation teams focus on breakthrough ideas that are industry-shifting, and can advance a core product to fulfill the needs of a broad new customer segment. We do that from our four main innovation sites – Eindhoven (the Netherlands), Cambridge (US), Bangalore (India) and Shanghai (China) – and smaller innovation and research sites in the Regions. Our global footprint enables us to understand, anticipate and react to local markets and needs.

IP royalties

Philips Intellectual Property & Standards (IP&S) proactively pursues the creation of new intellectual property (IP) in close cooperation with Philips' operating Businesses and Innovation & Strategy. IP&S is a leading industrial IP organization providing world-class IP solutions to Philips Businesses to support their growth, competitiveness and profitability.

Royal Philips' IP portfolio currently consists of approximately 50,500 patent rights, 30,500 trademarks, 150,000 design rights and 3,200 domain names. Philips filed 700 new patents in 2024, with a strong focus on the growth areas in health technology services and solutions.

Philips earns substantial annual income from license fees and royalties.

Philips believes its business as a whole is not materially dependent on any particular third-party patent or license, or any particular group of third-party patents and licenses.

Central costs

Philips is present in 71 countries globally and has its corporate headquarters in Amsterdam, the Netherlands. Our real estate locations are spread around the globe, with key manufacturing and R&D sites in Europe, the Americas and Asia. The project to move the Philips headquarters to a new location in Amsterdam in 2025 progressed as planned.

We recharge the directly attributable part of the Functional costs to the Businesses. The remaining part is accounted for as 'central costs', and includes costs related to the Executive Committee and Group Functions such as Strategy, Real Estate, Legal and Audit.

Other small items

Other small items refer to remaining items for intra-group services and legacy items relating to previously disposed businesses.

5.2.2 Our geographic structure

Our Regions

Geographically, our business is organized in three Regions: North America, Greater China and International Region (the latter consisting of Europe and Growth areas). Within our Regions, we further organize by Zones and Countries. The Regions' primary accountability is to manage customer intimacy, build and maintain relationships, and cultivate an understanding of customer needs, as well as carry out (strategic) account management, service delivery, and indirect partner management. They are also accountable for government relations and for providing local infrastructure needed to support Philips' presence in a country (license to operate).

For financial reporting purposes, we report in four geographic areas based on similar economic characteristics: Western Europe, North America, Other mature geographies, and Growth geographies. Western Europe, North America and Other mature geographies are collectively grouped as Mature geographies in reporting on sales.

2024 highlights from our Regions

North America

In the biggest healthcare market in the world, our North America team focuses on developing strategic relationships with major health systems that provide care to hundreds of millions of people across the Region. We're working with customers to solve some of the biggest challenges in healthcare, including the crisis around clinician burnout and improving access to care in rural and underserved communities. Bon Secours Mercy Health, NYU Langone Health, Northwell Health and Nicklaus Children's Hospital are among the customers using solutions from across our industry-leading portfolio in 2024 to bring better care to more people in the Region.

Our work in 2024 built on our more than 50-year innovation relationship with the US Veteran's Administration (VA), which serves 16 million veterans and leads the largest integrated healthcare delivery network in the country. More than 9 million veterans receive its healthcare services – and almost one-third of them live in rural areas with limited access to care. Our focus with the VA expanded the largest tele-critical care network in the US and accelerated the adoption of digital pathology to speed cancer care. We also continued our longstanding support of healthcare provided by the Department of Defense, deploying the Rapid Analysis of Threat Exposure algorithm (RATE), an early detector of pre-symptomatic infection, part of an effort to improve the readiness monitoring of active-duty military personnel.

Philips brings innovative business models and partnerships to solve specific challenges for customers, including programs to improve access to maternal care in partnership with federal and state government agencies and philanthropic organizations such as the March of Dimes. Philips North America is consistently recognized in third-party surveys as a great place to work.

Greater China

In Greater China Region, we're committed to the strategy 'in China, for China', putting the focus on local innovation, manufacturing, services and partnership. This enables us to continue to deliver industry-leading innovations in our home and hospital portfolio. While demand from hospitals and consumers in China deteriorated in 2024 due to a challenging economic environment, China is a fundamentally attractive growth market for Philips with strong underlying demand. While in the long run China is expected to remain an important market and growth driver, we expect the level of sales in China to take time to recover. With this in mind, new leadership in the Region is putting emphasis on the strategy to create value to the local healthcare system while also empowering consumers to manage their health and well-being with locally relevant solutions.

In health systems, Philips advanced efforts in 2024 to deliver benefits to providers and patients, aligning with the national agenda of improving access and quality of care. With our latest innovations, we serve the needs identified by the Chinese government to further develop local hospitals and clinics. Among the offerings introduced in the China market: Spectral CT Plus, which provides physiology insights for precise diagnosis in cardiology and oncology, and the MR Elition AI, which triples patient throughput through AI-powered workflow optimization.

Leveraging our clinical insights and research capability in cardiology and neurology, we cemented partnerships with several hospitals – including Beijing Fuwai (China's top cardiology hospital) and Zhangzhou Jiulongjiang Hospital (a top-tier private hospital) – with cross-modality solutions.

International

In 2024, we continued to pursue our global vision while addressing the distinct local needs and circumstances of our diverse customer base across International Region. We put renewed emphasis on building sustainable partnerships as we develop value propositions that attract more partners whose capacity can help better serve our customers. These strategic partnerships drive value creation and efficiency, as well as enable us to expand our reach into previously untouched customer territories, ensuring we deliver better care for more people across our Region.

For example, Philips signed a Memorandum of Understanding with Siloam Hospitals Group in Indonesia to advance AI capabilities and development in the healthcare sector in Indonesia. The strategic collaboration, in partnership with the Universitas Pelita Harapan (UPH) Medical Sciences Group, will focus on capacity building, knowledge sharing, and implementing advanced AI solutions. Leveraging Philips' AI innovations, the collaboration will help transform clinical care and digital health, enhance healthcare delivery and make the healthcare infrastructure more sustainable.

We are advancing our go-to-market strategy for health systems by identifying and seizing new opportunities, strengthening our competitive positions, and providing improved support for customers and patients. The Personal Health Business remains vital in empowering individuals to adopt healthier care routines, providing innovative technologies and solutions that promote long-term health.

5.2.3 Supply chain and procurement

Philips runs an integrated supply chain tailored to customer needs, which encompasses supplier selection and management through procurement, manufacturing across all the industrial sites, logistics and warehousing operations, and customer installation, as well as demand/supply orchestration.

Like the rest of the industry, we remain exposed to continued geopolitical tensions around the world, as well as (sudden) changes in tariffs or other trade measures. Labor costs and availability remained a concern due to continued inflation in 2024 and scarcity of a skilled workforce. On the other hand, overall macro-economics showed improved availability of materials. As a result, the cost of key raw materials and energy showed a downward trend compared with 2023. The overall growth rate of inflation is slowing down.

Driving end-to-end supply chain reliability and agility

The supply chain plays an important role in improving our performance and delivering to our customers and consumers as promised. As part of our three-year plan, we initiated multiple interventions and planned longer-term programs to improve our execution capabilities and become more resilient in navigating volatility.

To further increase our responsiveness and our reliability in delivery, we continue to build a robust and efficient, more regionalized supply chain ecosystem, prioritizing service level and customer experience. In this ecosystem we carefully balance our manufacturing capabilities in-house, focusing on our strengths while leveraging suppliers' specialized capabilities that support Philips' ambitions.

When selecting and evaluating supplier partners, we consider a wide-ranging set of factors including but not limited to business metrics such as quality, on-time delivery performance and cost. We use supplier classification models to identify critical suppliers, including those supplying materials, components and services that could influence the safety and performance of our products and solutions.

The Philips Supplier Quality Manual outlines Philips' quality, regulatory, product, process and customer requirements. The standards outlined in this manual underpin agreements between suppliers and Philips, and guide compliance with Philips' quality standards.

In 2024, we continued with our technology re-design, such as the redesign of printed circuit board assemblies, and dual sourcing efforts to further increase reliability of our supply chain, including safeguarding material flows and de-risking in a sustainable manner. We aim to maintain close relationships with our suppliers and conduct an ongoing dialogue with respect to our forecast.

Philips Group
Supplier spend analysis per geographic area in %

	2024
Western Europe	33%
North America	33%
Other mature geographies	5%
Mature geographies	71%
Growth geographies	29%
Philips Group	100%

6 Financial performance

6.1 Performance summary

The year 2024

- Sales amounted to EUR 18.0 billion, a decrease of 1% on a nominal basis. On a comparable basis*, sales increased 1%, on the back of solid growth in 2023. Growth in Mature Geographies was partly offset by the decline in China. Comparable sales* showed 1% growth in the Diagnosis & Treatment segment, 2% growth in the Connected Care segment, and 1% decline in the Personal Health segment due to the decline in China.
- Income from operations improved to EUR 529 million, mainly driven by higher gross margin and lower Respironics related items, partially offset by higher impairment charges.
- Net income amounted to a loss of EUR 698 million, mainly due to Respironics litigation provision charges of EUR 984 million, partly offset by Respironics insurance income of EUR 538 million, and tax expenses including deferred tax asset derecognition of EUR 941 million, compared to a loss of EUR 463 million in 2023.
- Adjusted EBITA* amounted to EUR 2,077 million, or 12% of sales, compared to 11% of sales in 2023. Connected Care and Personal Health segments showed an increase in Adjusted EBITA* margin, mainly driven by operational improvements and productivity actions, partly offset by cost inflation. Diagnosis & Treatment segment remained flat year over year.
- Net cash flows from operating activities amounted to EUR 1,569 million; free cash flow* amounted to EUR 906 million.
- Philips cancelled approximately 4.4 million shares acquired under its 2021 share repurchase program for capital reduction purposes.

For a discussion of our financial performance for the year ended December 31, 2023 compared to the year ended December 31, 2022, please see section "Financial Performance" in our Annual Report on Form 20-F for the year ended December 31, 2023, which we filed with the SEC on February 20, 2024.

Philips Group

Key data in millions of EUR unless otherwise stated

	2023	2024
Sales	18,169	18,021
Nominal sales growth	2%	(1%)
Comparable sales growth ¹	6%	1%
Impairment of goodwill	(8)	
Income from operations	(115)	529
as a % of sales	(1%)	3%
Financial expenses, net	(314)	(282)
Investments in associates, net of income taxes	(98)	(124)
Income tax (expense) benefit	73	(963)
Income from continuing operations	(454)	(840)
Discontinued operations, net of income taxes	(10)	142
Net income	(463)	(698)
Adjusted EBITA ¹	1,921	2,077
as a % of sales	10.6%	11.5%
Income from continuing operations attributable to shareholders ² per common share (in EUR) - diluted	(0.48)	(0.90)
Adjusted income from continuing operations attributable to shareholders ² per common share (in EUR) - diluted ¹	1.21	1.39

¹ Non-IFRS financial measure. For the definition and reconciliation of the most directly comparable IFRS measure, refer to [Reconciliation of non-IFRS information](#).

² Shareholders in this table refers to shareholders of Koninklijke Philips N.V. Per share calculations have been adjusted retrospectively for all periods presented to reflect the issuance of shares for the share dividend in respect of 2023.

* Non-IFRS financial measure. For the definition and reconciliation of the most directly comparable IFRS measure, refer to [Reconciliation of non-IFRS information](#).

6.1.1 Factors impacting performance

The factors below are believed to have had a significant impact on Philips' performance during the year.

Macro-economic landscape

In 2024, global economic growth is estimated to have improved marginally compared to 2023, but the economic situation in China weighed down growth across 2024. Global real GDP is estimated to have grown by 3.2% in 2024, compared with 2.8% in 2023. Oxford Economics expects world real GDP growth of 3.3% in 2025 excluding any impact of tariffs.

Simplified operating model

On January 30, 2023, Philips announced its plan to create value with sustainable impact, which is based on focused organic growth to deliver patient- and people-driven innovation at scale, with improved execution as a key value driver, prioritizing patient safety and quality, supply chain reliability and a simplified operating model. The introduction of a simplified operating model to increase agility and structurally lower the cost base by giving end-to-end accountability to the segments has continued to contribute positively to the results of operations.

Workforce reduction

By year-end 2024 Philips completed its previously announced plans to reduce its workforce by 10,000 roles globally by 2025. These reductions were focused on Corporate and Functions optimization and non-core activities. Workforce-related restructuring charges were EUR 106 million in 2024 and EUR 196 million in 2023.

Supply chain resilience

Limited availability and delays in the supply of certain components and products internationally – partly a consequence of the COVID pandemic and the Russia-Ukraine war – impacted the company's results in recent years. These supply chain constraints resulted in an increase in overall working capital, in particular inventories. In 2023, following significant actions to increase supply chain resilience and mitigate the impact of disruptions, our sales benefited from improved material availability and resolved shortages in components.

In 2024 the company stepped up efforts to make its supply chain more agile in order to increase speed of execution. In addition, the company is increasingly sourcing products in the market in which they are being sold to make the supply chain more agile, which we believe is an important part of the company's ability to cater to the demands in the healthcare market and minimize the impact of potential tariffs and retaliatory trade measures.

Geopolitical environment

The Russia-Ukraine war continues to put pressure on the global commodity landscape and supply chains, and contribute to higher levels of inflation. Philips' operations in Russia and Ukraine on a combined basis represented less than 1% of group sales in both 2023 and 2024. Having substantially reduced its operations in Russia in 2022, the remaining activities were focused on the delivery of medical systems, devices, and spare parts to healthcare providers as well as delivery of a limited range of mother and baby products.

The ongoing situation in the Middle East further increases economic and political uncertainty. Philips is present in Israel with several subsidiaries, mainly in Diagnosis & Treatment and Connected Care, that are primarily involved in manufacturing and research and development activities.

6.1.2 Outlook

Philips remains focused on successfully executing its three-year plan to drive operational improvements and create value with sustainable impact, within a challenging macro environment. For 2025, Philips expects:

- 1%-3% comparable sales growth, including a mid- to high-single-digit decline in China
- Adjusted EBITA margin increasing 30-80 bps to 11.8%-12.3%
- Free cash flow before payment of the USD 1.1 billion cash-out relating to the US medical monitoring and personal injury settlements will be at the lower end of the range of EUR 1.4 billion to EUR 1.6 billion. Net of this cash-out, free cash flow will be EUR 0.4 billion to EUR 0.6 billion.

We anticipate comparable sales growth to be back-end-loaded in the year, with a mid-single-digit decline in Q1 mainly due to lower demand in China and royalties phasing, with correspondingly lower Adjusted EBITA margin.

The outlook includes the impact of the recently announced US-China tariffs. It excludes ongoing Philips Respiroics-related legal proceedings, including the investigation by the US Department of Justice.

6.2 Results of operations

Sales

Philips Group

Sales in millions of EUR unless otherwise stated

	2023			2024		
	Sales	Nominal sales growth	Comparable sales growth ¹	Sales	Nominal sales growth	Comparable sales growth ¹
Diagnosis & Treatment	8,825	6%	11%	8,790	0%	1%
Connected Care	5,138	(2%)	1%	5,134	0%	2%
Personal Health	3,602	(1%)	3%	3,486	(3%)	(1%)
Other	604			611		
Philips Group	18,169	2%	6%	18,021	(1%)	1%

¹ Non-IFRS financial measure. For the definition and reconciliation of the most directly comparable IFRS measure, refer to [Reconciliation of non-IFRS information](#).

Group sales in 2024 amounted to EUR 18,021 million, 1% lower than in 2023 on a nominal basis. Considering a 2% negative currency effect and consolidation impact, comparable sales growth* was 1%. The negative currency effect was mainly due to depreciation of currencies against the euro, and affected all segments. In addition, Group sales were negatively impacted by China, mainly as a result of adverse market developments.

Comparable order intake increased to 1% in 2024, compared to a 6% decline in 2023. Comparable order intake is not a financial measure, but is presented when discussing the Philips Group's performance. For further details, refer to the [Other Key Performance indicators](#) section.

Diagnosis & Treatment

In 2024, sales amounted to EUR 8,790 million, in line with the nominal sales in 2023. Considering a 2% negative currency effect and consolidation impact, comparable sales* increased by 1%. This was driven by mid-single-digit growth in Image-Guided Therapy, partly offset by a decline in Precision Diagnosis mainly due to the extended hospital procurement cycles as a result of the ongoing industry wide anti-corruption campaign in China.

Connected Care

In 2024, sales amounted to EUR 5,134 million, in line with the nominal sales in 2023. Considering a 2% negative currency effect and consolidation impact, comparable sales* increased by 2%. This growth was mainly driven by mid-single-digit growth in Enterprise Informatics, double-digit growth in Sleep & Respiratory Care, partly offset by a low-single-digit decline in Monitoring on the back of double-digit growth in 2023.

Personal Health

In 2024, sales amounted to EUR 3,486 million, 3% lower than in 2023 on a nominal basis. Considering a 2% negative currency effect and consolidation impact, growth in comparable sales was (1)%. This was mainly due to deteriorated demand in China due to cautious spending behavior, which offset growth in other geographies.

Other

In 2024, sales amounted to EUR 611 million, compared to EUR 604 million in 2023, mainly driven by higher royalty income.

Sales by geographic area

Philips Group

Sales by geographic area in millions of EUR unless otherwise stated

	2023			2024		
	Sales	Nominal sales growth	Comparable sales growth ¹	Sales	Nominal sales growth	Comparable sales growth ¹
Western Europe	3,819	6%	7%	3,978	4%	5%
North America	7,562	0%	3%	7,655	1%	2%
Other mature geographies	1,626	(1%)	7%	1,526	(6%)	(1%)
Mature geographies	13,007	1%	4%	13,159	1%	2%
Growth geographies	5,162	3%	10%	4,863	(6%)	(2%)
Philips Group	18,169	2%	6%	18,021	(1%)	1%

¹ Non-IFRS financial measure. For the definition and reconciliation of the most directly comparable IFRS measure, refer to [Reconciliation of non-IFRS information](#).

Sales in Western Europe increased year-on-year on a nominal and comparable basis* with double-digit growth in the Connected Care segment and low-single-digit growth in the Diagnosis & Treatment and the Personal Health segments. Sales in North America increased year-on-year on a nominal and comparable basis* with mid-single-digit growth in the Diagnosis & Treatment segment and low-single-digit growth in Connected Care segment, which was partly offset by a low-single-digit decline in the Personal Health segment. Sales in Other mature geographies decreased year-on-year, mainly due to lower sales in segment Other which was partly offset by low-single-digit comparable sales growth* in the Diagnosis & Treatment and the Personal Health segments. Connected Care segment sales growth in Other mature geographies was flat.

In Growth geographies in 2024 comparable sales growth* was negative in all segments mainly due to lower demand from consumers and health systems in China.

Cost of sales

Philips Group

Cost of sales components in millions of EUR unless otherwise stated

	2023	As a % of sales	2024	As a % of sales
Costs of materials used	4,626	25%	4,213	23%
Salaries and wages	2,381	13%	2,313	13%
Depreciation and amortization	461	3%	609	3%
Other manufacturing costs	3,252	18%	3,113	17%
Cost of sales	10,721	59%	10,248	57%

Cost of sales includes only expenses directly or indirectly attributable to the sale of products or services, such as cost of materials used, salaries and wages, depreciation and amortization of assets used in manufacturing, and other manufacturing costs (such as repair and maintenance costs related to production, expenses incurred for shipping and handling of internal movements of goods, and other expenses related to manufacturing).

Philips' cost of sales decreased by EUR 473 million to EUR 10,248 million in 2024 compared to EUR 10,721 million in 2023, and decreased as a percentage of sales, mainly due to decreased Cost of materials used by EUR 413 million in 2024, which was driven by productivity actions, lower restructuring, acquisition-related and other items and a favorable foreign currency impact. Other key factors influencing cost of sales were as follows:

- Salaries and wages decreased by EUR 68 million, mainly driven by productivity actions, lower restructuring charges and a favorable foreign currency impact, partly offset by cost inflation;
- Depreciation and amortization increased by EUR 148 million in 2024, mainly due to an intangible asset impairment charge;
- Other manufacturing costs decreased by EUR 139 million in 2024, driven by productivity actions and a favorable foreign currency impact, partly offset by cost inflation.

Gross margin

In 2024, Philips' gross margin was EUR 7,773 million, or 43% of sales, compared to EUR 7,448 million, or 41% of sales, in 2023. The gross margin increased by EUR 325 million year-on-year, driven by operational improvements, productivity measures and lower restructuring, acquisition-related and other items, and a favorable foreign currency impact, partly offset by cost inflation.

Selling expenses

Selling expenses amounted to EUR 4,486 million, or 25% of sales, in 2024, compared to EUR 4,524 million, or 25% of sales, in 2023. Year-on-year selling expenses decreased by EUR 38 million, mainly driven by productivity actions, lower restructuring, acquisition-related and other items and a favorable foreign currency impact, partly offset by cost inflation.

General and administrative expenses

General and administrative expenses amounted to EUR 582 million, or 3% of sales, in 2024, compared to EUR 608 million, or 3% of sales, in 2023. Expenditure decreased year-on-year by EUR 26 million, mainly driven by productivity actions, lower restructuring, acquisition-related and other items and a favorable foreign currency impact, partly offset by cost inflation.

Research and development expenses

Research and development costs were EUR 1,747 million, or 10% of sales, in 2024, compared to EUR 1,890 million, or 10% of sales, in 2023. The costs decreased by EUR 143 million year-on-year, mainly driven by productivity actions, lower restructuring, acquisition-related and other charges and a favorable foreign currency impact, partly offset by cost inflation.

	2023	2024
Diagnosis & Treatment	828	899
Connected Care	663	599
Personal Health	197	190
Other	202	59
Philips Group	1,890	1,747
<i>As a % of sales</i>	<i>10%</i>	<i>10%</i>

Impairment of goodwill

In addition to the annual goodwill-impairment tests for Philips, trigger-based impairment tests were performed during the years 2024 and 2023. As a result of the tests, recorded goodwill impairments were EUR nil million in 2024 whereas in 2023 a EUR 8 million goodwill impairment was recognized for a business held for sale.

Restructuring, acquisition-related charges and other items

Restructuring, acquisition-related charges and other items were EUR 1,156 million in 2024, compared to EUR 1,739 million in 2023. Respiroics related charges were EUR 691 million in 2024 compared to EUR 1,162 million in 2023. 2024 includes Respiroics litigation provision charges of EUR 984 million, partly offset by Respiroics insurance income of EUR 538 million.

Diagnosis & Treatment

Restructuring, acquisition-related and other charges in 2024 were EUR 202 million and included EUR 122 million restructuring charges, mainly related to workforce reduction and asset impairment, and EUR 45 million for quality remediation actions. Restructuring, acquisition-related and other charges in 2023 were EUR 210 million and include EUR 81 million charges in relation to quality remediation actions and EUR 73 million restructuring charges, mainly related to workforce reduction.

Connected Care

Restructuring, acquisition-related and other charges in 2024 were EUR 818 million and included charges of EUR 984 million Respiroics litigation provision, EUR 133 million Respiroics field-action running remediation costs and EUR 113 million in connection with the proposed Respiroics consent decree, partly offset by EUR 538 million Respiroics insurance income. Restructuring, acquisition-related and other charges in 2023 were EUR 1,390 million and include: charges of EUR 575 million Respiroics litigation provision, EUR 224 million in connection with the proposed Respiroics consent decree, and EUR 363 million Respiroics field-action running remediation costs. In addition, it includes EUR 64 million restructuring charges, mainly related to workforce reduction, and charges in relation to quality remediation actions of EUR 94 million.

Personal Health

Restructuring, acquisition-related and other charges in 2024 were EUR 25 million, mainly for workforce reduction and asset-related impairments. Restructuring, acquisition-related and other charges in 2023 were EUR 31 million and include a EUR 23 million investment re-measurement loss and restructuring costs mainly related to workforce reduction of EUR 9 million.

Other

Restructuring, acquisition-related and other charges in 2024 were EUR 111 million, mainly for workforce reduction, lease termination and asset impairment charges. Restructuring, acquisition-related and other charges in 2023 were EUR 108 million and included EUR 140 million restructuring charges mainly related to workforce reduction and a gain of EUR 35 million due to a divestment.

Philips Group
Restructuring charges in millions of EUR

	2023	2024
Restructuring charges per segment:		
Diagnosis & Treatment	73	122
Connected Care	64	29
Personal Health	9	25
<i>Other</i>	139	91
Philips Group	285	268
Cost breakdown of restructuring charges:		
Provision for personnel lay-off costs	196	106
Restructuring-related asset impairment	56	134
<i>Other restructuring-related costs</i>	33	29
Philips Group	285	268

In 2024, Philips continued general productivity actions aimed at simplifying the organization to streamline ways of working and reduce operating expenses. This included the further reduction of 2,000 roles, thereby completing the planned reduction of 10,000 roles globally across the organization by 2025 ahead of schedule. In addition, other restructuring projects were executed during the year, of which the most significant impacted the segments Other and Connected Care and mainly took place in the US and Netherlands.

For further information on restructuring, refer to [Provisions](#).

Philips Group
Acquisition-related charges in millions of EUR

	2023	2024
Diagnosis & Treatment	45	34
Connected Care	51	24
Philips Group	96	58

In 2024, acquisition-related charges in the Diagnosis & Treatment segment mainly related to the acquisition of Spectranetics, due to post-acquisition integration costs. The Connected Care segment recorded charges mainly related to the acquisition of BioTelemetry, due to post-acquisition integration costs. In 2023, acquisition-related charges in the Diagnosis & Treatment segment mainly related to the acquisition of Spectranetics, and in the Connected Care segment mainly related to the acquisition of BioTelemetry and Capsule Technologies, due to post-acquisition integration costs.

Philips Group
Other items in millions of EUR

	2023	2024
Diagnosis & Treatment	92	45
Connected Care	1,275	765
Personal Health	22	-
<i>Other</i>	(32)	20
Philips Group	1,358	830
Consisting of:		
Respironics litigation provision	575	984
Respironics insurance income		(538)
Respironics consent decree charges	363	113
Respironics field-action running costs	224	133
Respironics-related charges	1,162	691
Quality actions	175	123
Provision for a legal matter	31	
Investment re-measurement loss	23	
Gain on divestment of business	(35)	
Remaining items	2	16
Philips Group	1,358	830

In 2024 Respironics-related charges totaled EUR 691 million as the impact of the Respironics litigation provision was partly offset by Respironics insurance income in the Connected Care segment. In 2023 Respironics-related charges totaled EUR 1,162 million.

Income from operations (EBIT) and Adjusted EBITA*

The following overview shows Income from operations and Adjusted EBITA* by segment.

Philips Group

Income from operations and Adjusted EBITA¹ in millions of EUR unless otherwise stated

	Income from operations	As a % of sales	Adjusted EBITA ¹	As a % of sales
2024				
Diagnosis & Treatment	592	7%	1,018	11.6%
Connected Care	(466)	(9%)	494	9.6%
Personal Health	544	16%	584	16.8%
Other	(142)		(18)	
Philips Group	529	3%	2,077	11.5%
2023				
Diagnosis & Treatment	721	8%	1,028	11.6%
Connected Care	(1,199)	(23%)	369	7.2%
Personal Health	552	15%	597	16.6%
Other	(190)		(73)	
Philips Group	(115)	(1%)	1,921	10.6%

¹ Non-IFRS financial measure. For the definition and reconciliation of the most directly comparable IFRS measure, refer to [Reconciliation of non-IFRS information](#).

Income from operations amounted to EUR 529 million, or 3% of sales, in 2024, compared to a loss of EUR 115 million, or (1)% of sales, in 2023, mainly driven by higher gross margin and lower charges in restructuring, acquisition-related and other items in 2024. Adjusted EBITA* increased to EUR 2,077 million and the margin improved to 12%, compared to EUR 1,921 million and a margin of 11% in 2023, mainly driven by operational improvements and productivity actions. Amortization of acquired intangible assets was EUR 392 million in 2024 compared to EUR 298 million in 2023, which also included goodwill impairment charges of EUR 8 million.

Diagnosis & Treatment

Income from operations decreased to EUR 592 million in 2024, compared to EUR 721 million in 2023. This was mainly due to a value adjustment on current assets, and partly offset by an increase from pricing & productivity actions. Adjusted EBITA* remained stable at 11.6% of sales in 2024.

Amortization charges in 2024 were EUR 225 million and include the impairment of acquired intangible assets following product discontinuation. Amortization and goodwill impairment charges in 2023 were EUR 98 million and include EUR 89 million amortization charges and EUR 8 million goodwill impairment charges.

Connected Care

Income from operations improved to EUR (466) million in 2024, compared to EUR (1,199) million in 2023. 2024 was mainly driven by lower charges in relation to Respironics, operational improvements and pricing & productivity actions. Adjusted EBITA* improved to 9.6% of sales in 2024.

Amortization charges in 2024 were EUR 141 million, compared to EUR 178 million in 2023.

Personal Health

Income from operations decreased to EUR 544 million in 2024, compared to EUR 552 million in 2023. This was mainly due to lower sales as a result of the decline in China, partly offset by operational improvements and productivity actions. Adjusted EBITA* remained stable at 16.8% of sales in 2024.

Amortization charges in 2024 were EUR 15 million, compared to EUR 14 million in 2023.

Other

In Other we report on the items Innovation & Strategy, IP Royalties, Central costs and Other.

Income from operations amounted to a loss of EUR (142) million in 2024, compared to a loss of EUR (190) million in 2023. Adjusted EBITA* amounted to a loss of EUR (18) million, compared to a loss of EUR (73) million in 2023. The increase in Income from operations and Adjusted EBITA* was mainly driven by higher royalty income and lower costs.

Financial income and expenses

Financial income and expenses resulted in a net expense of EUR 282 million in 2024, compared to a net expense of EUR 314 million in 2023, mainly driven by higher interest income on cash and cash equivalents and higher net foreign exchange losses in 2023, partly offset by higher interest expenses and provision-related accretion costs.

Income taxes

Income tax expense increased to EUR 963 million in 2024, compared to an income tax benefit of EUR 73 million in 2023. The income tax expense increased by EUR 1,036 million year-on-year, mainly due to the de-recognition of deferred tax assets in the US and higher income before tax in 2024, as well as recognition of historical tax credits in 2023.

Investments in associates

Results related to investments in associates declined from a loss of EUR 98 million in 2023 to a loss of EUR 124 million in 2024. 2024 includes impairments of EUR 103 million and share of results of associates of EUR 20 million. 2023 includes impairments of EUR 58 million and share of results of associates of EUR 40 million.

Discontinued operations

In 2024 and 2023, Discontinued operations consisted primarily of the Domestic Appliances business and certain other divestments that were reported as discontinued operations. In 2024, Discontinued operations included a tax benefit of EUR 140 million relating to tax audit settlements of prior years. For further information, refer to [Discontinued operations and assets classified as held for sale](#).

Net income and earnings per share

Net income amounted to a loss of EUR 698 million in 2024, a decrease of EUR 235 million compared to 2023, mainly due to higher tax expenses partly offset by higher gross margin and lower Respiroics related items. Net income is not allocated to segments, as certain income and expense line items are monitored on a centralized basis, resulting in them being shown on a Philips Group level only.

Income from continuing operations attributable to shareholders per common share (in EUR) - diluted, was EUR (0.90) in 2024, compared to EUR (0.48) in 2023. Adjusted income from continuing operations attributable to shareholders per common share (in EUR) - diluted* was EUR 1.39 in 2024, compared to EUR 1.21 in 2023.

Non-controlling interests

Net income attributable to non-controlling interests increased from EUR 2 million in 2023 to EUR 3 million in 2024.

* Non-IFRS financial measure. For the definition and reconciliation of the most directly comparable IFRS measure, refer to [Reconciliation of non-IFRS information](#).

6.3 Financial position

6.3.1 Acquisitions and divestments

In 2024, Philips did not make any acquisitions.

In 2024, Philips completed four divestments for net cash consideration of EUR 118 million. The divestments were not individually material.

In 2023, Philips completed one acquisition involving a total net cash outflow of EUR 53 million (total equity price and settlement of debt). The purchase price allocation was finalized in the second quarter of 2024.

In 2023, Philips completed six divestments for a cash consideration of EUR 80 million, notably Philips Pharma Solutions in the US.

For details, please refer to [Acquisitions and divestments](#).

6.3.2 Financing

Summary balance sheet information as of December 31, 2023 and 2024 is presented in the following table. For details refer to [Consolidated balance sheets](#).

Philips Group

Summary balance sheet information in millions of EUR

	2023	2024
Property, plant and equipment	2,483	2,452
Intangible assets	13,067	13,365
Investments and financial assets	1,050	968
Deferred tax assets	2,627	1,916
Inventories	3,491	3,198
Receivables	4,146	3,974
Other assets	672	704
Payables	(3,886)	(3,531)
Provisions	(2,498)	(2,972)
Contract liabilities	(2,278)	(2,130)
Other liabilities	(993)	(661)
Net assets to be financed	17,881	17,280
Cash and cash equivalents	1,869	2,401
Debt	(7,689)	(7,639)
Net debt¹	(5,820)	(5,238)
Non-controlling interests	(33)	(37)
Shareholders' equity	(12,028)	(12,006)
Financing	(17,881)	(17,280)

¹ Non-IFRS financial measure. For the definition and reconciliation of the most directly comparable IFRS measure, refer to [Reconciliation of non-IFRS information](#).

6.3.3 Debt position

Total debt outstanding at the end of 2024 was EUR 7,639 million, compared with EUR 7,689 million at the end of 2023.

Philips Group

Total debt outstanding in millions of EUR

	2023	2024
Long-term debt	7,035	7,113
Short-term debt	654	526
Debt	7,689	7,639

	2023	2024
New lease liabilities	233	167
New borrowings long-term debt	544	710
Repayments long-term debt incl. leases	(754)	(763)
New borrowings (repayments) short-term debt	29	(30)
Forward contracts entered (matured)	(462)	(248)
Currency effects, consolidation changes and other	(102)	114
Changes in debt	(512)	(50)

In 2024, total debt decreased by EUR 50 million compared to 2023. The decrease was primarily the result of repayment of existing debt and leases as well as the maturity of forward contracts related to the share buyback program and long-term incentive and employee stock purchase plans, partly offset by the issuance of principal amount of EUR 700 million fixed rate notes maturing in 2032. The remainder of proceeds from the new issuance will be used for the repayment of USD bond maturities in 2025. Changes in payment obligations from forward contracts relate to the maturity of EUR 167 million of share buyback forwards and EUR 146 million of forwards relating to long-term incentive and employee stock purchase plans. This was partially offset by new forwards for long-term incentive and employee stock purchase plans of EUR 65 million (as announced in August 2024).

In 2023, total debt decreased by EUR 512 million compared to 2022. The decrease mainly comes from maturing forward contracts related to the share buyback program and long-term incentive and employee stock purchase plans, and repayments of long-term debt including leases, partly offset by the issuance of EUR 500 million of fixed rate notes that mature in 2031.

At the end of 2024, long-term debt as a proportion of the total debt stood at 93% with an average remaining term (including current portion) of 5.9 years, compared to 91% and 6 years, respectively at the end of 2023.

For further information, please refer to [Debt](#).

6.3.4 Shareholders' equity

In 2024, shareholders' equity decreased by EUR 23 million to EUR 12,006 million at year-end. The decrease was mainly due to the net loss attributable to shareholders of EUR 702 million and currency translation gains in equity of EUR 751 million, primarily due to the appreciation of the US dollar against the euro in 2024.

In 2023, shareholders' equity decreased by EUR 1,220 million to EUR 12,028 million at year-end. The decrease was mainly due to the net loss attributable to shareholders of EUR 466 million and currency translation reductions in equity of EUR 604 million, primarily due to the depreciation of the US dollar against the euro in 2023.

Share capital structure

The number of issued common shares of Royal Philips as of December 31, 2024 was 939,939,384. At year-end 2024, the company held 14.9 million shares in treasury to cover obligations under long-term incentive plans. In 2024 (and earlier years), the company entered into several forward contracts to acquire its own shares, and as of December 31, 2024, the outstanding forward contracts related to 6.5 million shares. See below for more information on the shares that were acquired in the course of 2024. Philips issued 30.9 million shares in May 2024 in order to distribute the 2023 dividend. The company cancelled 4.4 million shares in June 2024.

The number of issued common shares of Royal Philips as of December 31, 2023 was 913,515,966. At year-end 2023, the company held 7.1 million shares in treasury to cover obligations under long-term incentive plans. In 2016, Philips purchased call options on its own shares to hedge options granted to employees up to 2013, and as of December 31, 2023, no such options remained outstanding. In 2023 (and earlier years), the company entered into several forward contracts to acquire its own shares, and as of December 31, 2023, the outstanding forward contracts related to 15.5 million shares. Philips issued 39.3 million shares in May 2023 in order to distribute the 2022 dividend. The company cancelled 15.1 million shares in December 2023.

Share repurchase methods for long-term incentive plans and capital reduction purposes

Historically, Philips uses different methods to repurchase shares in its own capital: (i) share buyback repurchases in the open market via an intermediary; (ii) repurchase of shares via forward contracts for future delivery of shares; and (iii) the unwinding of call options on own shares. During 2024, Philips used methods (i) and (ii) to repurchase shares for share-based compensation plans and method (ii) to repurchase shares for capital reduction purposes.

The open market transactions via an intermediary allow for buybacks during both open and closed periods.

For more information on share repurchase transactions entered into 2022, 2023, and 2024, refer to [Equity](#).

Impact of share acquisitions and cancellations on share count in thousands of shares as of December 31

	2020	2021	2022	2023	2024
Shares issued	911,053	883,899	889,315	913,516	939,939
Shares in treasury	5,925	13,717	7,835	7,113	14,930
Shares outstanding	905,128	870,182	881,481	906,403	925,009
Shares acquired	8,670	45,486	5,081	15,964	13,718
Shares cancelled	3,810	33,500	8,758	15,134	4,437

Total number of shares repurchased in thousands of shares unless otherwise stated

	Share repurchases related to shares acquired for capital reduction	Average price paid per share in EUR	Shares acquired for LTI's	Average price paid per share in EUR	Total number of shares purchased ¹	Average price paid per share in EUR	Total number of shares purchased as part of publicly announced plans or programs ^{2,3,4}	Approximate value of shares that may yet be purchased under the plans or programs in thousands of EUR ⁶
January 2024								390,388
February 2024								390,388
March 2024	2,216	37.61			2,216	37.61	2,216	297,069
April 2024	2,221	37.51			2,221	37.51	2,221	213,736
May 2024								213,736
June 2024								213,736
July 2024								213,736
August 2024			2,231	26.89	2,231	26.89	2,231	274,547
September 2024								274,547
October 2024								274,547
November 2024			5,450	20.44	5,450	20.44	5,450	163,142
December 2024			1,600	19.77	1,600	19.77	1,600	131,518
Total	4,437		9,281		13,718	26.95	13,718	131,518
of which ⁵⁾								
purchased in the open market			2,231		2,231		2,231	
acquired through exercise of call options/settlement of forward contracts	4,437		7,050		11,487		11,487	
To be acquired by settlement of forward contracts after December 31, 2024								131,518

¹ All shares were purchased through publicly announced plans or programs.

² First, on January 29, 2020, Philips announced that it would repurchase up to 6 million shares to cover certain of its obligations arising from its long-term incentive and employee stock purchase plans. Under this program, Philips entered into three forward contracts to acquire 5 million shares for an amount of EUR 174 million with settlement dates varying between October 2021 and November 2022. On October 26, 2022, the original settlement date of two share tranches entered into under this program (in total 1.75 million shares) has been extended from November 23, 2022, to November 2023, and 2024, respectively. Second, on July 26, 2021, Philips announced a share buyback program for share cancellation purposes for an amount of up to EUR 1.5 billion. Consequently, in the third quarter of 2021 Philips entered into three forward contracts for an amount of EUR 731 million to acquire 19.6 million shares with settlement dates in 2022, 2023 and 2024. Philips executed the remainder of the program through open market purchases by an intermediary in the fourth quarter of 2021 (acquiring 21 million shares) and January 2022 (acquiring 0.8 million shares). Third, on June 13, 2022, Philips announced that it will repurchase up to 3.2 million shares to cover certain of its obligations arising from its long-term incentive and employee stock purchase plans. Under this program, Philips entered into two forward contracts for an amount of EUR 63 million to acquire 3.2 million shares with settlement dates in November 2024 and December 2024. Fourth, on June 14, 2023, Philips announced that it will repurchase up to 7.1 million shares to cover certain of its obligations arising from its long-term incentive and employee stock purchase plans. Under this program, Philips entered into three forward contracts for an amount of EUR 138 million to acquire 7.1 million shares with settlement dates varying between November 2024 and November 2025. Fifth, on August 5, 2024, Philips announced that it would repurchase shares for an amount of up to EUR 125 million to cover certain of its obligations arising from its long-term incentive plans. The repurchases were executed through a combination of open market purchases (in August 2024) and one forward contract for an amount of EUR 65 million to acquire 2.5 million shares with a settlement date in November 2026. For further details on these publicly announced plans or programs refer to [Equity](#).

³ Philips cancelled 4.4 million shares on June 17, 2024.

⁴ In 2024, Philips did not determine to terminate any publicly announced plans or programs prior to expiration, or determine that it intends not to make any further purchases under any publicly announced plans or programs.

⁵ As described above, Philips acquired shares via repurchase of shares via forward contracts for future delivery of shares and via repurchase in the open market.

⁶ Approximate amount of shares to be purchased is calculated considering the present value of the forward purchase contract obligations.

6.4 Cashflow and liquidity

6.4.1 Cash flows

The movements in cash and cash equivalents balance for the years ended December 31, 2023 and 2024 are presented and explained in the following table.

Philips Group

Condensed consolidated cash flows in millions of EUR

	2023	2024
Beginning cash and cash equivalents balance	1,172	1,869
Net cash flows from operating activities	2,136	1,569
Net cash flows from investing activities		
Net capital expenditures	(554)	(663)
Other cash flows from investing activities	(82)	90
Net cash flows from financing activities		
Treasury shares transactions	(662)	(410)
Changes in debt	(181)	(83)
Dividend paid to shareholders of the company	(2)	(1)
Other cash flow items	(81)	43
Net cash flows from discontinued operations	123	(13)
Ending cash and cash equivalents balance	1,869	2,401

Net cash flows from operating activities

Net cash flows from operating activities amounted to an inflow of EUR 1,569 million in 2024, compared to an inflow of EUR 2,136 million in 2023. This decrease is mainly due to the payments in connection with the Respironics economic loss settlement in the US and working capital outflows, partly offset by the Respironics insurance receipt. Free cash flow* amounted to a cash inflow of EUR 906 million in 2024, compared to an inflow of EUR 1,582 million in 2023.

Net cash flows from operating activities amounted to an inflow of EUR 2,136 million in 2023, compared to an outflow of EUR 173 million in 2022. This increase is mainly due to higher cash earnings and lower working capital, and includes a EUR 141 million payment related to the previously announced resolution of the economic loss class action in the US. Free cash flow* amounted to a cash inflow of EUR 1,582 million in 2023, compared to an outflow of EUR 961 million in 2022.

Net cash flows from investing activities

Net cash flows from investing activities consist of net capital expenditures and other cash flows from investing activities.

In 2024, other cash flows from investing activities amounted to a cash inflow of EUR 90 million, mainly due to proceeds from divested businesses and cash receipt with respect to foreign exchange derivative contracts.

In 2023, other cash flows from investing activities amounted to a cash outflow of EUR 82 million, mainly due to a new business acquisition and minority investments, partly offset by divestment proceeds.

Net cash flows from financing activities

Net cash flows from financing activities consist of treasury shares transactions, changes in debt, dividend paid and other cash flow items.

In 2024, treasury shares transactions mainly includes share repurchases as part of the EUR 1.5 billion share repurchase program for capital reduction purposes that were announced on July 26, 2021 and completed on April 12, 2024 as well as related withholding taxes, and share repurchases for long-term incentive plans, which resulted in EUR 410 million net cash outflow. Changes in debt mainly includes the new bond issuance of EUR 700 million and bond redemption of EUR 547 million, partly offset by debt repayments.

In 2023, treasury shares transactions mainly included the share buyback activities, which resulted in EUR 662 million net cash outflow. Changes in debt mainly includes new bonds issued of EUR 500 million and loan repayments amounting to EUR 500 million. The dividend was distributed fully in shares.

Other cash flow items

In 2024, Other cash flow item amounted to an inflow of 43 million, is due to foreign currency impact on the cash balance

In 2023, Other cash flow item amounted to an outflow of 81 million, is due to foreign currency impact on the cash balance

Net cash flows from discontinued operations

In 2024, net cash provided to discontinued operations was EUR 13 million, mainly related to the tax claims from the previously divested business.

In 2023, net cash provided by discontinued operations was EUR 123 million, mainly related to a refund received of advance tax payments of a previously disposed business.

* Non-IFRS financial measure. For the definition and reconciliation of the most directly comparable IFRS measure, refer to [Reconciliation of non-IFRS information](#).

6.4.2 Liquidity position

As of December 31, 2024, the Philips Group had access to available liquidity of EUR 3,405 million (2023: EUR 2,883 million) including cash and cash equivalents and a EUR 1 billion committed revolving credit facility, compared to gross debt of EUR 7,639 million (2023: EUR 7,689 million).

Philips Group Liquidity position in millions of EUR

	2023	2024
Cash and cash equivalents	1,869	2,401
Listed equity investments at fair value ¹	14	4
Committed revolving credit facility	1,000	1,000
Liquidity	2,883	3,405
Short-term debt	(654)	(526)
Long-term debt	(7,035)	(7,113)
Debt	(7,689)	(7,639)
Net available liquidity resources	(4,806)	(4,233)

¹ Philips holds listed equity investments at fair value (level 1) in common shares of companies in various industries. Refer to [Other financial assets](#) and [Fair value of financial assets and liabilities](#).

In 2024, Philips extended the maturity of its EUR 1 billion committed revolving credit facility to 2029. The facility can be used for general group purposes, such as a backstop for its Commercial Paper Program.

Philips' Commercial Paper Program amounts to USD 2.5 billion, under which commercial paper can be issued up to 364 days in tenor, both in the US and in Europe, in any major freely convertible currency. As of December 31, 2024, Philips had no commercial paper outstanding.

Philips established a Euro Medium Term Note (EMTN) program which facilitates the issuance of notes for a total amount of up to EUR 10 billion. In 2024, Philips issued EUR 700 million fixed rate notes due 2032 under the program for general corporate purposes, including the repayment of existing debt.

The company's liquidity risk management procedures have not changed significantly during 2024. The access to existing lines of credit remains intact. These lines of credit, along with other financial risks to which Philips is exposed, are disclosed in [Details of treasury and other financial risks](#). Further, with respect to potential claims related to the Respiroics recall, please refer to [Contingencies](#). Management continues to monitor the risks associated with such potential claims and its impact on liquidity position, if any.

Philips' existing long-term debt is rated BBB+ (with stable outlook) by Fitch, Baa1 (changed from negative to stable outlook in 2024) by Moody's, and BBB+ (changed from negative to stable outlook in 2024) by Standard & Poor's. As part of our capital allocation policy, our net debt position is managed with the intention of retaining our strong investment grade credit rating. Ratings are subject to change at any time and there is no assurance that Philips will be able to achieve this goal. Philips' aim when managing the net debt position is dividend stability and a pay-out ratio of 40% to 50% of adjusted income from continuing operations attributable to shareholders. Philips' outstanding long-term debt and credit facilities do not contain financial covenants. Adverse changes in the company's ratings will not trigger automatic withdrawal of committed credit facilities or any acceleration in the outstanding long-term debt (provided that the USD-denominated bonds issued by Philips in March 2008 and 2012 contain a 'Change of Control Triggering Event' and the EUR-denominated bonds contain a 'Change of Control Put Event'). A description of Philips' credit facilities can be found in [Debt](#).

Philips Group Credit rating summary

	Long-term	Short-term	Outlook
Fitch	BBB+		Stable
Moody's	Baa1	P-2	Stable
Standard & Poor's	BBB+	A-2	Stable

Philips pools cash from subsidiaries to the extent legally and economically feasible. Cash not pooled remains available for local operational needs or general purposes. The company faces cross-border foreign exchange controls and/or other legal restrictions in a few countries, which could limit its ability to make these balances available on short notice for general use by the group.

Philips believes its current liquidity and direct access to capital markets is sufficient to meet its present financing needs.

6.4.3 Cash obligations

Contractual cash obligations

The following table presents a summary of the Group's fixed contractual cash obligations and commitments as of December 31, 2024. These amounts are an estimate of future payments, which could change as a result of various factors such as a change in interest rates, foreign exchange, contractual provisions, as well as changes in our business strategy and needs. Therefore, the actual payments made in future periods may differ from those presented in the following table:

Philips Group

Contractual cash obligations^{1,2} in millions of EUR

	Total	Payments due by period			
		Less than 1 year	1-3 years	3-5 years	After 5 years
Long-term debt	7,168		2,006	1,338	3,824
Short-term debt	525	525			
Interest on debt	1,792	197	368	325	902
Derivative liabilities	72	64	8		
Purchase obligations ³	1,161	300	307	210	344
Trade and other payables	1,830	1,830			
Contractual cash obligations	12,548	2,916	2,689	1,873	5,070

¹ Amounts in this table are undiscounted

² This table excludes post-employment benefit plan contribution commitments and income tax liabilities in respect of tax risks because it is not possible to make a reasonably reliable estimate of the actual period of cash settlement.

³ Purchase obligations are agreements to purchase goods or services that are enforceable and legally binding for the Group. They specify all significant terms, including fixed or minimum quantities to be purchased, fixed, minimum or variable price provisions and the approximate timing of the transaction. They do not include open purchase orders or other commitments which do not specify all significant terms.

Debt includes forward contracts of EUR 142 million (nominal value) relating to the repurchase of shares to cover long-term incentive and employee stock purchase plans. In 2024, Philips entered into a forward contract for EUR 65 million that matures in 2026 relating to the repurchase of up to 2.5 million shares for long-term incentive and employee stock purchase plans.

Philips offers voluntary supply chain finance programs with third parties, which provide participating suppliers with the opportunity to factor their trade receivables at the sole discretion of both the suppliers and the third parties. Philips continues to recognize these liabilities as trade payables and settles them accordingly on the invoice maturity date based on the terms and conditions of these arrangements. As of December 31, 2024, approximately EUR 97 million (2023: EUR 114 million) of the Philips accounts payable were transferred under these arrangements.

Other cash commitments

The company and its subsidiaries sponsor post-employment benefit plans in many countries in accordance with legal requirements, customs and the local situation in the countries involved. For a discussion of the plans and expected cash outflows, please refer to [Post-employment benefits](#).

The company had various provisions by the end of 2024 which are expected to result in cash outflows in 2025. Refer to [Provisions](#).

Philips has contracts with investment funds where it committed itself to make, under certain conditions, capital contributions to these funds of an aggregated remaining amount of EUR 130 million (2023: EUR 153 million). Capital contributions already made to these investment funds are recorded as non-current financial assets.

Please refer to [Dividend](#) for information on the proposed dividend distribution.

Please refer to [Equity](#) for information on other Long-term incentive and employee stock purchase plans.

Guarantees

Philips' policy is to provide guarantees and other letters of support only in writing. Philips does not provide other forms of support. The total fair value of guarantees recognized on the balance sheet amounts to EUR nil million for both 2024 and 2023. Remaining off-balance-sheet business-related guarantees on behalf of third parties and associates amount to EUR 343 million as of December 31, 2024 (December 31, 2023: EUR 2 million). These mainly include bank guarantees secured for insurance companies to cover product liability-related cash flows related to the Resprionics recall.

6.4.4 Dividend

Dividend policy

Philips' dividend policy is aimed at dividend stability and a pay-out ratio of 40% to 50% of adjusted income from continuing operations attributable to shareholders*.

Proposed distribution

A proposal will be submitted to the Annual General Meeting of Shareholders, to be held on May 8, 2025, to declare a distribution of EUR 0.85 per common share, in shares or cash at the option of the shareholder, against retained earnings.

If the above dividend proposal is adopted, the shares will be traded ex-dividend at the Euronext Amsterdam as of May 12, 2025, and at the New York Stock Exchange as of May 13, 2025. In compliance with the listing requirements of Euronext Amsterdam and the New York Stock Exchange, the dividend record date will be May 13, 2025.

Shareholders will be given the opportunity to make their choice between shares and cash between May 14 and June 2, 2025, for shares traded at the New York Stock Exchange, and between May 14 and June 3, 2025, for shares traded at Euronext Amsterdam. If no choice is made during this election period, the dividend will be distributed in shares.

Of the total dividend distribution to all shareholders (up to EUR 786 million), a maximum of 50% will be available for payment in cash. If shareholders in total elect to receive an aggregate amount of cash dividend that exceeds the maximum percentage of the total dividend amount, those shareholders who elected to receive their dividend in cash will receive their cash dividend on a pro-rata basis, the remainder being distributed in shares.

The number of share dividend rights entitled to one new common share will be determined based on the volume weighted average price of all traded common shares of Koninklijke Philips N.V. at Euronext Amsterdam on May 30, June 2 and June 3, 2025. The company will calculate the number of share dividend rights entitled to one new common share (the ratio), such that the gross dividend in shares will be approximately equal to EUR 0.85. The ratio and the number of shares to be issued will be announced on June 5, 2025. Delivery of new common shares and payment of the dividend, with settlement of fractions in cash, if required, will take place from June 6, 2025.

	Ex-dividend date	Record date	Distribution from
Euronext Amsterdam	May 12, 2025	May 13, 2025	June 6, 2025
New York Stock Exchange	May 13, 2025	May 13, 2025	June 6, 2025

Further details will be given in the agenda with explanatory notes for the 2025 Annual General Meeting of Shareholders. The proposed distribution and all dates mentioned remain provisional until then.

Dividend in shares distributed out of retained earnings is subject to 15% dividend withholding tax, but only in respect of the par value of the shares (EUR 0.20 per share). Shareholders are advised to consult their tax advisor on the applicable situation with respect to taxes on the dividend received.

Dividends and distributions per common share

The following table sets forth in euros the gross dividends on the common shares in the fiscal years indicated (from prior-year profit distribution) and such amounts as converted into US dollars and paid to holders of shares of the New York Registry:

Philips Group

Gross dividends on the common shares

	2020 ¹	2021 ¹	2022 ²	2023 ²	2024 ¹
in EUR	0.85	0.85	0.85	0.85	0.85
in USD	0.95	1.03	0.90	0.93	0.92

¹ In cash or shares at the election of shareholder.

² In shares only.

* Non-IFRS financial measure. For the definition and reconciliation of the most directly comparable IFRS measure, refer to [Reconciliation of non-IFRS information](#).

7 Environmental, Social and Governance

Philips has a long history of doing business sustainably, both in the environmental as well as the social dimension. This is not only a matter of responsible business, it also drives our company success and innovation. We have been recognized as a front-runner in the area of sustainability and for leading the way in, for example, climate action, tax transparency, supplier sustainability and sustainability reporting.

In this chapter, we explain how we act and perform in the environmental and social dimensions, and we describe the main elements of our governance framework.

Our reporting is aligned with the comprehensive and integrated Environmental, Social and Governance (ESG) commitments we have adopted for the period 2020-2025.

Our key ESG commitments

Environmental

We act responsibly toward our planet in line with UN SDGs 12 and 13.

We will maintain carbon neutrality and use 75% renewable energy in our operations by 2025. We have set ambitious targets to reduce CO₂ emissions in our entire value chain in line with a 1.5 °C global warming scenario (based on Science Based Targets).

We will generate 25% of our revenue from products, services and solutions contributing to circularity, and offer responsible take-back on all professional medical equipment by 2025.

We will embed circular practices at our sites and put zero waste to landfill by 2025.

We will design all new product introductions in line with our EcoDesign requirements by 2025, with 'EcoHeroes' accounting for 25% of hardware revenues.

We work with our suppliers to reduce the environmental footprint of our supply chain in line with a 1.5 °C global warming scenario (based on Science Based Targets).

We engage with our stakeholders and other companies to drive sustainability efforts addressing the United Nations Sustainable Development Goals.

Social

Our purpose is to improve people's health and well-being through meaningful innovation, in line with UN SDG 3. We act responsibly toward society and partner with our stakeholders.

We aim to improve the health and well-being of 2.5 billion people per year by 2030, including 400 million people in underserved communities.

It is our strategy to lead with innovative solutions to deliver real change – helping our customers achieve better health outcomes, a better experience for patients and staff, and lower cost of care, as well as helping people take better care of their health.

We aim to be the best place to work for our employees, providing opportunities for learning and development, promoting an inclusive workplace that reflects the diversity of our community through fair hiring and promotion practices, and assuring a safe and healthy work environment. We pay at least a living wage and aim for employee engagement above the high-performance norm.

Through our supplier development program we will improve the lives of 1 million workers in our supply chain by 2025.

We actively engage with and support the communities in which we operate, e.g., through volunteering, internships, and STEM (Science, Technology, Engineering, Mathematics) initiatives.

We contribute to the Philips Foundation, an independent foundation (*stichting*) organized under Dutch law, which aims to provide access to quality healthcare for disadvantaged communities.

We consider our tax payments as a contribution to the communities in which we operate, as part of our social value creation.

Governance

We aim to deliver superior long-term value for our customers and shareholders, and seek to live up to the highest standards of ethics and governance in our culture and practices.

Our management structure and governance combine responsible leadership and independent supervision.

Our integrated operating model defines how we work together to delight our customers and achieve our company goals, leveraging our global scale and capabilities.

Enabling the delivery of patient-centric, safe, and high-quality care – the essence of patient safety and quality – is foundational to Philips’ purpose to improve the health and well-being of people through meaningful innovation.

Our remuneration policy is designed to focus employees throughout the Philips Group on pursuing our purpose and delivering on our strategy, and to motivate them to create superior, long-term stakeholder value. Our executive annual incentives and long-term incentive plan are partly based on ESG objectives.

Our General Business Principles set the minimum standard for our business conduct as a health technology company, for our individual employees and for our subsidiaries, and serve as a reference for the business conduct we expect from all our business partners.

Our risk management is designed to provide an appropriate level of assurance that strategic and operational objectives are met, legal requirements complied with, and the integrity of the company’s reporting and related disclosures are safeguarded.

We are transparent about our plans, activities, results and contributions to society (e.g., tax reporting, and engaging with shareholders, customers, business partners, governments and regulators through a variety of platforms).

ESG governance

The above is an overview of our current key ESG commitments. Through these commitments and the underlying ESG programs, metrics, road maps, goals and targets we specify and operationalize the ambitions in our 2020-2025 ESG plan. The Board of Management, including the Chief ESG & Legal Officer, is responsible for the design and management of our 2020-2025 ESG plan and typically convenes the Group Sustainability team and (where relevant) Business, Region or Function leaders four times per year on ESG matters. During these meetings, the Board of Management defines Philips’ ESG strategy, commitments, programs, action plans and policies, as well as oversees major transactions, monitors progress on ESG priorities, and takes corrective action where needed. Progress on ESG is communicated internally and externally on our results website on a quarterly basis and at least annually to the Executive Committee and the Supervisory Board. The ultimate oversight of the ESG dimensions, and their integration into the company’s overarching strategy, is a responsibility of the Supervisory Board as a whole because of the significance of ESG matters. While retaining this overall responsibility, the Supervisory Board is supported by the Audit Committee, which meets quarterly to discuss significant developments in impacts, risks and opportunities, developments in ESG reporting, and other relevant topics. Please refer to the Supervisory Board report for the Supervisory Board members with specific ESG and sustainability expertise, and the Supervisory Board’s ESG-related activities during the year. The Supervisory Board as a whole has sufficient ESG and sustainability-related expertise relevant to the sector in which the company is operating, also considering the way we address impacts, risks and opportunities with respect to the material topics identified through our Double Materiality Assessment. Furthermore, both our Board of Management and our Supervisory Board leverage all relevant expertise through their direct access to the Group Sustainability team and (where relevant) external experts.

Nothing in our ESG commitments or other related statements should be read or construed to represent or imply a guarantee or any other legally enforceable obligation vis-à-vis our stakeholders. We do what is reasonable and practical, and we actively partner with our stakeholders to achieve our aspirational goals and targets, while acknowledging and weighing economic and practical constraints and other external factors that may limit our ability to control environmental and social impacts, in particular beyond our own operations. It is furthermore noted that our ESG efforts and our globally applying aspirational goals and targets, including but not limited to those related to diversity, inclusion and well-being, are subject to our compliance with local rules and regulations, some of which may conflict across jurisdictions.

7.1 Environmental

Our global operations and supply chain impact the environment, yet our greatest potential impact is in our downstream value chain through the sustainable design of our products and solutions. Through this work, we contribute to UN Sustainable Development Goals (SDG) 12 and 13.

This section provides an overview of key environmental indicators relevant to our ESG commitments. Our focus is on the material topics identified through our Double Materiality Assessment – climate change and resource use and circular economy – but we also address Biodiversity and Ecosystem Services as some rating agencies expect us to provide information on this.

7.1.1 Measuring our environmental impact

Philips has been performing Life Cycle Assessments (LCAs) since 1990. These LCAs provide insight into the lifetime environmental impact of our products. They are used to steer our EcoDesign efforts by reducing the environmental impact during the lifetime of our products and to grow our Green/EcoDesigned/EcoHero and Circular portfolio. Beyond that, for the eighth year, we have measured our environmental impact on society at large via an Environmental Profit & Loss (EP&L) statement, which includes the hidden environmental costs associated with our activities and products. It provides insights into the main environmental hotspots and innovation areas to reduce the environmental impact of our products and solutions.

The EP&L statement is based on LCA methodology, in which the environmental impacts are expressed in monetary terms using conversion factors developed by [CE Delft](#). As we gain new insights and retrieve more and better data in the future, we will be able to enhance the methodology, use-cases and accuracy of results. For more information and details refer to our [methodology document](#).

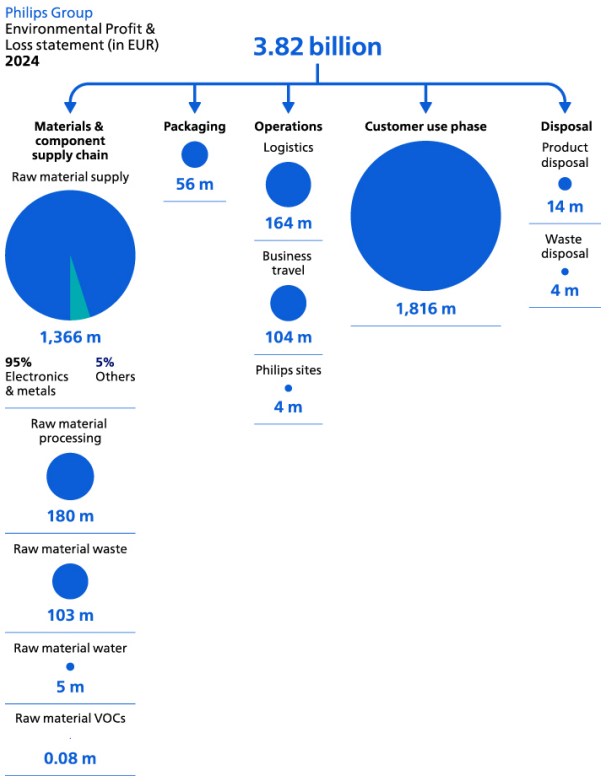
Environmental Profit & Loss statement 2024

Philips reduced its EP&L impact in 2024 to EUR 3.82 billion, compared with the EP&L impact of EUR 4.21 billion in 2023. This is mainly due to differences in sales mix.

The most significant environmental impact, 48% of the total, is related to the use of sold products, which is due to electricity consumption. Human toxicity (mainly linked to electricity generation), particulate matter formation, and climate change are the key environmental impact categories contributing to this result. The environmental costs include the environmental impact of the lifetime of the products that we put on the market in 2024, e.g., 10 years in the case of an MRI machine or five years in the case of a Sonicare toothbrush. Products identified as rentals are the only exception, with an energy consumption of one year. As we expand our EcoDesign activities, with the aim to have all our new product introductions in line with our EcoDesign requirements by 2025, we expect to better report on the environmental impact in the years to come.

Of the total 2024 impact, just EUR 272 million (7%) is directly related to Philips’ own operations, mainly driven by outbound logistics, followed by business travel. This impact is similar to 2023 (EUR 261 million) with the slight increase due to increased business travel.

Our materials and components supply chain, including raw materials supply, processing, waste, volatile organic compounds, and water, as well as packaging, has an environmental impact of some EUR 1.71 billion, which is 45% of our total environmental impact. The main contributors are the electronic components (including printed circuit boards), cables and metals used in our products. Through our Circular Economy and Supplier Sustainability programs we continue to focus on reducing the environmental impact caused by the materials we source and apply in our products. With the insights gained through the EP&L, we aim to optimize our climate impact by providing our Businesses with actionable insights.



Notes on the EP&L statement

- The definition of the use-case scenarios has a significant impact on the result, especially for consumer products, which have large sales volumes, long lifetimes and typically high energy consumption.
- The current EP&L statement only includes the hidden environmental costs. It does not yet include the benefits to society that Philips generates by improving people’s health and well-being through our products and solutions. We have a well-established methodology to calculate the number of lives we positively touch with our products and solutions. We aim to look into valuing these societal benefits in monetary terms in the future.
- The EcoInvent 3.9.1 data set was used for 2023 and 2024 reporting.

7.1.2 Climate change

Climate change has been a material topic for Philips for many years. Research from the Potsdam Institute for Climate Impact Research shows that over 4% of global Greenhouse Gas (GHG) emissions are caused by the healthcare sector. Therefore, we are taking action to rethink our business models and decouple economic growth from the impact we have on the environment. We believe large corporations should lead the transition to a low-carbon economy. This will not only reduce the impact on the environment but will also positively impact social and economic aspects. For example, transitioning from air to ocean freight frequently leads to cost savings, and designing energy efficient products can help hospitals reduce their operational expenditure.

Carbon neutral operations since 2020

During the COP21 United Nations Climate Conference in Paris in 2015, we committed to become carbon-neutral in our own operations, pursue all efforts to reduce our operational emissions, source all our electricity from 100% renewable sources, and offset all unavoidable emissions by year-end 2020. We delivered on a comprehensive program that included energy-efficiency improvements, on-site renewables, and Power Purchase Agreements, as well as transport mode shifts to low-carbon-emitting alternatives. As a result, we have significantly reduced our operational carbon footprint compared to the baseline 2020.

Since 2020, Philips has been carbon-neutral in its own operations (Scope 1, Scope 2, and Scope 3 - business travel and transportation & distribution). Although we prioritize carbon reduction, our comprehensive carbon offsetting program is still necessary to ensure carbon neutrality in our own operations.

Philips Group

Net operational carbon footprint in kilotonnes CO₂-equivalent

Metric	2020	2021	2022	2023	2024
Gross operational carbon footprint	518	519	438	418	474
Carbon credits cancelled	518	519	438	418	474
Net operational carbon footprint	0	0	0	0	0

In 2024, we experienced an increase in our operational carbon footprint compared with 2023. This has primarily been driven by increased air travel of our employees, for example to meet with customers, as well as a significant uplift of the air freight emission factors. We have introduced key performance indicators with the aim to reverse this development.

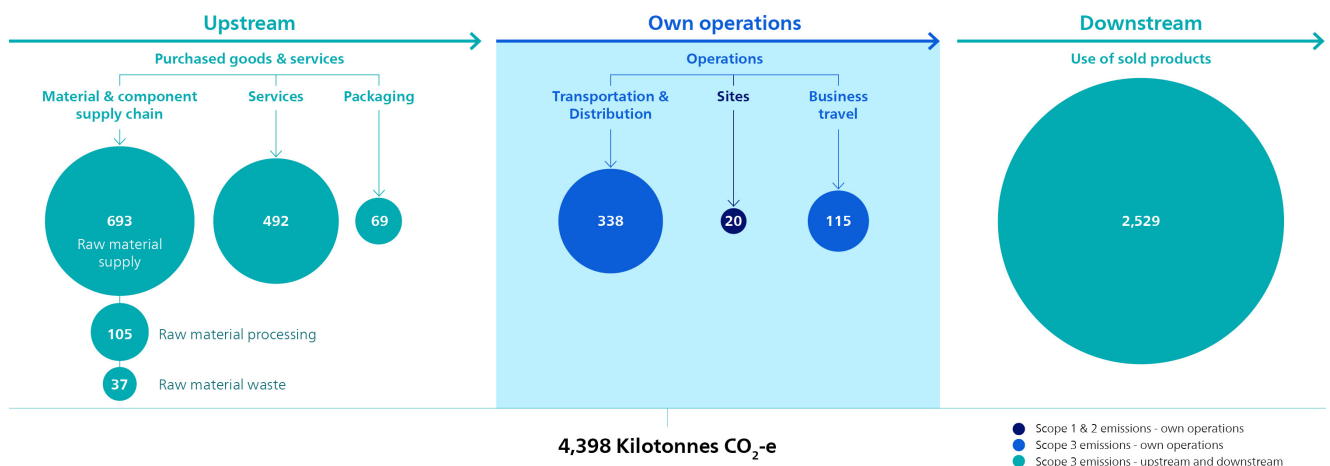
Reducing our value chain emissions

The majority of our environmental impact either resides downstream during the use phase or upstream as part of our purchased goods and services. Therefore, we are teaming up with both internal and external stakeholders to ensure we reduce our climate impact, not only in our operations, but throughout our value chain.

In 2024 we reduced our value chain emissions by 596,769 tonnes CO₂-equivalent (CO₂-e) compared with 2023 and 2,994,720 tonnes CO₂-e compared with our 2020 Scope 3 baseline. This is primarily driven by differences in sales mix (reduction in sales of impactful products), energy efficiency improvements and reduction in purchased goods emissions.

Philips Group

Carbon emissions across Philips value chain in kilotonnes CO₂-equivalent 2024



To continue to drive down our emissions across our value chain we remain focused on the following objectives:

- designing energy-efficient products and collaborating with our customers to reduce emissions during the use-phase

- minimizing our purchased goods emissions by adopting circular economy practices and transitioning to more sustainable materials
- collaborating with our suppliers to reduce emissions in our supply chain
- reducing emissions from logistics by optimizing route planning and exploring sustainable alternatives
- transitioning to lower carbon energy at our sites

Emissions are monitored and managed on at least a quarterly basis and reviewed on a Business-by-Business basis through key performance indicators.

Philips reports all its emissions in line with the Greenhouse Gas Protocol.

Recognition

Our efforts are acknowledged by CDP (formerly known as the Carbon Disclosure Project), a global NGO that assesses the greenhouse gas emission performance and management of reporting companies. In 2024, we were ranked on the CDP Climate Change 'A' List for our continued climate performance and transparency for the 13th consecutive year.

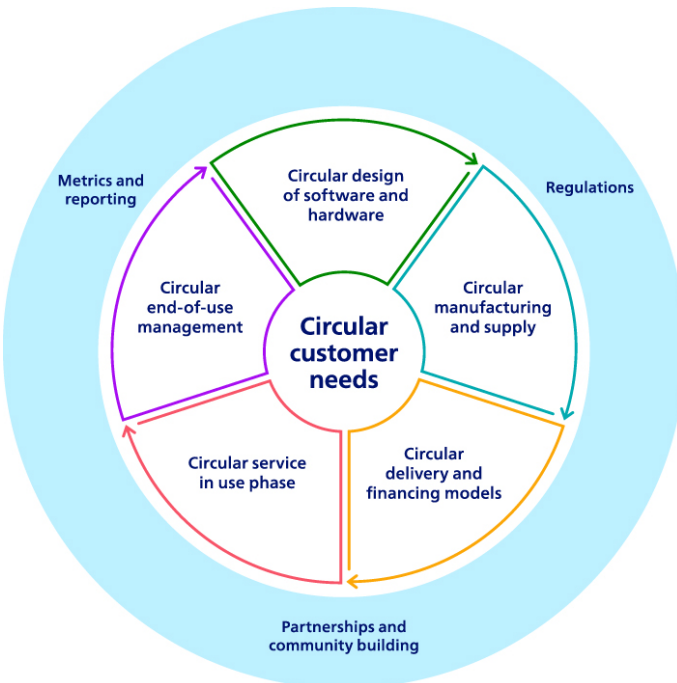
Actions related to the achievement of our targets are governed by our **Environmental policy**, which incorporates input from Philips' regulatory, design, sustainability, supply chain, and operations stakeholders, as well as the voice of our customers.

7.1.3 Resource use and circular economy

A circular economy aims to decouple economic growth from the consumption of natural resources and ecosystems by optimizing their use, eliminating waste and pollution, and circulating products and materials for as long as possible, while giving natural systems the opportunity to regenerate themselves. The way we take, make and use materials not only impacts resource scarcity, but also has a significant impact on both climate and nature, as **45% of global GHG emissions come from the way products are made and used**, and **more than 90% of biodiversity loss stems from extraction and processing**. Electronic waste is one of the fastest growing waste streams in the world. At the same time, the healthcare industry is also a resource-intensive industry which, according to the **Circularity Gap Report 2020**, uses 10% of materials extracted globally, every year. Bringing this back to Philips' impact on the planet, our use of materials accounts for 40% of our total environmental impact based on our EP&L methodology, which includes raw material supply, manufacturing, waste and packaging. Therefore, in addition to the use of renewable energy and energy efficiency, the transition to a circular economy will be essential to meet our global climate goals and to protect nature.

The Circular Economy program at Philips ran for the 12th year in 2024, building on more than 30 years' experience of applying resource efficiency through our sustainability programs. Our ambition is to help our customers and consumers to 'do more with less' and drive the circular transformation across the value chain together with our partners. We apply Philips' circularity principles 'use less, use longer and use again' across five strategic areas.

Circular Economy program: five strategic areas



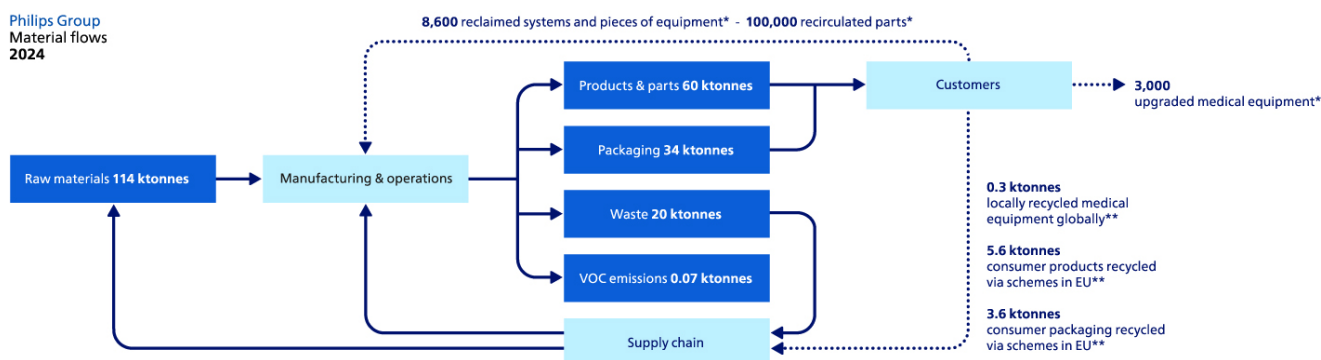
Across these strategic areas for circularity, we have set ambitious targets to help us deliver on our commitments to generate 25% of our revenue from products, services and solutions contributing to circularity; design all new product introductions in line with our EcoDesign requirements; embed circular practices at our sites and put zero waste to landfill; and offer responsible take-back on all professional medical equipment by 2025.

In 2024, Philips increased its circular revenues to 24%, a step-up of 4 percentage points compared with the previous year, mainly driven by contributions from circular design. Philips also achieved 100% EcoDesigned new product introductions (NPIs). This is the first year of disclosing the results of this target.

In 2024, Philips achieved 94% circular materials management, compared with 91% in 2023. This is because of improved operational waste management, for instance through reuse of materials and through establishing new partnerships for previously non-recycled materials. We achieved our zero waste to landfill commitment in 2024 as we did in 2023, with 0.0% waste to landfill.

In 2024, Philips continued to ‘close the loop’ on large medical equipment while also extending the commitment to small medical equipment. As a result, Philips has reclaimed more than 8,600 systems and pieces of equipment in 2024. This is a decrease compared with 2023, mainly affected by fewer Philips systems and equipment made available, influenced also by market conditions.

Beyond Philips' 2025 circularity targets, we also look at the impact of the targets on our material flows. There, we do not only look at the total weight of materials from products, parts and packaging that we deliver to customers and consumers, but also how we help to optimize products while in use and what happens to them at end-of-use (see accompanying visual).



* Note this reflects a unit related to products/parts prior to the financial reporting year. ** Note this leverages total weight of products and packaging in the financial reporting year.

Philips leverages partnerships to help scale the circular economy globally. For example, we are a key member of the [Global Circularity Protocol](#) led by the World Business Council for Sustainable Development. Together with UN Environment Program One Planet Network, we use a global business framework to set targets, measure and disclose progress on circularity. We are also a long-standing partner of the Ellen MacArthur Foundation.

Philips' circular journey is furthermore closely connected with the developments around regulations, metrics and reporting. Together with other companies, Philips is actively supporting global and national governments in creating impactful and practical laws, regulations, and guidelines. For instance, we have a leading role in the Dutch Circular Economy Agenda.

EcoDesign

We see a growing demand from our customers, including hospitals and retailers, to help them reduce the environmental impact of their own operations and beyond. To support their environmental ambitions, we are working to reduce the environmental impact of our products over the total life cycle. However, the development and use of our products and services incorporating AI may require more energy than similar products or services not incorporating AI. As a product's environmental impact is influenced by decisions made at the design stage, embedding EcoDesign in our product development cycle is essential.

The EcoDesign program focuses on four areas – energy, substances, circularity and packaging – aiming to increase energy efficiency, avoid the use of hazardous substances, optimize the use of materials and improve packaging across the product life cycle.

In 2024, 100% of our NPIs were EcoDesigned, driven by full adoption of the EcoDesign requirements for hardware NPIs in our Business Units. Our EcoHero revenues amounted to 21.9% compared with 15.9% in 2023. Historically, most EcoHero contributions relate to improvements in energy use. In 2024, packaging and circularity (weight reduction and sustainable materials) were the fastest growing contributors.

In addition to these target metrics, we also measure Green Innovation Spend and Green Revenues. Investments in Green Innovation in 2024 amounted to EUR 263 million compared with EUR 142 million in 2023, driven by projects that develop new EcoDesigned products and technologies, and by innovation projects that maintain existing EcoDesigned products. Green Revenues amounted to EUR 13.8 billion in 2024, or 76.4% of sales (compared with 70.5% in 2023). The results reflect the growth of our portfolio of Green and EcoDesigned products and services, and reporting improvements.

7.1.4 Other environmental information

Biodiversity and ecosystem services

Philips recognizes the importance of healthy ecosystems and biodiversity for our company, our employees, and society, even though we have not identified this as a material topic through our Double Materiality Assessment. Since 2021, Philips has a natural capital program, focusing on reducing our chemicals footprint and water consumption, and on improving biodiversity and ecosystem services.

By creating healthy ecosystems, the biodiversity and ecosystem services (BES) program supports the mitigation of nature and climate-related risks for our sites, as assessed in the Task Force on Climate-Related Financial Disclosures (TCFD) report.

In 2024, as part of the (BES) program, Philips evaluated the total area and ecological value of each manufacturing site, establishing a baseline to measure improvements in future years. Together with our partners, we are working to develop more advanced BES metrics suitable for industrial areas.

Philips Group

Biodiversity and ecosystem service improvements

Year	BES improvement
2022	<ul style="list-style-type: none"> BES Ambassador training at our manufacturing sites Manufacturing sites delivered some 80 potential measures to enhance biodiversity on-site Tracked BES performance at our manufacturing sites with a ecosystem services mapping tool to identify ecosystems that provide services to our facilities
2023	<ul style="list-style-type: none"> Implemented 23 biodiversity improvement measures selected for manufacturing sites Completed activities, as planting native trees in India, creating flower gardens in China, and creating habitats for endangered bee species in Central America
2024	<ul style="list-style-type: none"> Established an internal metric to drive biodiversity activities in manufacturing sites based on land-use Implemented 16 BES improvements on 21,000 m² in our manufacturing sites Implemented four BES improvements impacting 35,000 m² Supporting and engaging with local communities

Activities in and around our manufacturing sites consider the biome, endangered ecosystems, climate risks, local restrictions and needs of the community and employees. For example, in 2024, we re-designed the customer-facing entrance at our Colorado Springs site to only include drought resistant, native plants, as the site is in a water-stressed area. Our site in Zhuhai, China, we unsealed the parking lots to improve water permeation during heavy rains and therefore reduce flood and drought risks and improve soil health. Our site in Batam, Indonesia, engaged its employees and management in planting trees, which provide fruit to employees, blossoms to pollinators, and shade, and help reduce air pollution. The manufacturing site in Costa Rica supported a sanctuary for endangered wildlife, to combat biodiversity loss in rainforests. Employees around the world also engaged in clean-ups, and biodiversity workshops. Such efforts contribute not only to environmental goals but also to making Philips a 'best place to work', one of our ESG commitments.

Philips considers improving biodiversity on its own land as a important first step toward reducing biodiversity impact in other parts of its value chain.

By systematically quantifying and reducing the environmental impact of our operations, our supply chain and the use-phase of our products, we aim to actively protect and restore biodiversity loss.

7.2 Social

As a leading health technology company, it is our purpose to improve people's health and well-being through meaningful innovation. Our people are key to delivering on our promise of impact with care – we aim to be the best place to work for people who share our passion.

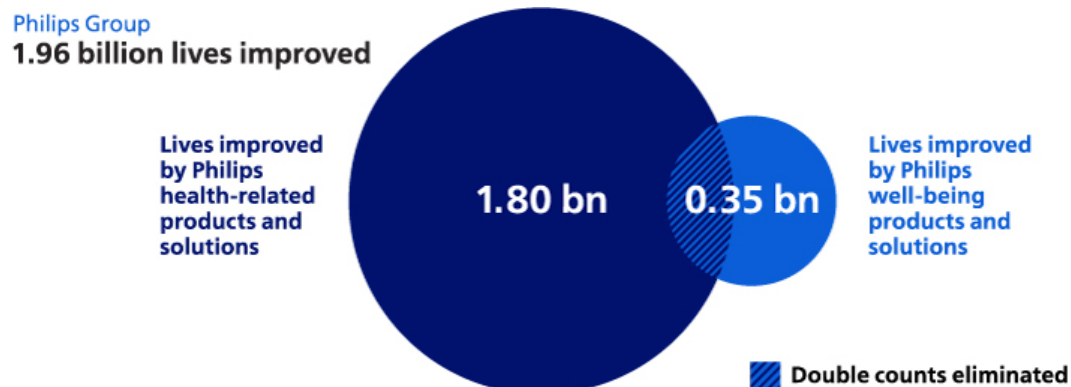
7.2.1 Improving people's lives

Lack of access to affordable, quality care is one of the most pressing issues of our time. Climate change is exacerbating this situation and putting the lives of millions of people at risk. At Philips, we are conscious of our responsibilities toward society and the planet. We aim to improve the lives of 2.5 billion people a year by 2030, including 400 million medically underserved individuals.

To ensure we remain on track to achieve this goal, we have developed an integrated approach that tells us how many lives have been improved by our products and solutions in a given year. We call this our lives improved model, and it helps us to track our performance on a country-by-country basis in line with UN SDG 3, allowing us to shape strategies 'to ensure healthy lives and promote well-being for all at all ages'. In 2024, we improved the lives of 1.96 billion people, of which 242 million were in medically underserved communities. The increase in lives improved was mainly driven by our Monitoring, Enterprise Informatics and Image Guided Therapy businesses, as well as efforts by the teams in Greater China, Latin America, the Indian Subcontinent and the Middle East, Türkiye and Africa.

Philips understands that it is necessary to have a deep understanding of the relationship among all stakeholders and their specific needs in order to support underserved communities. By combining the strengths of Philips, Philips Ventures, Philips Foundation, and its partners, we aim to make a positive impact by providing access to effective and affordable healthcare for those in greatest need, and improve health outcomes for all. Philips' reported Lives improved results only include contributions by Philips Group.

For more information, please refer to [Lives improved methodology](#).



Philips Group
Lives improved per Region/Zone

	Lives improved (million)	Population (million)	Saturation rate (as % of population)
Asia-Pacific	132	1,036	13%
Belgium, the Netherlands, Luxembourg	25	30	83%
Central Eastern Europe	78	155	50%
Germany, Austria, Switzerland	83	102	81%
France	44	69	64%
Greater China	551	1,441	38%
Iberia	46	58	79%
Italy, Israel, Greece	46	81	57%
Indian Subcontinent	106	1,652	6%
Japan	52	125	42%
Latin America	193	645	30%
Middle East, Türkiye, Africa	120	1,805	7%
Nordics	20	28	71%
North America	367	375	98%
Russia, Central Asia	53	252	21%
UK & Ireland	41	74	55%

7.2.2 Our organization, people and culture

In 2024, we have built upon the foundation laid in 2023. We have made significant strides in refining our operating model, and inspiring and generating commitment among our workforce. Our dedication to patients, customers, consumers and our people has strengthened, and we have evolved our organizational culture and capabilities.

Our People transformation goals for 2024 were threefold: renew our culture, increase leadership and people capabilities, and continue to simplify our ways of working to deliver our purpose and plan to create value with sustainable impact.

Our culture

In 2024, we introduced a new culture framework centered on 'impact with care' for patients, people and the planet. This framework focuses on patient safety, quality, and integrity, supported by four cornerstones: Clarity and Simplicity, Execution and Performance, Accountability and Empowerment, and Learning and Collaboration. We remain committed to our transformation journey. We will continue to refine and strengthen our approach, ensuring that 'impact with care' becomes deeply ingrained in every aspect of our operations.

We recognize that embedding our culture happens by living it, and that small changes catalyze systemic shifts. A key achievement in this process was engaging 3,000 people leaders on our purpose, strategy, and culture, laying a strong foundation for organizational alignment. To support

our transformation, we increased the visibility of key performance metrics across the organization, fostering transparency and accountability. We also launched a company-wide performance management system aligned with our new cultural cornerstones, improving goal clarity and accountability.

We attach great importance to the health and well-being of our workforce and to creating an environment of inclusion and belonging, where all employees feel psychologically safe. This is not only a matter of responsible business, it also drives our company success and innovation. When we embrace diverse perspectives and attract and retain engaged employees from a wide range of backgrounds, we create better products, services and solutions for our customers and communities.

We are also committed to being an equal-opportunity employer, ensuring that all hiring, promotions, and pay decisions are based solely on merit, qualifications and performance. We do not discriminate on the basis of factors as race, color, age, gender, religion, or any other status in our recruitment, hiring, training, promotion, compensation or employment practices.

Our People Engagement Survey saw increased participation, with a response rate of 84% (almost 58,000 employees). Despite the ongoing changes within the organization, we observed a positive trend in our Employee Engagement Index, with an increase of 5 percentage points to 78% in 2024. While this improvement is encouraging and indicates that the organization is adapting well to the changes, it is worth noting that this figure is still 2% below the high performance norm.

At Philips, we strive for an injury-free and illness-free work environment. Since 2016, the Total Recordable Cases (TRC) rate and Lost Workday Injury Case (LWIC) rate have been defined as key performance indicators. A recordable case is defined as a case where an injured employee undergoes medical treatment or sustains an occupational illness. LWICs are defined as occupational injury cases where an injured person is unable to work for one or more days after the injury. We set yearly TRC rate targets for the company, Businesses and manufacturing and R&D sites. We recorded 151 TRCs in 2024, a 12% reduction compared with 2023. The TRC rate decreased from 0.24 per 100 FTEs in 2023 to 0.21 in 2024. We also recorded 77 LWIC. This represents a 14% decrease compared with 90 in 2023. The LWIC rate decreased to 0.11 per 100 FTEs in 2024, compared with 0.12 in 2023.

Leadership and people capabilities

In terms of talent development, we have made significant progress. Internal mobility reached 30%, demonstrating our commitment to developing internal talent. Women now represent 33% of senior leadership positions, where our 2025 target is 35%. Overall employee turnover decreased to 14.8%, down from 17.6% in 2023, indicating improved retention strategies. Notably, we increased retention of top talent, with turnover in this group decreasing from 12.3% in 2023 to 6% in 2024. We also increased hiring for medtech and functional expertise to bolster our capabilities in critical areas. From a learning, engagement, and growth perspective, 3,164,129 hours of personal and professional development were formally registered in 2024.

Simplifying how we work

Nearing the end of the second year of our operating model, we made significant strides in refining our approach and addressing key areas for improvement. We remain focused on successfully executing our three-year plan and are determined to further build on our industry-leading innovations, improve our fundamentals, simplify how we work, and ensure we are more competitive and more agile. Our efforts focused on fine-tuning resources and decision rights, improving portfolio management, implementing integrated and customer-driven product management, advancing commercial excellence, and accelerating our service capabilities.

Innovation and impact remained at the forefront of our efforts. We initiated cross-functional innovation teams focused on patient-centric solutions.

Our focus on patient safety, quality, and integrity, coupled with our commitment to empowering our people and driving innovation, positions us strongly to achieve our goal of improving the lives of 2.5 billion people a year by 2030.

7.2.3 Employment

The total number of Philips employees was 66,678 at the end of 2024, compared with 69,656 at the end of 2023, a decrease of 2,978 employees. The total number of non-employees (contingent workers) in headcount at Philips at the end of 2024 was 1,741.

Philips Group
Employees per worker type in Headcount

	2023	2024
Philips employees	68,039	66,678
Contingent workers	2,163	1,741
Total	70,202	68,419

By year-end 2024, Philips completed its previously announced plans to reduce its workforce by 10,000 roles globally by 2025. These reductions were part of our multi-year plan designed to create value with sustainable impact, and Philips sought to support those who were directly impacted by the reductions in finding new roles.

Subject to local country legislation, our support offers include:

- social plan or respective severance policy
- outplacement services and support through our Employee Assistance Program
- work placement agency, where applicable, for employment-to-employment support
- redeployment – where possible – as applicable by local legislation and in the context of the hiring restrictions

Philips Group

Employees per segment in FTEs at year-end

	2022	2023	2024
Diagnosis & Treatment	26,840	25,773	24,544
Connected Care	19,759	17,385	16,829
Personal Health	7,858	7,535	7,991
Other	22,777	18,963	18,459
Philips Group	77,233	69,656	67,823

Philips Group

Employment in FTEs at year-end

	2022	2023	2024
Balance as of January 1	78,189	77,233	69,656
Consolidation changes:			
Acquisitions	87	27	
Divestments	(33)	(353)	(227)
Other changes	(1,010)	(7,251)	(1,606)
Balance as of December 31	77,233	69,656	67,823

Geographic footprint

Approximately 56% (2023: 56%) of the Philips workforce is located in Mature geographies and 44% (2023: 44%) in Growth geographies. In 2024, the number of employees in Mature geographies decreased by 1,066. The number of employees in Growth geographies decreased by 768.

Philips Group

Employees per geographic area in FTEs at year-end

	2022	2023	2024
Western Europe	19,297	16,900	16,537
North America	20,618	18,094	17,544
Other mature geographies	4,576	4,105	3,952
Mature geographies	44,491	39,099	38,033
Growth geographies	32,742	30,558	29,790
Philips Group	77,233	69,656	67,823

In addition, the below table shows the spread of employees across countries where Philips has the highest presence in terms of headcount (at least 10% of the total employee population).

Philips Group

Employees headcount in countries representing at least 10% of total workforce

Country	Number of employees
USA	16,639
The Netherlands	8,566
India	8,166
China	6,716

All reported employee data is actual and based on year-end numbers. Employees are defined as individuals who are in an employment relationship with the undertaking according to national law or practice.

Philips employees include permanent (with an undefined end-date contract) and temporary (with a defined end-date contract) employees. There is no non-guaranteed hours employment (without a guarantee of a minimum or fixed number of working hours) at Philips.

7.2.4 Human rights

Philips believes that companies have both the responsibility to respect human rights and the ability to protect them. Philips' Human Rights Policy, General Business Principles, Supplier Sustainability Declaration and other relevant policies guide our actions, in line with the International Bill of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.

Philips also follows the guidance in the UN Guiding Principles on Business and Human Rights and the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

The Philips Board of Management is ultimately responsible for setting the human rights strategy and managing human rights. It is supported by a cross-functional project team, composed of a human rights manager and professionals from several Businesses, and it drives initiatives with oversight from the Human Rights Steering Committee, consisting of senior leaders from Integrated Supply Chain, Legal, People, and Group Sustainability.

In 2024, we continued to develop our due diligence strategy by conducting Human Rights Impact Assessments (HRIAs). Philips conducted HRIAs at its sites in China and Indonesia, living up to its commitment of conducting regular HRIAs at 100% of its at-risk sites. Philips intends to monitor the progress and findings from at-risk sites and take them on a continuous improvement journey regarding human rights topics.

Although the HRIA of selected sites is primarily focused on Philips' own operations, a derived deep-dive approach for certain suppliers has been established since 2022. For five suppliers, a focused assessment on human rights was conducted in 2024; this is distinct from the broader supplier sustainability assessment approach, which covers sustainability more holistically.

Our [Human Rights Report](#) contains detailed information regarding our progress, targets, and plans for continuous improvement.

7.2.5 Supplier sustainability

Sustainability is a focus for the Integrated Supply Chain Function, which is actively collaborating with our partners, whether these be component suppliers or energy or logistics providers. Close cooperation with our suppliers not only helps us deliver health technology innovations, but it also supports new approaches that help us minimize our environmental impact and maximize the social and economic value we create.

In 2024, our programs focused specifically on improving supplier sustainability performance, advancing human rights, responsibly sourcing minerals, and reducing the environmental footprint of our supply base by driving the adoption of Science Based Targets.

The sustainability performance of our suppliers is fully embedded in our procurement strategy and ways of working. We have a direct (tier 1) business relationship with approximately 4,400 product and component suppliers and 15,100 service providers. Social and environmental issues deeper in our supply chain also require us to intervene beyond tier 1 suppliers. We want to make a difference through sustainable supply management and responsible sourcing. This is more than just managing compliance – it is about collaborating with our supply partners to make a positive and lasting impact.

Through the Supplier Sustainability Performance program, our maturity-based approach to drive continuous improvement, we improved the lives of approximately 936,000 workers in our supply chain in 2024 (2023: 723,000). Collaborating with our strategic partners, we increased the number of deep-dives at tier 2 suppliers, actively supporting them to become more effective in their own sustainability engagement approaches toward their suppliers.

7.2.6 Philips Foundation

[Stichting Philips Foundation](#), an independent foundation organized under Dutch law, is a registered charity established in 2014. In 2024, Royal Philips supported Philips Foundation with a contribution of EUR 6.7 million and provided the operating staff as well as the expert assistance of skilled volunteers in the execution of the Foundation's programs.

Philips Foundation's mission is to reduce healthcare inequality by providing access to quality healthcare for underserved communities through meaningful innovation. It does this through the provision and application of Philips' healthcare expertise, innovation power, talent and resources, as well as through financial support. Together with key partners around the globe (e.g., nonprofit organizations, academic partners, and entrepreneurs), Philips Foundation seeks to identify challenges where a combination of healthcare technology expertise and partner experience can be used to create meaningful solutions that have a positive impact on people's lives.

Philips Foundation works in projects (grant-based) and through impact investments (e.g., loans or equity). The instrument depends on the status and self-sustainability of the respective healthcare technology in serving more disadvantaged communities.

7.3 Governance

As reflected through our key commitments in the governance dimension, we aim to deliver superior long-term value for our customers and shareholders, and we seek to live up to the highest standards of ethics and governance in our culture and practices. Building on those commitments, this chapter describes the main elements of our governance framework that enable us to operationalize our purpose by adopting a fully integrated approach to doing business responsibly and sustainably.

7.3.1 Corporate governance

Management and oversight responsibilities and accountability within our company are ultimately guided by the corporate governance of the parent company of the Philips group, Koninklijke Philips N.V. (Royal Philips). Royal Philips is a company organized under Dutch law and its shares have been listed on the Amsterdam stock exchange (Euronext Amsterdam) and on the New York Stock Exchange.

Royal Philips has a two-tier board structure consisting of a Board of Management and a Supervisory Board, each of which is accountable to the General Meeting of Shareholders for the fulfillment of its respective duties. The members of the Board of Management, supported by the other members of the Executive Committee, drive the company's management agenda and share responsibility for the continuity of the Philips group, focusing on sustainable long-term value creation. Our independent Supervisory Board supervises the Board of Management and the Executive Committee and advises them on general policies related to the activities of the company, including setting and executing the strategy of the Philips Group.

The company is governed by Dutch corporate and securities laws, its Articles of Association, and the Rules of Procedure of the Board of Management and the Executive Committee and of the Supervisory Board, respectively. Its corporate governance framework is also based on the Dutch Corporate Governance Code (dated December 20, 2022) and US laws and regulations applicable to Foreign Private Issuers.

In its [Corporate governance report](#), the company addresses the main elements of its corporate governance structure, reports on how it applies the principles and best practices of the Dutch Corporate Governance Code, and provides the information required by the Dutch governmental Decree on Corporate Governance (*Besluit inhoud bestuursverslag*) and governmental Decree on Article 10 Takeover Directive (*Besluit artikel 10 overnamerichtlijn*). When deemed necessary in the interests of the company, the company may deviate from aspects of the company's corporate governance structure, and any such deviations will be disclosed in the company's Corporate governance report.

7.3.2 The Philips integrated operating model

Our operating model is designed to enable us to deliver on our purpose, driving impact and creating value for our stakeholders. And to do so responsibly and sustainably, ensuring patient safety, quality, compliance and integrity in everything we do. The model is intended to promote accountability and agility, based on the following fundamentals:

- We serve our customers and consumers with patient safety and quality at the core of everything we do.
- Our Business Units are in the lead and accountable for value creation through their value streams.
- Our Regions and Functions enable value stream execution.
- Our leaders and teams are empowered to prioritize and allocate their resources for impact.

Our operating model integrates five organizational elements. We ensure alignment of the elements to deliver on our strategic objectives, with clear accountability to drive flawless execution.

- Strategy
- Structure & Governance
- People & Culture
- Performance Management
- Policies, Processes, Systems & Data

The main governance aspects of our operating model are further explained below. More information on our strategic focus, as well as our approach to people and culture, can be found in [Strategic Focus](#) and [Our Organization, people and culture](#), respectively.

Structure and governance

In order to meet the needs of patients, customers and consumers, our empowered Business Units are supported by the Regions and Functions.

Business Units, Businesses and segments

Our Business Units are in the lead accountable for value creation through their value streams. Our Business Unit leaders have full accountability for meeting customer needs and their end-to-end P&L, including patient safety and quality and supply chain performance. Business Units are broken down into business categories, where relevant.

The Businesses are lean, and their leaders ensure consistent alignment among the Business Units' strategies and goals. They also execute performance management toward the Business Units, including target setting.

Our segment leaders ensure strategic execution and focus cross-Business, and they are held accountable by the Board of Management for the results of their underlying Businesses/Business Units. The three segments are Diagnosis & Treatment, Connected Care and Personal Health, as also disclosed in our external reporting.

Regions

We are organized in three Regions: North America, Greater China and International Region (the latter consisting of Europe and Growth areas). Within our Regions, we further organize by Zones and countries. The Regions' primary accountability is to manage customer intimacy, build and maintain relationships, and cultivate understanding of their needs, as well as carry out (strategic) account management, service delivery, and

indirect partner management. They are also accountable for government relations and for providing the local infrastructure needed to support Philips' presence in a country (license to operate).

Functions

Our Functions' core objective is to drive excellence (for reasons of skill, scope and scale) across the organization. Functions deliver cost-effective services, ensure legal and regulatory requirements are met, and propose enterprise policies, standards, guidance and infrastructure, as well as build and share capabilities and expertise.

Performance management

We set ambitious targets and closely manage performance through a disciplined and focused operating cadence. Our performance management system is based on an annual planning cycle, in which we translate our vision and strategy into objectives and plans. The cycle starts with strategic planning, where we define our long-term ambitions, both financial and non-financial, and set our long-term priorities. Each year, Philips' strategic plan is translated into an annual operating plan, underpinned with Business Unit plans. Detailed plans to achieve the company's targets are cascaded into the organization and, ultimately, people's personal objectives, making clear what performance and behaviors are expected from them.

Policies, processes, systems and data

The 'freedom within a frame' we offer our Business Units provides a framework of policies, processes, systems and data principles that apply throughout the organization. It allows them flexibility to adapt to specific requirements in order to meet specific Business Unit needs.

Enterprise-wide policies provide high-level mandatory rules that are applicable across the company and apply to all Philips employees. All enterprise-wide policies are maintained through a standard process and approved by the Board of Management. Function leaders can set more specific policies and standards within their mandate.

Philips' processes are captured in our process framework, where we manage end-to-end connections and define the critical process elements (including the 'what' and 'how', roles and responsibilities, systems and data, and compliance requirements). The process framework provides the foundation for all our management systems, including quality, environmental, and health and safety, to ensure a compliant approach for processes, systems, data and competencies for a specific management area.

7.3.3 Patient safety, quality and regulatory

Enabling the delivery of patient-centric, safe, and high-quality care – the essence of patient safety and quality – is foundational to Philips' purpose to improve the health and well-being of people through meaningful innovation. The Patient Safety and Quality organization brings together the quality and regulatory affairs functions as one unified team in close coordination with the Medical Office. This team is positioned to support the Philips organization in fostering the quality culture and implementing the capabilities, processes, and tools required for operating in the highly regulated healthcare technology industry. This structured approach promotes non-conformance management, high standards of product quality, and compliance. The Chief Patient Safety and Quality Officer is a member of the Philips Executive Committee and reports directly to the Chief Executive Officer.

Our processes are designed to address specific or potential negative impacts to patients, customers or consumers and include:

- maintaining effective Quality Management Systems
- tracking Corrective and Preventive Action (CAPA) performance and supporting those who are accountable for the performance and reporting results ultimately to the Board of Management
- performing external audits for compliance and standards certification
- performing internal audits
- having quarterly reviews by the Quality & Regulatory Committee of the Supervisory Board

As part of the complaint management framework, Philips investigates customer feedback as necessary, utilizing the CAPA approach to help address and resolve complaints. A centralized system collects, manages, addresses and stores feedback from customers.

Teams in all Businesses, Regions, and Functions foster a quality culture and mindset, where all employees are encouraged to speak up and share ideas for improving the safety and efficacy of our products. In October 2024, our employees took part in a dedicated Timeout for Patient Safety and Quality to solidify this personal commitment and planning. We also continued to strengthen the Patient Safety and Quality performance review meetings with each Business individually and in the aggregate. We set Patient Safety and Quality key performance indicators for the company in 2024, and Quality performance metrics are part of the remuneration of all Philips executives. Additionally, every Philips employee has a Patient Safety and Quality goal as part of annual people performance management.

Quality

We strive to continuously raise our performance to deliver safe and high-quality products, services, and solutions, which are compliant with quality and safety standards and all applicable laws. In 2024, we continued to simplify how we work and improve accountability and ownership, and further strengthened our engineering capabilities for product development in areas such as quality systems engineering, reliability and software design.

We further reduced the number of Quality Management Systems (QMS) in which we operate and continued our investment in systems, capabilities and training to reduce complexity and improve execution effectiveness.

Regulatory Affairs

Regulatory Affairs, with representation on the leadership team of each Business and Region, further strengthened internal governance and requirements for engagements with national government regulatory authorities, such as the US Food and Drug Administration (FDA), European Medicines Agency (EMA), China's National Medical Products Administration, notified bodies, and national competent authorities in the European Union (EU).

As a global business in a dynamic regulatory environment, Regulatory Affairs bolsters Philips' compliance with evolving regulations related to innovations in areas such as artificial intelligence, healthcare informatics, and software design. Sought as strategic partners, the Regulatory Affairs team participated in international consensus standards groups alongside regulators and engaged with international regulators as invited experts and speakers at the International Medical Device Regulators Forum, Global Harmonization Working Party, and other meetings. Regulatory Affairs is working with the National Institutes of Health in the US to establish ethical applications of artificial intelligence in medical devices.

Medical Office

The Medical Office is a global team of medical and scientific experts working within and across Philips Businesses and is led by the Chief Medical Officer, who reports directly to the Chief Executive Officer. The role of the Medical Office is to help drive meaningful innovation through excellence in medical safety, medical affairs, health economics, and clinical research.

The Medical Office focuses on supporting our Businesses, navigating the intricacies of addressing patients' and customers' unmet needs across a variety of ecosystems, and looking across the entire product life cycle to help teams develop solutions that are safe, effective, and relevant for patients and healthcare providers.

The team is responsible for the design, generation, and sharing of clinical and economic evidence to show the value of our innovations in terms of enhancing the patient and care provider experience, improving patient outcomes, and increasing healthcare system productivity. The team collaborates with healthcare providers, and medical and scientific communities, as well as with private healthcare payers, governments and policy makers, to expand access to, and ensure widespread use of, our innovations.

In 2024, we expanded the Philips Medical Office, further enhancing our expertise in medical affairs, clinical research, medical safety and health economics and strengthening the voice of the patient and healthcare providers in the company. We implemented the Philips Safety Board as an independent cross-functional forum chaired by the Philips Chief Medical Officer to guide and support the Businesses on pre- and post-market product safety and risk evaluations.

The team continued our advocacy and investment combating non-communicable diseases, including cardiovascular disease and stroke, as well as radiation safety, medical device testing, and improved access to physician and staff training, among others. Our health economics team continued to contribute economic evidence to support innovation and expand access to high-quality care.

7.3.4 General Business Principles (GBP)

While pursuing our business objectives, we aim to be a responsible partner in society, acting with integrity towards our employees, customers, patients, business partners and shareholders, as well as the wider community in which we operate. To that end, our GBP – part of the Philips operating model – and their underlying policies incorporate and represent the fundamental principles by which all Philips Businesses and employees around the globe must abide. They set the minimum standard for our business conduct as a health technology company, for our individual employees and for our subsidiaries, and Philips rigorously enforces compliance. Our GBP also serve as a reference for the business conduct we expect from all our business partners.

The GBP were updated in 2024 to include legal developments and input from stakeholders, including internal Functions (e.g., Group Sustainability, People, Legal). The Universal Declaration of Human Rights, the UN Convention against Corruption and other standards served as a reference. The GBP include principles of doing business with integrity at work, integrity in the market, and professional integrity outside work. They set our integrity standard on inside information, aiming to prevent trading on or disclosure of non-public information, the publication of which would likely have a significant influence on the trading price of Philips securities or securities of companies that Philips is seeking to acquire. More specifically, Philips has adopted rules of conduct, governing the purchase, sale and other dispositions of Philips securities, that we believe are reasonably designed to promote compliance with applicable insider trading and other market abuse laws, rules and regulations (in particular the EU Market Abuse Regulation) and applicable listing standards. The rules of conduct apply to all employees, the members of the Board of Management and the Supervisory Board of Royal Philips. The GBP also include principles on conducting business with honesty and integrity, and they explicitly prohibit corrupt practices, acts of bribery and facilitation payments. More detailed guidance is included in the policy on [Anti-Bribery and Anti-Corruption](#), which is explicitly referenced and forms an integral part of the GBP.

The GBP form an integral part of labor contracts and business partner agreements. Translations of the GBP are available in 30 languages, allowing almost every employee to read the GBP in their native language. Detailed underlying policies, manuals, training, and tools are in place to give employees practical guidance on how to apply and uphold the GBP in their daily work environment. Each year, employees reconfirm their commitment to the code of conduct after completing their GBP e-learning, and there is an additional annual signed commitment for executives.

A similar signed commitment is in place for finance and procurement staff for their respective codes of conduct. The Philips Supervisory Board is trained annually on Philips GBP through a dedicated online course.

The Executive Committee is responsible for the effective deployment of the GBP and for promoting a culture of compliance and ethics within the company. At least twice a year, the Executive Committee and Audit Committee of the Supervisory Board are informed on relevant GBP metrics, cases, trends and learnings. Furthermore, each quarter, all of our key Regions convene market compliance committees dealing with GBP-related matters in the local context. They are also responsible for the design and execution of localized compliance plans that are tailored to their risks and organizational set-up, and regularly review the relevant compliance metrics for their respective market through dashboards delivered by the legal compliance monitoring team. The GBP program office, together with a worldwide network of GBP compliance officers, supports the implementation of GBP initiatives.

As part of our continuous effort to raise GBP awareness and foster dialogue throughout the organization, each year a global GBP communications and training plan is deployed, including structured dialogues led by managers where quality, integrity and speaking up are discussed. This is part of a company-wide initiative aimed at reinforcing a culture of dialogue using ethical dilemma case studies that are relevant to our workforce. Almost 54,200 (97%) of our assigned employees completed their yearly GBP e-learning. All Functions at risk (including those with customer-facing roles, such as sales and marketing, clinical and technical consultants and employees that provide customer-facing training) also receive, via tailored case studies, annual training. The training includes content on anti-bribery and anti-corruption practices and healthcare compliance. In 2024, these trainings were conducted through in-person training sessions. Of 13,000 at-risk employees, 78% were trained in 2024, with in-person sessions to continue in 2025 for the remaining employees.

The GBP monitoring and reporting program, part of our internal control framework, measures implementation of our GBP. In addition, we continue to expand the capabilities of our legal compliance monitoring team, serving our business customers as well as our compliance networks with actionable data, thus further improving our internal control framework.

The GBP are supported by Philips SpeakUp program. Philips SpeakUp program, and its underlying policies and procedures, aligns with relevant legislation on whistleblowing (including but not limited to Directive (EU) 2019/1937) to ensure reporters are protected from (attempted) retaliation. SpeakUp ensures standardized reporting and enables employees and third parties to escalate concerns 24/7. Concerns raised through this SpeakUp program are registered consistently in a single database hosted outside of Philips servers to ensure confidentiality and security of identity and information. Further details on how Philips ensures the protection of reporters of potential GBP violations, and ensures an independent and impartial review of concerns, can be found in the [Philips SpeakUp Policy](#). Encouraging people to speak up through the available channels if they have a concern will continue to be a cornerstone of our GBP training, communications and awareness campaigns.

GBP compliance officers and SpeakUp investigators receive training on following up on SpeakUp concerns in line with Philips SpeakUp Policy and investigation guidelines. Specifically in 2024, we again focused on increasing awareness about integrity and on emphasizing the importance of speaking up. This built on the deployment in 2023 of our biennial Business Integrity Survey, in which more than 22,500 employees trusted us with their views and opinions on integrity within Philips. The results showed 79% of the respondents feel comfortable addressing concerns related to the GBP. The next Business Integrity Survey will be deployed in 2025, along with an updated GBP e-learning.

In 2024, a total of 805 concerns were reported via Philips SpeakUp (Ethics Line) and through our network of GBP compliance officers. This represents an increase of 5% from the total of 764 concerns in the previous reporting period (2023). This is a continuation of a year-on-year upward trend.

Through the Audit Committee of the Supervisory Board, the company also has procedures in place for the receipt, retention and treatment of complaints specifically relating to accounting, internal accounting controls, or auditing matters, enabling the confidential, anonymous submission of complaints.

7.3.5 Cybersecurity

Failure to meet cybersecurity standards may cause patient harm, negatively impact customer operations and their ability to provide healthcare, or provide unauthorized access to patient records and medical devices. Philips relies on information technology to operate and manage its Businesses, as well as store and process confidential data (relating to patients, employees, customers, intellectual property, suppliers and other partners). For a discussion of cybersecurity risks facing our business, see "Products and services may fail quality or security standards, which could adversely affect patient safety or customer operations" and "Philips could be exposed to a significant enterprise cybersecurity breach" in section [Operational risks](#). As of the date of this Annual Report, we have not identified any breaches of cybersecurity or other related risk threats that have materially affected or are reasonably likely to materially affect our business.

The aim of our security risk management is to protect the confidentiality, integrity, and availability of Philips products and services, and it is part of our broader risk management and internal control framework described in [Risk management and internal control](#). The Board of Management is responsible for the design and management of Philips' cybersecurity, which is ultimately overseen by the Supervisory Board (and specifically its Audit Committee). Quarterly reports on cybersecurity risks and incidents are prepared by the IT Audit & Risk Committee (consisting of representatives from the Group Security and Group IT Functions, Philips Internal Audit and the external auditor) and submitted to the Board of Management and the Supervisory Board. This reporting includes the overall risk level, relevant changes in the risk environment, challenges in reaching and/or maintaining current risk levels, and actual risk responses in the form of actions and owners.

The Group Security Function maintains a security management framework, which includes processes, requirements and controls for the assessment, identification and management of material risks from, among others, cybersecurity threats. The framework, including cybersecurity policies and procedures, is designed to promote implementation of security requirements in all applicable processes, information processing systems and infrastructure pertaining to our products and services and our supporting and enabling Functions. The framework includes risk, vulnerability and penetration assessments; mandatory yearly security training for all employees (including phishing simulations for all employees multiple times a year); and monitoring and response activities for vulnerabilities identified in products, services and infrastructure.

Our Head of Group Security, reporting to our Chief Financial Officer, leads the Group Security Function in supporting the Board of Management in evaluating and setting the security strategy, issuing security policies, and evaluating the progress and effectiveness of the deployment of the company's security management framework. Our Chief Information Security Officer, reporting to our Head of Group Security, has nearly 27 years of technology and information security management experience in the industry, including prior roles with the Dutch Government and multinationals in the consumer goods, manufacturing, chemical and food processing industries, in various roles ranging from chief information security officer to IT security officer and security architect. Our Chief Information Security Officer is informed of and monitors the prevention, detection, mitigation and remediation of cybersecurity incidents through the Global Security Operations Center.

Group Security is also responsible for addressing security risks, including monitoring cybersecurity threats and responding to cybersecurity incidents. The Philips Global Security Operations Center, with the leadership of the Chief Information Security Officer, is the hub for the prevention, detection, mitigation and remediation of cybersecurity incidents on global enterprise systems, supported by certain external services and periodic/intermittent assessments. The severity and materiality of incidents are assessed through a dedicated security incident reporting process and, if necessary, incidents are escalated to the major event team that may hand off to central crisis management and (potentially) to the Philips Disclosure Committee, which assesses the need for public disclosure of (material) incidents. When needed, incidents are further escalated to Global Crisis Management.

Additionally, in order to address the security risks associated with our suppliers and the services they provide, security controls are embedded in our procurement and supplier management processes, covering due diligence when engaging with new suppliers; contracting, monitoring and managing existing supplier relationships; and terminating supplier relationships. These security controls include assessing existing security certificates and assurances reports for the services in scope, validating suppliers' answers to security questionnaires in due diligence, and ensuring that security schedules are part of the signed contracts.

7.3.6 Remuneration framework

Aligned with one of our key ESG commitments, the objectives of our remuneration framework are to focus employees throughout the Philips Group on pursuing our purpose and delivering on our strategy, and to motivate them to create superior, long-term stakeholder value. Thus, our remuneration framework is designed to support the company's overall performance and our commitment to drive progressive value creation through a strategy of focused organic growth, scalable patient- and people-centric innovation, and reliable execution.

We aim to attract, retain and motivate world-class talent by offering market-competitive and fair compensation. We position ourselves competitively against our peers through external benchmarking, and we offer ranges that enable us to reward exceptional performance. We also set fair and internally consistent pay levels by taking into account internal relativities, and we are committed to equal pay and ensuring that all employees receive at least a living wage.

Employee share ownership is stimulated through our employee share purchase plan, to create alignment with shareholder value and to encourage employees to act as stewards and ambassadors of the company.

A part of remuneration of Philips executives is variable and linked to achieving our strategic imperatives through the criteria and targets included in the Annual and Long-Term Incentives. The achievement/payout of the Annual Incentive is partly based on a financial element (70% weight), with financial performance metrics that are aligned with the strategic priorities for the year. The non-financial element of the Annual Incentive (30% weight) reflects the importance of factors relating to the company's priorities (patient safety and quality, strengthening supply chain reliability, and the simplification of our operating model), as well as our Environmental, Social and Governance (ESG) performance. The achievement/vesting of LTI is also partly based (20% weight) on ESG objectives, reflecting the importance of ESG to our company and its increasing relevance to our stakeholders (as a strategic matter and in the context of our risk management), and to incentivize management's focus on our policy objective to deliver superior, long-term value to our stakeholders, while acting responsibly towards our planet and society.

With respect to variable compensation, our employment contracts include claw back provisions. These allow us to recoup variable remuneration in case of (among others) violations of the Philips General Business Principles. This is one of the means to uphold ethical behavior.

The remuneration and benefit arrangements applicable to the broader executive and/or employee population in the Netherlands largely also apply to the members of the Board of Management. The remuneration of the individual members of the Board of Management is determined by the Supervisory Board, taking into account the Remuneration Policy for the Board of Management adopted by the General Meeting of Shareholders in 2024. A description of the composition of the remuneration paid and owed to the individual members of the Board of Management (and the Supervisory Board) is included in the [Remuneration Report 2024](#).

7.3.7 Tax contribution

To fulfill our company purpose, a responsible tax approach is required. We fully acknowledge our societal role when it comes to paying taxes in the geographies where value is created. We consider our tax payments as a contribution to the communities in which we operate, and part of our social value creation.

Our approach to tax sets the standard for our conduct, by which individual employees, the company and its subsidiaries must abide. We consider tax in the context of the broader society, inspired by our stakeholder dialogues, human rights advocacy, international tax laws and regulations, relevant codes of conduct, and global initiatives of the Organization for Economic Cooperation and Development and the United Nations.

The Chief Financial Officer annually reviews, evaluates, approves and, where necessary, adjusts Philips' approach to tax. Part of our approach is to acknowledge the importance of transparency in respect of our tax contributions. Philips supports and participates in transparency initiatives such as the Dow Jones Sustainability Index and the Tax Transparency Benchmark of the Dutch Association of Investors for Sustainable Development (VBDO). For the second year in a row, Philips scored full marks and has been awarded the winner of the Tax Transparency Benchmark by VBDO. The team had assessed the tax transparency practices of 51 Dutch companies and 65 EU listed companies from Belgium, Denmark, France, Germany, Italy, Spain, and Sweden. The expert jury appointed by VBDO especially complimented us for publishing a full Country Activity and Tax Report, including a narrative linking Philips' business and activities to taxation. For example, Philips is one of the only companies in this year's benchmark that explicitly mentioned the governance aspect of ESG in relation to tax. The jury also noted that in this report we have explicitly linked to the GRI 207 Tax Standard and went beyond to include information on environmental and social factors. Furthermore, the jury commended Philips for the clear description of the role taxes play within its value creation model. In addition, Philips scored a top score (100 out of 100) in the Tax Strategy section of the 2024 Dow Jones Sustainability Index.

The **2024 Country Activity and Tax Report** is published on our website in addition to, and simultaneously with, the disclosures on tax included in this Annual Report.

Philips has a tax control framework that forms part of its standard set of Internal Controls over Financial Reporting (ICFR). Philips' tax position is therefore reflected in its financial statements and covered by the Board of Management's report on ICFR. For more on the board's conclusion regarding the effectiveness of ICFR refer to **Risk management and internal control**.

Philips also endorses the ambitions expressed in the Tax Governance Code published by the Dutch employers organization VNO-NCW. We comply with the principles prescribed in the code, available at [VNO-NCW](#), and we have touched upon the elements of this code in our Country Activity and Tax Report.

In 2024, Philips contributed to the communities where we operate through taxes paid (e.g., corporate income tax) and taxes collected (e.g., VAT). Philips' total tax contribution in 2024, amounting to EUR 3,263 million, is presented by tax type in the accompanying table. Please refer to our **2024 Country Activity and Tax Report** for more details.

Philips Group
Total contribution 2024 per tax type in millions of EUR

	Corporate income tax paid	Customs duties	VAT ¹	Payroll tax	Other taxes	Total
Western Europe	62	8	176	854	50	1,150
North America	42	39	122	796	9	1,007
Other mature geographies	18	3	69	117	1	208
Growth geographies	63	81	350	387	17	898
Philips Group	186	131	717	2,154	76	3,263

¹ Includes VAT, GST and sales tax.

7.3.8 Working with stakeholders and advocacy

Our stakeholder engagement helps us deliver on one of our key ESG commitments: to be transparent about our plans, activities, targets, results and contributions to society, and to engage with shareholders, customers, business partners, employees, academics, governments and regulators through a variety of platforms. Through our engagement efforts we pursue and foster an open, meaningful, effective, and informed dialogue regarding our activities and our internal and external stakeholders' needs, concerns and expectations. We derive significant value from our stakeholders across all our activities and engage with, listen to and learn from them. We incorporate feedback on specific areas of our business into our planning, actions, targets, policies and disclosures. Please also refer to the **Philips Stakeholder Engagement Policy** available at our website.

The purpose of our advocacy efforts is to contribute to policy development and legislative processes and to support business opportunities in the areas relevant to Philips and its Businesses, for example: health system resilience policies and investment plans; ESG, particularly climate, circularity and green procurement; and digital health, such as AI, data protection, interoperability, cybersecurity, and technological sovereignty.

We participate in meetings and task forces as a member of organizations including the World Economic Forum, World Business Council for Sustainable Development (WBCSD), Responsible Business Alliance (RBA), European Financial Reporting Advisory Group (EFRAG), Dutch

Sustainable Growth Coalition, the Ellen MacArthur Foundation, European Round Table for Industry, and the European Partnership for Responsible Minerals.

In organizing ourselves around customers and markets, we conduct dialogues to explore common ground for addressing societal challenges, building partnerships and jointly developing supporting ecosystems for our innovations around the world. We engage with the leading Dutch labor union (FNV) and a number of NGOs, including Enough, GoodElectronics, the Chinese Institute of Public and Environmental Affairs, UNICEF, Amnesty International, Greenpeace, Friends of the Earth, and WageIndicator. We also engage with a variety of investors, analysts, rating agencies, institutional advisory and other organizations, such as Eumedion, ISS, Glass Lewis, VEB and VBDO. Please also refer to [Investor information](#). Customers (including consumers and end-users) are able to voice their concerns and indicate their trust during engagement processes.

We invite our stakeholders to engage with us through our website, and we offer dedicated support for consumers and for healthcare professionals. On sustainability matters, including our sustainability reporting in this Annual Report, stakeholders may share their comments and questions via email (philips.sustainability@philips.com). Finally, Philips SpeakUp is available to all stakeholders when they believe their concern relates to a violation of the Philips General Business Principles and underlying policies. More information about Philips SpeakUp, including how Philips protects reporters from retaliation, can be found in [General Business Principles \(GBP\)](#).

7.3.9 Risk management and internal control

Risks related to our strategy

Philips' exposure to risks is directly impacted by our strategy, as shown in the accompanying table.

Risks related to our strategy

	Geopolitics and Macroeconomics	Health technology environment	Health Informatics and Artificial Intelligence	Acquisition ESG	Intellectual property	Patient Safety and Quality	Supply chain	Business operating model simplification	People	Cybersecurity	Innovation excellence	Treasury and financing	Tax	Accounting and Reporting	Product regulations	GBP and regulations
Create value with sustainable impact	Strategic				Operational					Financial and reporting		Compliance				
Focused strategy to accelerate organic growth and improve profitability	●	●	●	●	●	●						●		●		
Deliver scalable people and patient-centric innovation		●	●		●	●		●	●		●				●	●
Execution priorities: 1) Patient Safety & Quality 2) Supply chain reliability 3) Simplification of how we work	●					●	●	●	●	●					●	●
Driving impact for people and planet		●	●		●	●		●		●		●			●	●

● Marks main correlations of risks with our strategy

A more detailed description can be found in [Further information, Risk factors](#). We do not classify these risk categories in order of importance. It should be noted that although our risk management and internal control systems are designed with the intent to manage risks within our appetite, they cannot provide certainty that this is being achieved.

Risk appetite

We have set different levels of risk appetite, ranging from an averse to a seeking approach.

Risk appetite

Strategic
e.g., macro-economics, geopolitics, informatics and AI, M&A, IP, ESG

Operational
e.g., product safety and quality, supply chain, (cyber)security, people

Financial and Reporting
e.g., treasury and financing, tax, accounting

Compliance
with our General Business Principles and regulations on, for example, products, privacy and ESG

	Averse	Prudent	Balanced	Considerable	Seeking
Strategic					
Operational					
Financial and Reporting					
Compliance					

For more information on our risk appetite, refer to [Risk factors](#).

Key elements of our framework

The purpose of our risk management is to identify and analyze the risks Philips faces in executing its strategy and activities, to set the risk appetite of the company, to take appropriate risk responses, and to monitor the effectiveness of responses. Please refer to [Risk factors](#), for a description of each material risk factor that we have identified in four main categories: strategic, operational, compliance and financial and reporting. The objective of our internal control framework is to maintain integrated management control of the company's operations and reporting, and to safeguard compliance with applicable laws and regulations. As such, risk management and internal control form an integral part of our strategy-setting, business planning and performance review cycles.

The governance and process that lie at the core of our enterprise risk management are described in more detail in the following sections. Complementary to our enterprise risk management process, Functions and departments (such as Accounting Reporting and Internal Controls, Legal, Sustainability, Patient Safety and Quality, Operations and Integrated Supply Chain, Finance, Tax, and Group Security) support the Executive Committee and management in specific risk areas. These Functions maintain and deploy designated frameworks, to manage, for example, risks related to business continuity, privacy compliance, environmental matters, insurance and tax.

It is important to note that our risk management and internal control framework cannot provide certainty as to the realization of our objectives, nor can they prevent all misstatements, inaccuracies, errors, fraud or non-compliance with rules and regulations. Also, we note that we may not be successful in deploying some or all of our mitigating actions effectively, or these actions may not achieve the anticipated effect.

Risk management governance

The Board of Management is ultimately responsible for identifying, analyzing and managing the risks Philips faces in executing its strategy and activities, for setting the risk appetite of the company, and for the design, implementation and maintenance of a fit-for-purpose risk management and control system. The system balances risk and opportunity in line with risk appetite, including the monitoring of its effectiveness. The Executive Committee, several experts, enterprise Functions and committees support the Board of Management in the discharge of its responsibilities.

The risk appetite is set by the Board of Management, reviewed at least annually and included in the Philips risk management policy. Risk-taking guidance is operationalized through tone from the top, our culture frame, our General Business Principles and our operating model – such as our strategic plans, performance targets, budgets, accountabilities and authority schedules, policies, management systems, process standards, control standards and our performance review cadence. Furthermore, risk appetite is effected through the risk management process described in this chapter.

The Executive Committee is primarily responsible for identifying and mitigating material risks to Philips. The Executive Committee is supported by the Enterprise Risk Management Support Team, consisting of experts on various categories of risk, through regular analysis of the enterprise risk profile and enhancement of the risk management framework. In addition, management across the company is responsible for identifying critical risks and implementing appropriate risk responses within their areas of responsibility.

Functions maintain and deploy frameworks and activities to structurally manage specific risk areas. To ensure clarity and alignment on the status of, and to make recommendations on, key risk areas these Functions have recurring items on the meeting agenda of the Board of Management. The Board of Management discusses the relevant topics with participation from relevant members of the Executive Committee and other senior executives and subject matter experts. Furthermore, dedicated reports on our key risk areas are shared and discussed with the Supervisory Board and external auditors in the relevant Audit & Risk Committees facilitated by Internal Audit.

The Internal Audit Function has an independent role to evaluate and improve the effectiveness of the organization's governance, risk management and internal controls. The Function assesses the quality of risk management and controls through the execution of a risk-based audit plan, as approved by the Board of Management and the Audit Committee of the Supervisory Board. The Board of Management and leadership from Businesses, Regions/Zones and key Functions meet quarterly with Internal Audit in Audit and Risk Committees to discuss strengths and weaknesses of risk management and controls – as evaluated by internal and external auditors and by means of other (self) assessments – and take corrective action where necessary.

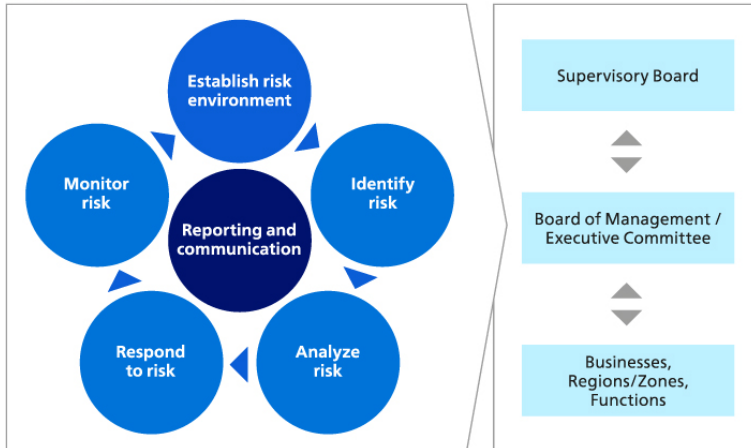
The Disclosure Committee seeks to ensure that the company implements and maintains internal procedures for the timely collection, evaluation, and disclosure of information potentially subject to public disclosure under legal, regulatory and stock exchange requirements.

The Supervisory Board oversees and advises the Board of Management and the Executive Committee with respect to Philips' risk management, including the identification of material risks in relation to the risk appetite of the company, the maintenance of internal business controls and risk management, and the compliance with applicable laws and regulations. At least once a year, the Supervisory Board discusses the general strategy of the company and the Philips Group, as well as the main risks associated with their business activities, and the results of the assessment by the Board of Management and the Executive Committee of the structure and operation of the systems of internal business controls and any significant changes therein. The Audit Committee and the Quality & Regulatory Committee of the Supervisory Board assist the full Supervisory Board in fulfilling its risk management oversight responsibilities. The Audit Committee reviews the quality of risk management and controls, and the reported findings of internal and external audits. The Quality & Regulatory Committee's role particularly relates to the compliance of the company's products (including software), services, and systems throughout their life cycle.

Enterprise risk management process

To develop a comprehensive overview of Philips' risks, structured risk assessments take place according to the Philips risk management process standard, applying a top-down and bottom-up approach. Our process standard is designed based on Enterprise Risk Management: Integrating with Strategy and Performance (2017) from the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and on ISO 31000 - Risk Management.

Risk management process



Philips enterprise risk management process

- At least once a year, senior management from Businesses, Zones/Regions and key Functions perform a risk assessment as part of their strategic plan update. Risk workshops are facilitated by Internal Audit with senior management across the company to further support these risk assessments. Twelve such risk workshops were held in 2024.
- At least quarterly, senior management discusses and monitors the risk profile and risk response effectiveness in its performance reviews and during Audit and Risk Committees, which cover all Businesses, Zones/Regions and selected Functions.
- During the quarterly Audit and Risk update session, the Board of Management discusses developments in the enterprise risk profile and management's initiatives to improve risk responses.
- Each year the Executive Committee assesses the enterprise risk profile as an integral part of its strategy review and the potential risk impact versus risk appetite. The assessment also covers the effectiveness of the risk management framework and potential improvements thereto.
- Once a year, the updated risk profile and the risk management framework, including the outcomes of the annual Executive Committee risk workshop, are presented to the full Supervisory Board. The underlying risks and response plans are discussed at the end of the year with the Audit Committee of the Supervisory Board.

Next to our enterprise risk management, various Functions as referred to earlier in this section support the management of specific risk areas. In alignment with the Philips risk management process standard, these Functions maintain and deploy designated frameworks. Examples include but are not limited to security, privacy compliance, trade compliance, business continuity, occupational health, and safety and quality. Through specialist teams at the global, regional or local level, standards and requirements are defined and continuously improved, deployed, and monitored to ensure our employees are aware of and comply with these requirements.

We continuously seek to improve our risk management. The measures taken during 2024 to further strengthen risk management include:

- improved alignment of our risk dialogues with strategy execution and performance review dialogues
- further embedding of our governance and process, system and data requirements in the Philips operating model
- review of our enterprise policy framework
- strengthened our risk management capabilities via upgrades to our risk management tooling and use of data analytics
- created additional insights in risk dynamics, e.g., through risk interdependency analysis and risk velocity analysis using statistical scenario modelling
- continued efforts to standardize and simplify Philips' process standards, including controls. Additionally, further development of our regulatory landscape intelligence to enhance foresight in, and internal communication on, upcoming regulatory change.
- further automation of screening of business partner integrity and of transactions to ensure Export Control compliance
- continued analysis of global warming and weather scenarios on the geographical footprint of our facilities as well as suppliers', in line with the recommendations of the Task Force on Climate-Related Financial Disclosures

Financial reporting and sustainability reporting

As part of its internal control framework, Philips has implemented a standard set of Internal Controls over Financial Reporting (ICFR). Philips has designed its ICFR framework based on the COSO Internal Control-Integrated Framework (2013). Together with Philips' established accounting procedures, this standard control framework is designed to provide reasonable assurance that assets are safeguarded, that the books and records

properly reflect transactions necessary to permit preparation of financial statements, that policies and procedures are carried out by qualified personnel, and that published financial statements are properly prepared and do not contain any material misstatements.

A structured monitoring process is deployed company-wide to assess, document, review and monitor compliance within ICFR. In each reporting unit, management is responsible for assessing the controls set for their business, risk profile and operations, and for completing the internal control statement certification statement. Deficiencies noted in the design and/or operating effectiveness of ICFR that were not remediated at year-end are reviewed by the Board of Management and the outcome is reported to the Supervisory Board.

Since 2012, Royal Philips engaged an external provider of assurance with respect to its sustainability reporting. Originally, our sustainability reporting and the audit thereof was referencing GRI Universal Standards and Philips-specific criteria. Over the years, Philips continued to develop its internal framework and included sustainability-related risks in its risk management processes. While preparing for the publication of a sustainability statement complying with the Corporate Sustainability Reporting Directive ((EU) 2022/2464) and related European Sustainability Reporting Standards, we leveraged the established ICFR framework and processes, and new sustainability related controls are being designed for internal and external sustainability reporting. We expect to fully implement such new controls in 2025.

8 Supervisory Board

8.1 Letter from the Chairman of the Supervisory Board

Dear Stakeholder,

Nearing the end of the second year of the three-year plan to create value with sustainable impact, Philips has made solid progress on its execution priorities, returned to order intake growth, and delivered strong margin and good cash performance, although sales growth was slower than initially expected. We remain confident in the company's strategy and dedicated to ensuring Philips delivers patient safety and quality.

Within a challenging macro environment, Philips is focused on creating value out of its portfolio of leadership positions by driving operational improvements and scaling innovation leadership. Philips remains a preferred strategic and innovation partner for its customers, and as a result, has closed a number of sizeable innovation and technology partnerships across the world. Significant progress was made in resolving litigation, and Philips continues to be recognized for its ESG leadership.

Strengthening growth remains at the forefront of the agenda, but even as we see positive developments, we are mindful of the geopolitical landscape, and the impact the external environment has on the company's performance. For this reason, it's critical that Philips is sufficiently prepared to weather volatile conditions. Simplification efforts to strengthen agility and competitiveness are essential to achieving this.

The Supervisory Board remains fully committed to its responsibilities to supervise and advise management in leading the company toward a future of progressive value creation with sustainable impact. As explained in our Report, in 2024 we focused on patient safety and quality, the company's performance and outlook, the long-term value acceleration strategy, and succession planning. We spent significant time on the company's strategic focus on growth out of its portfolio, with leadership positions and scalable innovation, and improved execution as key value driver. China and North America markets received specific attention – China, given the uncertainties there that are expected to continue, and North America, given its size and strategic nature.

We see that Philips has a clear path forward for sustainable value creation, after reaching an important milestone with the agreement in the Respironics litigation. Under the settlement, Philips Respironics has agreed to pay a total of USD 1.1 billion. Philips Respironics also signed a consent decree, which was court-approved, and Philips concluded an agreement with insurers to cover Respironics recall-related product liability claims. This resolves the personal injury litigation and the medical monitoring class action to end the uncertainty associated with litigation in the US.

After welcoming Exor N.V. as a long-term minority investor in 2023, we were pleased to see Exor increase its stake in Philips in 2024, along with some other significant shareholders. As part of the relationship agreement formed in 2023, Philips also welcomed Benoît Ribadeau-Dumas as a new member of the Supervisory Board, with a four-year term beginning at the 2024 Annual General Meeting of Shareholders.

Looking to the future, we believe Philips is well-positioned to capture growth in attractive markets, enabling better care for more people through sustainable innovation. We remain committed to the plan to create value with sustainable impact and have confidence in the abilities of CEO Roy Jakobs and the management team to deliver on the full potential of the Businesses. The new member of the Board of Management, Chief Financial Officer Charlotte Hanneman, as well as the new Executive Committee members – Ling Liu, Chief Region Leader, Philips Greater China; Jie Xue, Chief Business Leader Precision Diagnosis; and Özlem Fidanci, Chief of International Region and Leader Growth Region – are already generating fresh energy and ideas, helping to build upon Philips' strong foundation.

Together with my fellow members of the Supervisory Board, I look forward to providing continued oversight as Philips delivers on its purpose of improving people's health and well-being through meaningful innovation. Thank you to our shareholders and key partners for your support, in 2024 and in the years to come.

Feike Sijbesma

Chairman of the Supervisory Board

8.2 Members of the Supervisory Board

In the two-tier corporate structure under Dutch law, the Supervisory Board is a separate body that is independent of the Board of Management and the company. The Supervisory Board supervises the policies, management and general affairs of Philips, and assists the Board of Management and the Executive Committee with advice where required or requested. Please also refer to [Supervisory Board](#) within the company's Corporate governance report.

Feike Sijbesma^{2 3}

Born 1959, Dutch

Chairman of the Supervisory Board since May 2021

Chairman of the Corporate Governance and Nomination & Selection Committee

Member of the Supervisory Board since 2020; second term expires in 2028

Former CEO of Koninklijke DSM NV (Honorary Chairman) and former non-executive Director of Unilever NV. Co-Chair of the Global Climate Adaptation Center and Member of the Board of Trustees of the World Economic Forum.

Chua Sock Koong¹

Born 1957, Singaporean

Member of the Supervisory Board since 2021; first term expires in 2025

Former Group CEO of Singapore Telecommunications Limited and currently member of the Board of Directors of Prudential plc, Bharti Airtel Limited, Bharti Telecom Limited and Ayala Corporation. Member of the Council of Presidential Advisors of Singapore, the Securities Industry Council and the Dubai Financial Services Authority, Deputy Chairman of the Public Service Commission of Singapore.

Liz Doherty¹

Born 1957, British/Irish

Chairwoman of the Audit Committee

Member of the Supervisory Board since 2019; second term expires in 2027

Currently, member of the Supervisory Board and Chairwoman of the audit committee of Novartis AG and of Corbion N.V. Member of the advisory committee of Freya Holdco S.à r.l. Fellow of the Chartered Institute of Management Accountants. Former CFO and board member of Reckitt Benckiser Group PLC, former CFO of Brambles Ltd, former non-executive director and audit committee member at Delhaize Group, Nokia Corp., SABMiller PLC and Dunelm Group PLC. Former non-executive board member of the UK Ministry of Justice and of Her Majesty's Courts and Tribunals Service (UK) and advisor to GBfoods SA and Affinity Petcare SA (subsidiaries of Agrolimen SA).

Marc Harrison⁴

Born 1964, American

Member of the Supervisory Board since 2018; second term expires in 2026

Former President and Chief Executive Officer of Intermountain Healthcare and former Chief of International Business Development for Cleveland Clinic and Chief Executive Officer of Cleveland Clinic Abu Dhabi. Currently CEO HATCo (Health Assurance Transformation Company) at General Catalyst.

Peter Löscher^{1 4}

Born 1957, Austrian

Member of the Supervisory Board since 2020; second term expires in 2028

Former President and CEO of Siemens AG, President of Global Human Health and Member of the Executive Board of Merck & Co., President and CEO of GE Healthcare Bio-Sciences and member of GE's Corporate Executive Council, CEO and Delegate of the Board of Directors of Renova Management AG. Currently member of the Board of Directors of Telefónica S.A. and CaixaBank S.A. and Chairman of the Supervisory Board of Telefónica Deutschland Holding AG, Non-Executive Director of Thyssen-Bornemisza Group AG and Doha Venture Capital LLC.

Indra Nooyi³

Born 1955, American

Member of the Supervisory Board since 2021; first term expires in 2025

Former CFO, President, Chairman and CEO of PepsiCo. Currently member of the Board of Directors and Chair of the Audit Committee of Amazon, Inc. Member of the International Board of Advisors of Temasek, member of the Board of Trustees of the Memorial Sloan Kettering Hospital, trustee of the national gallery of art.

Sanjay Poonen²

Born 1969, American

Member of the Supervisory Board since 2022; first term expires in 2026

Former Chief Operating Officer at VMware and President at SAP. Currently CEO and President of Cohesity and member of the Board of Directors of Snyk.

David Pyott⁴

Born 1953, British/American

Chairman of the Quality & Regulatory Committee

Member of the Supervisory Board since 2015; third term expires in 2025

Former Chairman and Chief Executive Officer of Allergan, Inc. and former Lead Director of Avery Dennison Corporation. Currently member of the Board of Directors of Alnylam Pharmaceuticals Inc., BioMarin Pharmaceutical Inc. and Pliant Therapeutics. Chairman of the Governing Board of London Business School, member of the Board of Trustees and Executive Committee of the California Institute of Technology, Vice President of the Ophthalmology Foundation and President of the Advisory Board of the Foundation of the American Academy of Ophthalmology.

Benoît Ribadeau-Dumas³

Born 1972, French

Member of the Supervisory Board since 2024; first term expires in 2028

Former deputy CEO at SCOR, former Chief of Staff to the French Prime Minister, former CEO of Aerosystems, member of the Management Board of Zodiac Aerospace, former SEVP CGG Veritas and former CEO of Thales Underwater Systems. Currently Managing Director at Exor, member of the Board of Directors of Stellantis, Institut Merieux, Merieux Nutrisciences, bioMerieux, TagEnergy and Welltec. Member of the Board of Directors of Galileo Global Education and Cerba Healthcare.

Paul Stoffels^{2 3}

Born 1962, Belgian

Vice-Chairman and Secretary

Chairman of the Remuneration Committee

Member of the Supervisory Board since 2018; second term expires in 2026

Former CEO of Virco, Chairman of Tibotec, worldwide Chair of Pharmaceuticals at Johnson & Johnson and Chief Scientific Officer & member of the Executive Committee at Johnson & Johnson. Currently CEO and Chairman of the Board of Directors of Galapagos NV.

Herna Verhagen^{1 2}

Born 1966, Dutch

Member of the Supervisory Board since 2022; first term expires in 2026

CEO of PostNL, member of the Supervisory Board of ING Groep N.V., member of the Supervisory Board of Het Concertgebouw N.V. and member of the Advisory Board of Goldschmieding Foundation.

For a current overview of the Supervisory Board members, see also <https://www.philips.com/a-w/about/supervisory-board.html>

¹ member of the Audit Committee

² member of the Remuneration Committee

³ member of the Corporate Governance and Nomination & Selection Committee

⁴ member of the Quality & Regulatory Committee

8.3 Supervisory Board report

The Supervisory Board supervises, advises and challenges the Board of Management in performing their management tasks as well as setting and executing the strategy of the Philips Group with a focus on long-term and sustainable value acceleration and securing its business leadership positions. The members of the Supervisory Board act in the interests of Philips, its Businesses and all its stakeholders in accordance with good governance practices. This report includes a description of the Supervisory Board's activities during the financial year 2024 and other relevant information on its composition and its functioning.

2024 focus areas and activities of the Supervisory Board

In 2024, the Supervisory Board's focus was on patient safety and quality, the company's performance and outlook, the long-term value acceleration strategy, and succession planning. The related near-term and longer-term actions were extensively reviewed and discussed with management, against the geopolitical background and the external environment in which the company operates, and the impact that the macro-economic outlook has on the company's performance.

Patient safety and quality – Compared to 2023, the Supervisory Board gradually expanded its focus from the Respiroics recall to the risks and challenges related to patient safety and quality across all Businesses. Patient safety and quality was a recurring agenda item for each of the (regular) meetings. The Supervisory Board challenged management to remain focused on the safety of patients as the main priority and driver, despite operational and supply challenges. In that context, the Supervisory Board reviewed the process framework for product design and production controls in the company (and other mitigation of quality related risks and challenges) and monitored progress on resolving product quality issues, site inspections, ongoing engagements with the US Food & Drug Administration (FDA) and other competent authorities globally, and the execution of the company-wide program to improve and foster a culture, behaviors and a mindset that puts patient safety and quality first.

The Supervisory Board was regularly updated on the management of the consequences of the Respiroics recall. This oversight included, among other things, the settlement of personal injury and medical monitoring claims in the US; the agreement with the US Department of Justice (DOJ) and FDA on the Respiroics consent decree; the continued execution of the economic loss class action settlement; the ongoing criminal and civil investigation by the DOJ's Consumer Protection Branch and Civil Fraud Section; and the investigation by more than 30 US state Attorneys General into possible violations to state deceptive practices statutes; as well as the securities claims in the US and the Netherlands, and the SEC investigation.

Performance and outlook – The Supervisory Board reviewed and tracked progress on 2024 performance, including relevant key performance indicators, such as comparable order intake, comparable sales growth^{*}, Adjusted EBITA^{*} and free cash flow^{*}. Despite the challenging geopolitical and macro-economic environment, the company delivered on its commitments regarding profitability, free cash flow and ESG, in line with guidance and consensus. The Supervisory Board engaged with management on the quarterly performance and outlook, in particularly on phasing and predictability of sales, the quality of earnings and margin improvement.

Value acceleration – In the course of 2024, the focus of the Supervisory Board moved from value creation to a strategy of value acceleration. The Supervisory Board reviewed and tracked progress on the execution of this strategy. In parallel, the Supervisory Board and management engaged in multiple deep-dive sessions on the company's strategic focus on organic growth and scalable innovation with improved execution as key value driver, as well as the main priorities for each of the segments, Regions and Functions. Specific attention was given to the role of North America and China in the strategy moving forward, given the dynamics of these markets.

Succession planning – The Supervisory Board spent time in 2024 considering its composition, as well as the composition of the Board of Management and the Executive Committee. Attracting candidates with expertise in (consumer) health tech and artificial intelligence continues to be part of the Supervisory Board's succession planning. Our report includes information on the composition of the Supervisory Board.

The Supervisory Board is very pleased with the appointment of Charlotte Hanneman, at the 2024 AGM, as member of the Board of Management, succeeding Abhijit Bhattacharya as Chief Financial Officer from October 1, 2024, and she has deepened the industry expertise of the Board of Management. The Supervisory Board is grateful to Mr Bhattacharya for his long-term service and leadership. Ling Liu (Chief Greater China Region) has been appointed as new member of the Executive Committee, effective July 1, 2024. Also Özlem Fidanci (Chief of International Region and Leader Growth Region) and Jie Xue (Chief Business Leader Precision Diagnosis) were appointed as new members of the Executive Committee, both effective January 1, 2025. Refer to [Report of the Corporate Governance and Nomination & Selection Committee](#) for more information.

Other key matters that were reviewed and/or discussed during one or more meetings in the course of 2024 include

- Capital allocation, including the dividend policy and pay-out and the M&A framework, and specifically the company's flexibility under its capital structure and credit ratings to pay dividends and to fund capital investments, including share repurchases and other corporate finance initiatives.
- The company's liquidity position and leverage, including the measures taken to strengthen it in light of the financial performance of the company. These measures include the issue of bonds through the Euro Medium Term Note program in May 2024 with the purpose to repay EUR 700 million in existing debt due in 2024 and 2025.
- Geopolitical developments and their impact on Philips' business, in particular the impact of the Russia-Ukraine war and the situations in Israel and the Middle East, on Philips employees and the (potential) implications on the continuity of Philips' business in these countries, and the impact of additional tariffs proposed by the new US administration.
- The deterioration in market developments in the China consumer and professional health businesses.
- Regular review of the key performance indicator dashboard, tracking the performance of the 2024 indicators for the Executive Committee versus target.
- Philips' annual management commitments, including the 2024 key performance indicators for the Executive Committee, the performance on such indicators, and the annual operating plan for 2024.
- Patient safety and quality compliance, systems and processes. The Supervisory Board was regularly updated on past and upcoming FDA inspections at various company sites, including the preparations for and outcomes of such inspections.
- Oversight of the adequacy of the company's Internal Control over Financial Reporting.
- Enterprise risk management, including updates on and improvements to the relevant processes; the outcome of the annual risk assessment dialogue with the Executive Committee; and an update of the top risks faced by the Philips Group, including the possible impact of such risks, as well as control and mitigation measures. Refer to [Risks related to our strategy](#).
- Engagements with shareholders and institutional advisory firms on the revised Remuneration Policy for the Board of Management and the revised Remuneration Policy for the Supervisory Board as adopted at the 2024 Annual General Meeting of Shareholders.
- The company's People strategy and priorities, employee engagement and retention of employees, review of talent management, leadership and talent development, leadership culture, and equal opportunities for all employees.
- Evaluation of the Board of Management and the Executive Committee and its members, based on the achievement of specific group and individual targets approved by the Supervisory Board at the beginning of the year, as well as the assessment of the main findings and conclusions of last year's evaluation and the related follow-up.

- Philips' Environmental, Social and Governance (ESG) approach, including an update on progress made with respect to the 2025 ESG key programs and sustainability commitments. The Supervisory Board was also further educated on requirements related to the company's sustainability reporting, as well as relevant Dutch and EU regulatory developments. These include but are not limited to the impact on Philips of the EU Corporate Sustainability Reporting Directive (CSRD) and its pending implementation into Dutch law, and the European Corporate Sustainability Due Diligence Directive (CSDDD). Refer also to [ESG governance](#) regarding the Supervisory Board's responsibility for the oversight of the ESG dimensions.
- The (re-)appointment of the external providers of assurance on the company's sustainability statements for the years 2024 and 2025, respectively.
- Significant civil litigation claims against, and public investigations into, Philips.
- The agenda for the 2024 AGM (held on May 7, 2024) and the proposed agenda for the upcoming 2025 AGM (to be held on May 8, 2025).
- The market environment for global M&A activities that offered limited opportunities in 2024 driven by growing macro-economic challenges, inflationary pressure and elevated interest rates, as well as the company's selective approach toward M&A going forward and the (business) performance of companies previously acquired by the company.
- The overall Philips IT landscape and related strategy, including IT simplification and experience improvement.
- The approach to information security, focused on protecting the company, its research and development, and production.
- The updated Tax policy, the expected impact of the OECD pillar One and pillar Two models, and the US Base Erosion and Anti-Abuse Tax (BEAT) liability on the company, as well as the Effective Tax Rate (ETR) over the period 2018-2023.
- The innovation and artificial intelligence strategy and roadmap of each Business.

The Supervisory Board reviewed Philips' annual and interim financial statements, including information related to ESG, prior to publication.

Supervisory Board meetings and attendance

In 2024, the members of the Supervisory Board convened for seven regular meetings and three extraordinary meetings. Moreover, the Supervisory Board members collectively and individually interacted with members of the Board of Management, with members of the Executive Committee and with senior management outside the formal Supervisory Board meetings. The Chairman of the Supervisory Board and the CEO frequently had bilateral discussions about the company's progress on a variety of matters.

The Supervisory Board meetings held in 2024 were generally very well attended. The committees of the Supervisory Board also convened regularly (see the separate reports of the committees below) and the committees reported back on their activities to the full Supervisory Board. In addition, the Supervisory Board and Committees held private meetings. The members of the Supervisory Board concluded that they devoted sufficient time to engage (proactively, if the circumstances so required) in their supervisory responsibilities.

In March 2024, two Supervisory Board members visited the European Congress of Radiology in Vienna, Austria, and in August 2024, one Supervisory Board member visited the European Society of Cardiology in London, UK. In June 2024, the Supervisory Board members visited Philips' Personal Health site in Stamford, Connecticut, US. In September 2024, some Supervisory Board members visited Philips' Diagnosis & Treatment manufacturing site in Best, the Netherlands.

Supervisory Board: composition, diversity and self-evaluation

The Supervisory Board is a separate corporate body that is independent of the Board of Management and the company. Its independent character is also reflected in the requirement that members of the Supervisory Board can be neither a member of the Board of Management nor an employee of the company. The Supervisory Board considers all its members to be independent under the Dutch Corporate Governance Code, except for one member (i.e., 91%), Benoît Ribadeau-Dumas, to whom the independence exception of best practice provision 2.1.7(iii) of the Dutch Corporate Governance Code is deemed to apply. Furthermore, the members of its Audit Committee are independent under the rules of the US Securities and Exchange Commission applicable to the Audit Committee.

The Supervisory Board currently consists of 11 members and retained critical knowledge and capabilities with the re-appointments of Feike Sijbesma (Chairman) and Peter Löscher, both for a term of four years as per the end of the 2024 AGM. Following a proposal from long-term shareholder Exor N.V., Benoît Ribadeau-Dumas was appointed at the 2024 AGM as a new member of the Supervisory Board, also for a term of four years as per the end of the 2024 AGM.

Anticipating the expiry of the third term of appointment of David Pyott, and his retirement from the Supervisory Board at the end of the 2025 AGM, the Supervisory Board was tasked with identifying a candidate with equivalent medtech and quality and regulatory affairs expertise. As a result, the agenda of the upcoming 2025 AGM will include a proposal to appoint Bob White as new member of the Supervisory Board. The first term of both Indra Nooyi and Chua Sock Koong will expire at the end of the 2025 AGM, and the agenda for that meeting will include proposals to re-appoint them.

The selection of candidates for appointment is always based on merit. The Supervisory Board also attaches value to diversity and has adopted a Diversity Policy to promote diversity at board level. For more information, please refer to [Report of the Corporate Governance and Nomination & Selection Committee](#). The composition of the Supervisory Board furthermore follows its profile as included in the Rules of Procedure of the Supervisory Board. The profile aims for an appropriate combination of knowledge and experience among the members of the Supervisory Board, encompassing general management, international business, ESG and sustainability, (consumer) health and medical technology, patient safety, quality and regulatory, product development, finance and accounting, human resources, manufacturing and supply chain, information

technology and digital, marketing, and governmental and public affairs, all in relation to the global character of Philips' Businesses. The Supervisory Board also aims for having members with different nationalities and (cultural) backgrounds, working experiences or otherwise diverse qualities, as well as one or more members who have held an executive or similar position in business or society no more than five years ago. The composition of the Supervisory Board shall furthermore be in accordance with the Dutch Corporate Governance Code best practice provisions on independence, and each member of the Supervisory Board shall be capable of assessing the broad outline of the overall policy of the company. The size of the Supervisory Board may vary as it considers appropriate to support its profile.

Any (re-)appointments of members of the Supervisory Board must meet the gender quota, as required by Dutch law, requiring that of the Supervisory Board members at least one-third are women and at least one-third are men. (For calculation purposes, a total number of board members that cannot be divided by three must be rounded up to the next number that can be divided by three.) Currently, the statutory quota is met, as out of 11 Supervisory Board members, four members are female and seven members are male. The quota will also be met upon the proposed re-appointments of Indra Nooyi and Chua Sock Koong, and appointment of Bob White as members of the Supervisory Board at the 2025 AGM.

In 2024, each member of the Supervisory Board completed a questionnaire to verify compliance with the applicable corporate governance rules and the Rules of Procedure of the Supervisory Board. The outcome of this survey was satisfactory. An independent external party facilitated the 2024 self-evaluation process for the Supervisory Board and its committees. This included drafting and submitting relevant questionnaires, interviewing members of the Supervisory Board and aggregating and reporting on the results. The members of the Board of Management also provided their input. The questionnaires covered various topics such as composition, size, skills and experience, geographical coverage and diversity of the Supervisory Board, the effectiveness of the Supervisory Board's oversight of various aspects such as strategy, business performance, risk management, succession planning and people, and engagement with management. In addition, the questionnaire reflected on the company's strategy, innovation, digital and AI developments, understanding of the market and stakeholder landscape, and continuous education. All members of the Supervisory Board were invited to share recommendations to improve the Supervisory Board's functioning and ways of working going forward. Furthermore, the performance of the Chairman, of the other Supervisory Board members individually, and of the Supervisory Board's committees was evaluated separately.

The reports on the evaluation were discussed in a meeting of the Supervisory Board and resulted in a collection of positive points to maintain as well as priorities for further improvement. The results of the self-evaluation indicated that the Supervisory Board is a well-functioning team of appropriate size that benefits from different expertise, background and international geographical representation. Progress has been made on all domains, in particular in terms of stakeholder understanding, risk and safety, oversight and the proximity to top talent and succession. The Supervisory Board has been bolstered by its relationship with long-term investor Exor N.V. as a strategic investor and the new member of the Supervisory Board that was appointed in 2024 following Exor's proposal. The Supervisory Board members assessed they have struck the right balance between supporting and challenging management on the company's focus areas, which include setting the foundation and aspirations for the future and execution of the value acceleration strategy, patient safety and quality, culture, and senior executive succession planning. The Chairman of the Supervisory Board had several meetings with individual members of the Supervisory Board to discuss ways to further enhance the functioning of the Supervisory Board and its individual members going forward. The Chairman also discussed the evaluation of his own functioning with the Vice-Chairman.

Supervisory Board composition

	Feike Sijbesma	Paul Stoffels	Chua Sock Koong	Liz Doherty	Marc Harrison	Peter Löscher	Indra Nooyi	Sanjay Poonen	David Pyott	Herna Verhagen	Benoît Ribadeau-Dumas
Year of birth	1959	1962	1957	1957	1964	1957	1955	1969	1953	1966	1972
Gender	Male	Male	Female	Female	Male	Male	Female	Male	Male	Female	Male
Nationality	Dutch	Belgian	Singaporean	British/Irish	American	Austrian	American	American	British/American	Dutch	French
Initial appointment date	2020	2018	2021	2019	2018	2020	2021	2022	2015	2022	2024
Date of (last) (re-)appointment	2024	2022	n/a	2023	2022	2024	n/a	n/a	2023	n/a	n/a
End of current term	2028	2026	2025	2027	2026	2028	2025	2026	2025	2026	2028
Independent	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	No
Committee memberships ¹	RC & CGNSC	RC & CGNSC	AC	AC	QRC	AC & QRC	CGNSC	RC	QRC	AC & RC	CGNSC
Attendance at Supervisory Board meetings	10/10 (100%)	10/10 (100%)	10/10 (100%)	10/10 (100%)	10/10 (100%)	9/10 (90%)	9/10 (90%)	9/10 (90%)	7/10 (70%)	9/10 (90%)	5/10** (50%)
Attendance at committee meetings	RC 3/3 CGNSC 6/6 (100%)	RC 3/3 CGNSC 6/6 (100%)	AC 6/6 (100%)	AC 6/6 (100%)	QRC 5/5 (100%)	AC 6/6 QRC 5/5 (100%)	CGNSC 6/6 (100%)	AC 3/6*** (50%) RC 2/3*** (66.67%)	RC 1/3* (33.33%) QRC 5/5 (100%)	RC 3/3 AC (100%)	CGNSC (4/6)** (66.67%)
General management	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
International business	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
ESG & sustainability	yes					yes	yes			yes	
(Consumer) health and medical technology	yes	yes		yes	yes	yes			yes		
Patient safety, quality & regulatory and product development		yes			yes	yes			yes		
Finance and accounting	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Human Resources	yes	yes	yes		yes	yes	yes	yes	yes	yes	yes
Manufacturing and supply chain	yes	yes		yes		yes	yes				yes
Information technology and digital	yes	yes	yes	yes	yes	yes	yes	yes		yes	
Marketing	yes	yes				yes	yes	yes	yes	yes	
Governmental and public affairs	yes	yes	yes	yes	yes	yes	yes			yes	yes

¹ CGNSC: Corporate Governance & Nomination and Selection Committee; AC: Audit Committee; RC: Remuneration Committee; QRC: Quality & Regulatory Committee

* Mr Pyott left the RC on June 1, 2024

** Mr Ribadeau-Dumas joined the Supervisory Board as observer as per March 1, 2024 and was appointed on May 7, 2024

*** Ms Verhagen joined the AC and Mr Poonen left as per June 1, 2024. Mr Poonen joined the RC as per June 1, 2024

Supervisory Board committees

While retaining overall responsibility, the Supervisory Board has assigned certain tasks to the three long-standing committees, also referred to in the Dutch Corporate Governance Code: the Corporate Governance and Nomination & Selection Committee, the Remuneration Committee and the Audit Committee. In 2015, the Supervisory Board also established the Quality & Regulatory Committee. The separate reports of these committees are part of this Supervisory Board report and are published below. The function of all of the Supervisory Board's committees is to prepare the decision-making of the full Supervisory Board, and the committees currently have no independent or assigned powers. The full Supervisory Board retains overall responsibility for the activities of its committees.

In light of the significance of the ESG dimensions to Philips and their integration into the company's overarching strategy, the Supervisory Board as a whole is conducting oversight and advising executive management on the company's ESG approach.

Financial statements and sustainability report 2024

The financial statements of the company for 2024, as presented by the Board of Management, have been audited by EY Accountants B.V., the independent external auditor appointed by the General Meeting of Shareholders. We have approved these financial statements, and all individual members of the Supervisory Board have signed these documents (as did the members of the Board of Management). We have also approved the company's sustainability statement for 2024.

Finally, we would like to express our thanks to the members of the Board of Management, the Executive Committee and all other employees for their continued contributions throughout 2024.

The Supervisory Board

Feike Sijbesma
Paul Stoffels
Chua Sock Koong
Liz Doherty
Marc Harrison
Peter Löscher
Indra Nooyi
Sanjay Poonen
David Pyott
Benoît Ribadeau-Dumas
Herna Verhagen

8.3.1 Report of the Corporate Governance and Nomination & Selection Committee

The Corporate Governance and Nomination & Selection Committee is chaired by Feike Sijbesma. Its other members are Paul Stoffels, Indra Nooyi and Benoît Ribadeau-Dumas. The Committee is responsible for the review of the overall corporate governance, and the selection criteria and appointment procedures for the Supervisory Board, Board of Management, the Executive Committee, and certain other key management positions. In 2024, the Committee held six meetings and all Committee members attended these meetings.

The Committee devoted time to the appointment or reappointment of candidates to fill current and future vacancies on the Supervisory Board. Following those consultations, it prepared decisions and advised the Supervisory Board, which resulted in the re-appointments of Feike Sijbesma and Peter Löscher and the appointment (following the proposal from long-term investor Exor N.V.) of Benoît Ribadeau-Dumas as members of the Supervisory Board at the 2024 Annual General Meeting of Shareholders (AGM). This also resulted in the proposal to appoint Bob White as new member of the Supervisory Board, to be included in the agenda for the upcoming 2025 AGM.

Under its responsibility for the selection criteria and appointment procedures for Philips' senior management, the Committee reviewed the functioning of the Board of Management and its individual members, the Executive Committee succession plans, and emergency candidates for key roles in the company. The review and evaluation consist of periodical performance review meetings with the individual members of the Board of Management and the Executive Committee, and evaluation of the results of these meetings by the Committee. The main findings and conclusions from these reviews were also shared with the Supervisory Board and the Remuneration Committee and were taken into account in the performance evaluation of the Board of Management and Executive Committee members and the selection of succession candidates. Reference is made to [2024 Annual Incentive](#), setting out the performance review of the Board of Management members by the Remuneration Committee.

The Committee devoted time in 2024 to the selection and/or appointment of candidates to fill other current and future vacancies on the Board of Management and the Executive Committee. This resulted in the appointment of Charlotte Hanneman as incoming Chief Financial Officer and a member of the Executive Committee as per June 1, 2024, and (at the 2024 AGM) her appointment as a member of the Board of Management as per October 1, 2024. This also resulted in the proposal, to be included in the agenda for the upcoming 2025 AGM, to re-appoint Marnix van Ginneken as a member of the Board of Management.

The Committee's work furthermore resulted in the appointment of Ling Liu as a member of the Executive Committee, succeeding Andy Ho, in the role of Chief Region Leader, Philips Greater China, effective July 1, 2024. And effective January 1, 2025, two other new members of the Executive Committee were appointed. Özlem Fidanci succeeded Edwin Paalvast as Chief of International Region and Leader Growth Region. Jie Xue was appointed Chief Business Leader Precision Diagnosis, which had been under the extended leadership of Bert van Meurs (Chief Business Leader Image Guided Therapy). Bert and Jie are now jointly responsible for the Diagnosis & Treatment segment. The Committee also devoted time in 2024 to the selection and appointment of Filip Koek as the Head of Internal Audit as per September 1, 2024.

With respect to corporate governance matters, the Committee discussed recent developments in the Netherlands, and ESG reporting and due diligence developments in Europe. Finally, the Committee reviewed the Charter of the Corporate Governance and Nomination & Selection Committee and concluded it remains appropriate.

With respect to the productivity initiatives and other actions to improve the company's performance (including the unfortunate but necessary reduction of roles), the Committee was updated by management on the impact on employees and the phased deployment approach, and members reviewed the simplification of the organization.

Diversity

The Diversity Policy for the Supervisory Board, Board of Management and Executive Committee was adopted in 2017 and revised in February 2023, and it is published on the company website. The Committee periodically assesses the Diversity Policy and the size and composition of the Supervisory Board and makes recommendations, if relevant, relating to the profile for the Supervisory Board.

Pursuant to the Diversity Policy, the selection of candidates for appointment is based on merit and its criteria aim to ensure that the Supervisory Board, the Board of Management and the Executive Committee have a sufficient diversity of views and the expertise needed for a good understanding of current affairs and longer-term risks and opportunities related to the company's business. The nature and complexity of the company's business is taken into account when assessing the optimal mix of perspectives, as well as the social and environmental context in which the company operates.

Effective 2022, Dutch law requires listed companies to set appropriate and ambitious gender diversity targets for the Board of Management and for a management level of a seniority to be determined by the company. To this end, the Diversity Policy includes the Supervisory Board's aim that at least one-third of the members of the Board of Management and of the Executive Committee are women, and at least one-third are men. The composition of the Board of Management and the Executive Committee, respectively, currently meets this aim.

8.3.2 Report of the Remuneration Committee

The Remuneration Committee is chaired by Paul Stoffels. Its other members are Feike Sijbesma, Herna Verhagen and Sanjay Poonen, who replaced David Pyott on June 1, 2024. The Committee is responsible for preparing decisions of the Supervisory Board on the remuneration of individual members of the Board of Management and the Executive Committee, as well as the policies governing this remuneration. The annual cycle of the Remuneration Committee enables it to have an effective decision-making process supporting the determination, review and implementation of the Remuneration Policy. The Committee met three times in 2024. All Committee members were present during these meetings.

In performing its duties and responsibilities, the Remuneration Committee is assisted by an external consultant and an in-house remuneration expert. For a full overview of the responsibilities of the Committee, please refer to the Charter of the Remuneration Committee, as set forth in Chapter 3 of the Rules of Procedure of the Supervisory Board (which are published on the company's website).

Following preparations that started in May 2023 and stakeholder engagements through a dedicated remuneration roadshow and other interactions, the Remuneration Committee submitted proposals at the AGM 2024 to adopt an amended Remuneration Policy for the Board of Management and an amended Remuneration Policy for the Supervisory Board. The Remuneration Committee was very thankful for the shareholders' support, as these proposals were approved by a 96.07% and a 98.94% majority, respectively.

Please refer to the [Remuneration report 2024](#) where the Supervisory Board provides a comprehensive overview, as prepared by the Remuneration Committee, of the remuneration paid and owed to the individual members of the Board of Management and the Supervisory Board in the year 2024.

8.3.3 Report of the Audit Committee

The Audit Committee is chaired by Liz Doherty. Its other members are Peter Löscher, Chua Sock Koong and Herna Verhagen, who replaced Sanjay Poonen on June 1, 2024. The Committee assists the Supervisory Board in fulfilling its supervisory responsibilities, including ensuring the integrity of the company's financial statements, reviewing the company's internal controls and overseeing the enterprise risk management process.

In 2024, the Audit Committee held five regular meetings and one extraordinary meeting, which were attended by all Audit Committee members and the Chairman of the Supervisory Board. The CEO, CFO, Chief ESG & Legal Officer, Head of Internal Audit, Chief Accounting Officer and external auditor (EY Accountants B.V.) were also invited and attended all regular meetings.

The Committee met separately in private sessions with the CEO, CFO, Head of Internal Audit and external auditor after the regular quarterly meeting of the Committee. Prior to the Committee meetings, the Audit Committee chair met one-on-one with the Group Treasurer as well as with each member of the management who regularly attend the Audit Committee meetings and with the external auditor.

The following overview highlights matters that were reviewed and/or discussed during Committee meetings in the course of, or with respect to, the financial year 2024:

- The company's 2024 annual and interim financial statements and non-financial information (prior to publication), the restructuring provision, the FCO provisions, the goodwill impairment tests, deferred tax assets and legal matters. In each of the regular quarterly meetings of the Committee, the Committee reviewed the draft of the press release on the company's annual or interim financial statements.

- Matters relating to accounting policies, financial risks, reporting, and compliance with accounting standards. Key accounting judgments were discussed in-depth, and treatments were challenged, as were quality of earnings. Compliance with statutory and legal requirements and regulations, particularly in the financial domain, was also reviewed. Furthermore, the Committee reviewed the goodwill impairment tests performed in the fourth quarter, risk management, tax matters, legal compliance, and developments in regulatory investigations, as well as legal proceedings, including antitrust investigations and related provisions. Important findings, Philips' top and emerging areas of risk (including the internal auditor's reporting thereon, and the Chief ESG & Legal Officer's review of litigation and other claims, as well as material investigations, including those related to the Philips Respiroics voluntary recall), and follow-up actions and appropriate measures were examined thoroughly.
- The company's policy on business controls, legal compliance and the General Business Principles (including deployment). The Committee reviewed, discussed and monitored closely the company's internal control certification processes, and in particular, compliance with section 404 of the US Sarbanes-Oxley Act and its requirements regarding assessment, review and monitoring of internal controls. It also discussed on a regular basis the developments in, and findings relating to, conduct resulting from investigations into alleged violations of the General Business Principles and, if required, any measures taken.
- The company's cash flow generation, liquidity and financing headroom, and its ability under its capital structure and credit ratings to pay dividends and to fund capital investments, including share repurchases and other corporate finance initiatives.
- Specific finance topics, capital spending and the company's debt financing strategy (including the issue of bonds through the Euro Medium Term Note program in May 2024 with the purpose to repay the EUR 700 million existing debt due in 2024 and 2025).
- A post-investment review of projects in the areas of information technology, Research & Development, real estate, operations and restructuring, and assessment of the actual spend and timing of such projects against the original budget and timing.
- The quarterly Internal Audit reports in which the Head of Internal Audit highlighted key findings of internal audits and fraud investigations by the Internal Audit Function in the previous quarter. The Committee discussed the adequacy of the remediation actions agreed with management and accountabilities for executing on these actions. In each meeting the Head of Internal Audit also presented the audit schedule for the upcoming quarter. Review and approval of the revised Internal Audit charter, annual audit plan and budget, audit scope, and its coverage in relation to the scope of the external audit, as well as the staffing, independence, performance and organizational structure of the Internal Audit Function. This includes the succession of the Internal Auditor in September 2024.
- The proposed 2024 external audit scope, including key audit areas, approach and fees, and non-audit services provided by the external auditor in conformity with the Philips Auditor Policy. Review and challenge of the independence as well as the professional fitness and good standing of the external auditor and its engagement partners. For information on the fees of the Group auditor, please refer to Audit fees in the note [Income from operations](#). The Committee reviewed the transition plan as proposed by PricewaterhouseCoopers Accountants N.V. (PwC) to take over from EY Accountants B.V. as the company's new external auditor of the financial report, starting on January 1, 2025, for a term of four years, and the appointment of the company's external assurance provider on the 2025 sustainability statement.
- The company's structure and system for compliance with export controls and international sanctions.
- Reviewing the quarterly reports on sustainability-related developments, including EU Corporate Sustainability Reporting Directive and EU Sustainability Reporting Standards, the company's progress on the implementation thereof, and the impact thereof on reporting by the Philips Group. The committee also discussed the level of assurance to be provided through the external audit of the sustainability statement.
- Philips' information security risk approach (including cybersecurity), at an enterprise level as well as at product and service levels, comprising an update on the mitigation of cybersecurity risks and actions taken to comply with relevant laws and regulations including the Cybersecurity Risk Management, Strategy, Governance, and Incident Disclosure requirements issued by the US Securities and Exchange Commission (SEC).

In February 2025, the Committee reviewed, together with the other members of the Supervisory Board, the draft of the Annual Report 2024, as well as the key audit matters and the critical audit matters identified by the external auditor in relation to the 2024 financial statements included in the Annual Report 2024 and the Annual Report on Form 20-F, respectively. In February 2025, the Committee also reviewed the draft of the company's 2024 Country Activity and Tax Report.

During each regular quarterly Audit Committee meeting, the Committee reviewed the quarterly report from the external auditor, in which the auditor set forth its findings and attention points during the relevant period. The Annual Audit Letter was circulated to the full Supervisory Board, and planned actions to address the items raised were discussed with management in the subsequent Audit Committee meetings as well as in private sessions with management.

Finally, the Committee reviewed and updated the Audit Committee Charter.

8.3.4 Report of the Quality & Regulatory Committee

The Quality & Regulatory Committee was established in view of the importance of patient safety and the quality of the company's products, systems, services and solutions. The Committee provides broad oversight of compliance with the regulatory requirements that govern the development, manufacturing, marketing and servicing of the company's products, systems, services and solutions. The Committee assists the Supervisory Board in fulfilling its oversight responsibilities in these areas. It is chaired by David Pyott and its members are Marc Harrison and Peter Löscher. As of June 1, 2024, Paul Stoffels also attended the meetings.

In 2024, the Committee held five meetings, and all Committee members attended these meetings. Quality related matters were a regular item on the agenda of the Supervisory Board meeting. The CEO, the Chief ESG & Legal Officer, the Chief Operations Officer, the Chief Patient Safety &

Quality Officer and the Chief Medical Officer were present during these meetings. The following overview indicates some of the matters that were discussed during meetings in the course of 2024.

- The progress on the company's Quality & Regulatory strategy was tracked and reviewed. The Committee focused on the strategy to ensure the safety and efficacy of the company's products and solutions for patients and customers. In that context, the Committee reviewed the status and progress of the company's Patient Safety and Quality program, which includes enhancement of the engagement with regulators, ensuring sustainability and predictable performance, and the Patient Safety & Quality Culture Intervention. Specific attention was given to the Quality Management System (QMS) transformation to drive process simplification in a tailored manner and Product Quality Reviews (PQRs) to ensure the installed base meets patient safety and design control standards, as well as compliance requirements. For more information, please refer to [Patient safety, quality and regulatory](#).
- The Philips Respironics voluntary recall notification related to the sound abatement foam in certain sleep and respiratory care products (announced on June 14, 2021) in the company's Sleep & Respiratory Care Business. Management regularly updated the Committee on the trend of the number of devices registered for remediation and on the progress of the repair-and-replace program for the affected devices, as well as actions taken to accelerate the remediation. The Committee reviewed aspects of this issue, such as the program governance to enable effective execution, and ongoing engagements with the FDA and the DOJ, among others, with respect to the 518(a) Notification order issued by the FDA on March 10, 2022, the investigation initiated by the DOJ to which Philips Respironics is subject, and the execution of the agreed consent decree. The Committee reviewed the engagements with other regulatory authorities globally. Furthermore, the Committee reviewed and discussed with management the engagement with and communication efforts to patients, physicians, customers and durable medical equipment providers; the testing program and its outcomes; and health hazard evaluations. The Committee also discussed the level of related field action provisions, as set out in more detail in the report of the Audit Committee above.
- Management updated the Committee regularly with respect to other quality issues (other than the Philips Respironics voluntary recall notification mentioned in the previous bullet), and the Committee reviewed the progress made with solving and closing such other issues.
- Review of progress in the transformation of the company's Patient Safety & Quality Function, aimed at further strengthening expertise and capabilities within the Function, including upscaling Patient Safety & Quality talent at mid-level leadership positions.
- Review of the progress made with global initiatives around the transformation, standardization and simplification of the company's structure and organizational processes relating to QMSs (the reduction of the current QMSs to one quarter versus the baseline), management systems, regulated manufacturing sites (legal manufacturers), Corrective and Preventive Action (CAPA) and complaint management.
- Review the implementation of a Patient Safety & Quality IT roadmap and ensure adoption of the IT and data enhancements.
- The status and outcome of Quality & Regulatory-related investigations and inspections by regulatory authorities and notified bodies globally across the organization. Management also regularly provided the Committee with an overview of upcoming scheduled inspections across company sites by the FDA, other regulatory authorities and notified bodies, and the actions taken to prepare for such inspections.
- Review of the product risk per Business based on a product assessment approach and remediation across the company, including findings resulting from internal audits.
- Review of the 2024 dashboard of Quality & Regulatory key performance indicators, showing the trend of performance. The Committee also reviewed the Quality & Regulatory key performance indicators for 2025.

8.4 Remuneration report 2024

Letter from the Remuneration Committee Chair

Dear Stakeholder,

On behalf of the Remuneration Committee, I am pleased to present the 2024 Remuneration Report, providing a comprehensive overview of the remuneration paid and owed to the individual members of the Board of Management and the Supervisory Board, respectively, in the financial year 2024. Charlotte Hanneman succeeded Abhijit Bhattacharya as CFO as of October 1, 2024, after having joined Philips on June 1, 2024, as a member of the Executive Committee, to start her introduction into the role. This Remuneration Report includes their respective remunerations in their capacity as members of the Board of Management.

Company performance in 2024 and incentive plan realization

Despite declines in demand in both consumer and health systems in China we returned to positive order growth and continued to drive margin expansion and cash-flow generation. Nearing the end of the second year of the three-year plan to create value with sustainable impact, Philips has made solid progress on its execution priorities, returned to order intake growth, and delivered strong margin and good cash performance, although sales growth was slower. Philips reached important milestones in the Respironics litigation, resolving the personal injury litigation and the medical monitoring class action. We believe this progress is being acknowledged, where long-term investor Exor increased its stake in Philips, along with some other significant investors.

For the awards granted under our Long-Term Incentive Plan in 2022, the company performance resulted in a realization above target for the sustainability objectives. For the relative Total Shareholder Return (TSR) and adjusted Earnings Per Share (EPS) metrics in our Long-Term Incentive Plan, however, there was a below-threshold performance since the start of the performance period in 2022. With respect to the financial metrics of the 2024 Annual Incentive, performance was at target for the Adjusted EBITA metric, below target for the free cash flow metric, and below threshold for the comparable sales growth metric. Please refer to our 2024 Remuneration Report for more details.

Other remuneration matters prepared by the Remuneration Committee

In 2024, we successfully introduced new remuneration policies for the Board of Management and the Supervisory Board, respectively. This process commenced in October 2023 with extensive engagement with stakeholders, including shareholders representing approximately 55% of the issued share capital, institutional advisory organizations, employees, and employee representative bodies. Their feedback was carefully incorporated to design policies that are competitive in the market and aligned with our strategic priorities and societal responsibilities. The 2024 Remuneration Policy for the Board of Management enhances the alignment between performance and remuneration, emphasizing both financial and non-financial outcomes, with an increased focus on patient safety and quality.

Looking ahead

The 2024 Remuneration Policy includes a potential increase of the Annual Incentive target 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. As noted in the 2024 Remuneration Policy for the Board of Management, the Supervisory Board applied unchanged target levels for 2024, but it could (gradually) increase the Annual Incentive target levels as of 2025, subject to a performance trajectory by 2024 that gives the company a clear outlook to deliver on its 2025 targets. The Supervisory Board notes 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 the Annual Incentives 2025 as well. The Supervisory Board notes that it intends to increase the Annual Incentive target levels towards the policy target maximum as of 2026.

I look forward to presenting our Remuneration report 2024 at our upcoming Annual General Meeting of Shareholders.

On behalf of the Remuneration Committee,

Paul Stoffels

Chairman 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 2024. The report will also be published as a stand-alone document on the company's website after the 2025 Annual General Meeting of Shareholders, the agenda of which will include an advisory vote on this Remuneration Report.

Board of Management

Summary of the 2024 Remuneration Policy

The Remuneration Policy, which includes a Long-Term Incentive Plan, for the Board of Management (BoM) has been adopted at the Annual General Meeting of Shareholders held on May 7, 2024.

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, 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, data 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.	<p>Policy (maximum) level:</p> <p>President & CEO On-target: 120% Maximum: 240% of Annual Base Compensation.</p> <p>Other BoM members On-target: 100% Maximum: 200% of Annual Base Compensation.</p>
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.	<p>President & CEO Annual grant size: 200% of Annual Base Compensation.</p> <p>Other BoM members Annual grant size: 150% of Annual Base Compensation. Maximum vesting opportunity is 200% of the number of performance shares granted.</p>
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 5 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.

Compensation element	Purpose and link to strategy	Operation	Policy Level
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 into an appropriate level at retirement.	<ol style="list-style-type: none"> 1 Defined Contribution plan with fixed contribution (applicable to all executives in the Netherlands – capped at EUR 137,800). 2 Gross allowance of 25% of Annual Base Compensation exceeding EUR 137,800. 	
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.

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.

Philips Group

Quantum Peer Group 2024

European companies		Dutch companies	US companies
Alcon	Lonza	Ahold Delhaize	Baxter
BAE Systems	Nokia	AkzoNobel	Becton Dickinson
Dräger	Reckitt Benckiser	ASML	Boston Scientific
Ericsson	Roche	Heineken	GE Healthcare
Fresenius Medical Care	Siemens Healthineers		Medtronic
Getinge	Smith & Nephew		Stryker
GSK	Thales		

In addition, we use a TSR Performance Peer Group to benchmark our relative Total Shareholder Return performance for LTI purposes and against our business peers in the health technology market and other markets in which we compete. 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 2024

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 in respect of 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).

Services 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. 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 Annual General Meeting of Shareholders (AGM) held in the fourth year after the year of appointment).

Philips Group

Contract terms for current members 2024

	end of term
Roy Jakobs	AGM 2026
Charlotte Hanneman	AGM 2028
Marnix van Ginneken	AGM 2025

Remuneration of the Board of Management in 2024

The Supervisory Board has determined the 2024 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 Philips 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 2024 Annual Incentive, as well as for the 2022 LTI grants, were adequate.

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. No increase was applied in 2023. This year, however, the Annual Base Compensation has been increased per April 1, 2024: for Roy Jakobs from EUR 1,200,000 to EUR 1,250,000, for former CFO Abhijit Bhattacharya from EUR 810,000 to EUR 840,000 and for Marnix van Ginneken from EUR 630,000 to EUR 660,000, respectively. This increase was made to move the total compensation level closer to the market median level, as well as to reflect internal relativities. The Annual Base Compensation of Charlotte Hanneman as new CFO was set at EUR 700,000.

2024 Annual Incentive

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

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 2024, the financial targets set at Group level cover Comparable Sales Growth*, Adjusted EBITA* and Free Cash Flow*. For the Comparable Sales Growth metric, the realized performance was below threshold performance level, which resulted in a 0% 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 906 million EUR results in a 177.0% payout for this metric. The Supervisory Board and Board of Management have jointly decided to adjust for insurance reimbursements received and to lower the payout from 177.0% to 73.6% of target.

Financial performance metric	Weighting as % of target Annual Incentive	Assessment of performance					Weighted pay-out as % of target Annual Incentive
		threshold performance	target performance	maximum performance	realized performance	resulting payout as % of target	
Comparable Sales Growth ¹	25%	2.0%	4.0%	6.0%	1.2%	-%	-%
Adjusted EBITA margin ¹	25%	10.5%	11.5%	13.5%	11.5%	100.0%	25.0%
Free Cash Flow ¹	20%	375	675	975	906	73.6%	14.7%
Total	70%						39.7%

¹ Non-IFRS financial measure. For the definition and reconciliation of the most directly comparable IFRS measure, refer to [Reconciliation of non-IFRS information](#).

Non-financial element (30% weighting)

The non-financial performance categories and objectives were set at the beginning of the year and disclosed in the 2023 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 & Quality	Drive Patient Safety & Quality as highest priority in the organization	Further strengthened our Patient Safety & Quality culture, capabilities and performance. Significant progress made on managing the recall, and addressing consent decree requirements.	34.5%
	Customer	Improve customer experience	Customer NPS significantly improved.	
		Improve supply chain reliability	On-time delivery of orders as per customer expectations significantly improved.	
	Strategy and Execution	Drive focused strategy to win in the market	Market share gains achieved in some Businesses. Solid progress on execution priorities, with opportunities to accelerate growth strategies.	
		Establish simplified, more agile operating model	Targets for operating model simplification and the headcount reduction plan were responsibly achieved.	
ESG	Deliver on ESG Commitments	ESG index realization significantly ahead of target. Employee engagement significantly up ahead of target. Succession plans and talent development as per plan.		
Charlotte Hanneman	Patient Safety & Quality	Drive Patient Safety & Quality as highest priority in the organization	Further strengthened our Patient Safety & Quality culture, capabilities and performance. Significant progress made on managing the recall, and addressing consent decree requirements.	30.3%
	Customer	Improve customer experience	Customer NPS significantly improved.	
		Improve financial forecasting	n/a	
	Strategy and Execution	Drive focused strategy to win in the market	Delivered on Cash- and Productivity programs as per plan	
		Establish simplified, more agile operating model	Targets for operating model simplification and the headcount reduction plan were responsibly achieved.	
ESG	Deliver on ESG Commitments	ESG index realization significantly ahead of target. Employee engagement significantly up ahead of target. Succession plans and talent development as per plan.		
Abhijit Bhattacharya	Patient Safety & Quality	Drive Patient Safety & Quality as highest priority in the organization	Further strengthened our Patient Safety & Quality culture, capabilities and performance. Significant progress made on managing the recall, and addressing consent decree requirements.	30.3%
	Customer	Improve customer experience	Customer NPS significantly improved.	
		Improve financial forecasting	Accuracy of sales forecast was insufficient.	
	Strategy and Execution	Drive focused strategy to win in the market	Delivered on Cash- and Productivity programs as per plan	
		Establish simplified, more agile operating model	Targets for operating model simplification and the headcount reduction plan were responsibly achieved.	
ESG	Deliver on ESG Commitments	ESG index realization significantly ahead of target. Employee engagement significantly up ahead of target. Succession plans and talent development as per plan.		
Marnix van Ginneken	Patient Safety & Quality	Drive Patient Safety & Quality as highest priority in the organization	Further strengthened our Patient Safety & Quality culture, capabilities and performance. Significant progress made on managing the recall, and addressing consent decree requirements.	40.3%
	Customer	Manage legal issues	Significant milestones achieved, such as the economic loss settlement and the resolution of the personal injury and medical monitoring litigation in the US related to the Respiroics recall.	
	Strategy and Execution	Drive focused strategy to win in the market	Delivery on our value creation plan and legal & compliance commitments ahead of target.	
		Establish simplified, more agile operating model	Targets for operating model simplification and the headcount reduction plan were responsibly achieved.	
ESG	Deliver on ESG Commitments	ESG index realization significantly ahead of target. Employee engagement significantly up ahead of target. Succession plans and talent development as per plan.		

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

Annual Incentive realization 2024

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%	1,250,000	40%	35%	74%	927,750
Charlotte Hanneman	80%	140,491	40%	30%	70%	98,372
Abhijit Bhattacharya	80%	502,619	40%	30%	70%	351,934
Marnix van Ginneken	80%	528,000	40%	40%	80%	422,374

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 [Reconciliation of non-IFRS information](#).

2025 Annual Incentive

Financial element (70% weighting):

For the year 2025, 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*

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 & 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 2025, 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 & Quality	Drive Patient Safety & 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 & Quality culture, capabilities and performance. Additionally, we measure the progress on the Respironics recall and delivery of the proposed consent decree commitments.
Customer	Improve market share and customer experience	Roy Jakobs		This objective is measured by the market share gain and by the on-time delivery of orders as per customer expectations.
	Improve market share and customer experience	Charlotte Hanneman	7.50%	This objective is measured by the market share gain and by a reliable forecast as per plan.
	Manage legal issues	Marnix van Ginneken		Develop and manage litigation strategy and potential liabilities.
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: - Performance on our ESG index (which includes various elements such as emission- and diversity targets) - Our capacity to grow talent and further improve employee engagement

* Non-IFRS financial measure. For the definition and reconciliation of the most directly comparable IFRS measure, refer to [Reconciliation of non-IFRS information](#).

2022 Long-Term Incentive

The 3-year performance period of the 2022 LTI grant, consisting of performance shares, ended on December 31, 2024. 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 in respect of the 2022 grant of performance shares:

Philips Group

Performance achievement and vesting levels

	achievement	weighting	vesting level
TSR	0%	50%	0%
EPS	0%	40%	0%
Sustainability objectives	150%	10%	15%
Total			15%

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 3-month averaging period prior to the start and end of the 3-year performance period. The performance incentive pay-out zone is outlined in the following table, which 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 (18.07%), using a start date of October 2021 and end date of December 2024. This resulted in Philips being positioned at rank 17 in the TSR performance peer group shown in the following table, resulting in a TSR achievement of 0%.

Following Oracle's acquisition of Cerner (completed June 2022), the Supervisory Board adopted the approach of recognizing Cerner's performance through the delisting date. As a proxy for future performance, reinvestment in an index of the remaining 19 peer companies was assumed (effectively retaining a peer group of 20 companies).

LTI Plan TSR realization 2022 grant: (18.07%)

	total return	rank number
General Electric	188.13%	1
Canon	109.69%	2
Boston Scientific	109.49%	3
Stryker	45.83%	4
Terumo	25.61%	5
Cerner	16.03%	6
Hologic	6.28%	7
Alcon	5.30%	8
Johnson & Johnson	3.09%	9
Becton Dickinson	0.82%	10
ResMed	(4.69%)	11
Danaher	(9.68%)	12
Reckitt Benckiser	(11.29%)	13
Siemens Healthineers	(12.07%)	14
Smith & Nephew	(12.55%)	15
Medtronic	(17.81%)	16
Philips	(18.07%)	17
Fresenius Medical Care	(23.62%)	18
Elekta	(30.87%)	19
Getinge	(49.05%)	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)	<1.19	1.19	1.47	1.69	(0.26)
Vesting %	0%	40%	100%	200%	0%

In respect of the 2022 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 (0.97). 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 (0.26) based on adjusted net income from continuing operations, leading to a realization of 0% of target.

Philips Group LTI Plan EPS realization in millions of EUR unless otherwise stated

	Net income	EPS (euro)
Income from continuing operations attributable to shareholders	(843)	(0.97)
Profit and loss impact of:		
- Acquisitions and divestitures ¹	1	0.00
- Foreign exchange variations versus plan ²	108	0.12
- Legacy legal proceedings ³	327	0.38
- Respiroics related charges ⁴	180	0.21
Adjusted net income from continuing operations	(226)	(0.26)

¹ Profit and loss impact of acquisitions and divestments made after the start of the performance period is excluded.

² Impact of variations of unhedged volatile currencies compared to the performance period plan.

³ Impact of Respiroics litigation provision and Respiroics legal insurance proceeds.

⁴ 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 commitment, 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., 3 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 four out of five objectives are achieved within or better than target range, the vesting % lies between 100% and 150% of target. Based on the outperformance of the four objectives, the Supervisory Board has assessed that a vesting level of 150% would reflect an appropriate position within the vesting range.

For more information on the realized performance on all five objectives please refer to our [Environmental, Social and Governance](#).

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	1.75 – 1.91 million	1.96 million Better than target range
Ensure sustainable consumption and production patterns (SDG12) Circularity	Targeted circular revenue in year 3 ²	16.0% – 21.0%	24.4% Better than target range
	Targeted waste to landfill in year 3 ³	3.5% – 0.1%	<0.01% Better than target range
	Targeted closing the loop in year 3 ⁴	28.0% – 36.0%	19.5% 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	612 – 549 kilotonnes CO ₂	474 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.

2025 Long-Term Incentive

The 2025 Long-Term Incentive grant consists of 100% performance shares of which vesting is subject to performance over a period of 3 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

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 2025 LTI grant are shown in the following table, including the rationale for selecting these objectives and more details on the measurement approach.

2025-2027

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	We have a Lives Improved calculation methodology, which follows a three-step approach. 1) We first determine the installed base of our health- and well-being solutions, 2) We determine the number of touchpoints per product per year, and 3) To avoid double-counting, we eliminate all direct- and indirect double-counts between products and solutions.
Targeted circular revenue in year 3 ²	Ensure sustainable consumption and production patterns (SDG12) Circularity	Revenues generated through products and solutions that meet specific Circular Economy requirements (e.g. refurbished, reconditioned and remanufactured components).
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	Total greenhouse gas emissions caused by Philips, expressed in kilotonnes CO ₂ -equivalent, which is the sum of our Scope 1, 2 and material Scope 3 (at least 95% coverage) emissions according to the Greenhouse Gas Protocol.
Targeted People Engagement Score in year 3	Retain an engaged workforce People Engagement Score	The People Engagement Score is the single measure of the overall level of employee engagement at Philips, measured on a bi-yearly basis.

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)

* Non-IFRS financial measure. For the definition and reconciliation of the most directly comparable IFRS measure, refer to [Reconciliation of non-IFRS information](#).

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 2% - this was changed to 8% as of October 1, 2024) of the maximum pensionable salary of EUR 137,800 (effective January 1, 2024) 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 2024

The following table gives an overview of the costs incurred by the company in 2024 and 2023 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 [2022 Long-Term Incentive](#) for more details on the actual vesting of the performance shares.

Philips Group Remuneration Board of Management ¹ in EUR

	Accounting costs in the year									
	reported year	annual base compensation ²	base compensation	realized annual incentive	performance shares ³	pension allowances ⁴	pension scheme costs	other compensation ⁵	total cost	Fixed-variable remuneration ⁶
R. Jakobs	2024	1,250,000	1,237,500	927,750	1,692,087	274,925	32,218	83,870	4,248,350	38%-62%
	2023	1,200,000	1,200,000	2,004,480	968,922	267,798	31,891	109,256	4,582,347	35%-65%
Charlotte Hanneman	2024	700,000	175,545	98,372	104,606	35,247	7,775	23,089	444,633	54%-46%
Abhijit Bhattacharya	2024	840,000	622,500	351,934	1,424,219 ⁶	129,788	25,478	963,596 ⁷	3,517,514	50%-50%
	2023	810,000	810,000	1,075,939	793,429	197,133	31,891	94,516	3,002,907	38%-62%
Marnix van Ginneken	2024	660,000	652,500	422,374	740,101	128,675	32,218	74,227	2,050,095	43%-57%
	2023	630,000	630,000	846,922	614,840	125,298	31,891	53,446	2,302,397	37%-63%
Total	2024	2,688,045	1,800,429	3,961,013	568,635	97,689	1,144,781	10,260,593	44%-56%	
	2023	2,640,000	3,927,341	2,377,191	590,228	95,673	257,218	9,887,650	36%-64%	

¹ Reference date for board membership is December 31, 2024.

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

³ Costs of performance shares are based on accounting standards (IFRS) and do not reflect the value of performance shares at the vesting/release date.

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.

⁶ Accounting costs for 2024 include the additional costs for the accelerated accrual of the 2022 and 2023 LTI grant.

⁷ Other compensation costs include the one-time severance payment of €840,000, which Abhijit Bhattacharya received in accordance with his employment agreement.

5-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 2024 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 43:1. The ratio decreased from 46:1 in 2023. Furthermore, the ratio between the CEO and median annual total remuneration for all employees (excluding the highest-paid individual) was 48:1. 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

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

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, onwards. For 2020 and 2021, CEO refers to Frans van Houten.

² Based on Employee benefit expenses (EUR 6.6 billion) divided by the average number of employees (67,014 FTE) as reported in Income from operations. This results in an average annual total compensation cost of EUR 99,091 per employee.

³ Median Employee Total Remuneration Costs are based on the full salary & 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 3-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](#).

Historical LTI grants and holdings

Number of performance shares (holdings)

Under the LTI Plan the current members of the Board of Management were granted 246,822 performance shares in 2024. The following table provides an overview at end December 2024 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, 2024	number of shares awarded in 2024	(dividend) shares awarded	number of shares vested in 2024 ¹	value at vesting date in 2024	unvested closing balance at Dec. 31, 2024
		number of shares originally granted	value at grant date									
Roy Jakobs	4/30/2021	15,812 ²	750,000	4/30/2024	4/30/2026	17,443	-	0	3,052	77,227	0	
	4/29/2022	37,630 ²	930,000	4/29/2025	4/29/2027	40,754	-	1,394	-	-	42,148	
	10/28/2022	24,279	314,137	10/28/2025	10/28/2027	25,365	-	868	-	-	26,233	
	4/28/2023	124,538	2,400,000	4/28/2026	4/28/2028	130,109	-	4,451	-	-	134,560	
	7/5/2024	131,443	2,500,000	7/5/2027	7/5/2029	-	131,443	4,496	0	0	135,939	
Charlotte Hanneman	7/29/2024	25,346	613,934	7/29/2027	7/29/2029	-	25,346	0	-	0	25,346	
	7/29/2024	37,982	920,000	7/29/2027	7/29/2029	-	37,982	0	-	0	37,982	
Abhijit Bhattacharya	4/30/2021	25,141	1,192,500	4/30/2024	4/30/2026	27,734	-	0	4,853	122,790	-	
	4/29/2022	49,162	1,215,000	4/29/2025	4/29/2027	53,244	-	1,821	-	-	55,065	
	4/28/2023	63,047	1,215,000	4/28/2026	4/28/2028	65,867	-	2,253	-	-	68,120	
Marnix van Ginneken	4/30/2021	19,448	922,500	4/30/2024	4/30/2026	21,454	-	0	3,754	94,985	-	
	4/29/2022	38,237	945,000	4/29/2025	4/29/2027	41,412	-	1,417	-	-	42,828	
	4/28/2023	49,037	945,000	4/28/2026	4/28/2028	51,231	-	1,752	-	-	52,983	
	7/5/2024	52,051	990,000	7/5/2027	7/5/2029	-	52,051	1,781	0	0	53,832	

¹ The shares vested in 2024 are subject to a 2-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 per December 31, 2024. 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	1,250,000	134,298	2.6x
Charlotte Hanneman	3.0x	700,000	-	0x
Marnix van Ginneken	3.0x	660,000	137,753	5.1x

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 24.40 (based on the closing share price of December 31, 2024) and dividing this by the base compensation.

Remuneration of the Supervisory Board in 2024

Summary of the 2024 Remuneration Policy

Also the Remuneration Policy for the Supervisory Board has been adopted at the Annual General Meeting of Shareholders held on May 7, 2024.

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 above, 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 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 following table provides an overview of the current remuneration structure. The fee levels were set below median market levels (and below the 25th percentile market level for the Chairman) 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	
	2024	As of 2025	2024	As of 2025	2024	As of 2025
Supervisory Board (annual fee)	166,500	175,000	123,500	130,000	107,500	113,000
Audit Committee	29,000	30,500	n.a.		19,250	20,250
Remuneration Committee	22,500	23,750	n.a.		15,000	15,750
Corporate Governance and Nomination & Selection Committee	22,500	23,750	n.a.		15,000	15,750
Quality and Regulatory Committee	22,500	23,750	n.a.		15,000	15,750

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:

Fee and reimbursement type (amounts 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 2024

The individual members of the Supervisory Board received, by virtue of the positions they held, the following remuneration in 2024:

Philips Group

Remuneration of the Supervisory Board in EUR

	membership	committees	other compensation ¹	total
F. Sijbesma	166,500	37,500	28,945	232,945
P.A. Stoffels	123,500	37,500	13,269	174,269
S.K. Chua	107,500	19,250	26,107	152,857
M.E. Doherty	107,500	29,000	20,289	156,789
A.M. Harrison	107,500	15,000	7,769	130,269
P. Löscher	107,500	34,250	18,769	160,519
I. Nooyi	107,500	15,000	20,154	142,654
S. Poonen	107,500	16,771	19,267	143,538
D. Pyott	107,500	28,750	18,769	155,019
B. Ribadeau-Dumas	70,390	9,822	17,986	98,198
H. Verhagen	107,500	26,229	16,267	149,996
Total	1,220,390	269,072	207,592	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.

9 Group financial statements

9.1 Controls and Procedures

9.1.1 Disclosures controls and procedures

The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the design and operation of the company's disclosure controls and procedures (as defined in Rules 13a15(e) and 15d15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by the Annual Report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective as of December 31, 2024.

9.1.2 Management's annual report on internal control over financial reporting

The Board of Management of Koninklijke Philips N.V. (Royal Philips) is responsible for establishing and maintaining an adequate system of internal control over financial reporting (as such term is defined in Rule 13a-15 (f) under the US Securities Exchange Act). Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting for external purposes in accordance with IFRS as issued by the IASB.

Internal control over financial reporting includes maintaining records that, in reasonable detail, accurately and fairly reflect our transactions; providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements; providing reasonable assurance that receipts and expenditures of company assets are made in accordance with management authorization; and providing reasonable assurance that unauthorized acquisition, use or disposition of company assets that could have a material effect on our financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected. Also, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Board of Management conducted an assessment of Royal Philips' internal control over financial reporting based on the "Internal Control Integrated Framework (2013)" established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on the Board of Management's assessment of the effectiveness of Royal Philips' internal control over financial reporting as of December 31, 2024, it has concluded that, as of December 31, 2024, Royal Philips' internal control over Group financial reporting is considered effective.

9.1.3 Attestation report of the registered public accounting firm

The effectiveness of the Royal Philips' internal control over financial reporting as of December 31, 2024, as included in this section Group financial statements, has been audited by EY Accountants B.V., an independent registered public accounting firm, as stated in their report which follows hereafter.

9.1.4 Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting during 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

9.2 Reports of the independent auditor

Management's report on internal control over financial reporting is set out on [Management's annual report on internal control over financial reporting](#). The report set out in [Independent auditor's report on internal control over financial reporting](#) is provided in compliance with standards of the Public Company Accounting Oversight Board in the US and includes an opinion on the effectiveness of internal control over financial reporting as at December 31, 2022, based on COSO criteria.

EY Accountants B.V. (PCAOB ID: 1396) has also issued a report on the consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board in the US, which is set out in [Independent auditor's report on the consolidated financial statements](#).

9.3 Independent auditor's report on internal control over financial reporting

Report of Independent Registered Public Accounting Firm

To: the Supervisory Board and Shareholders of Koninklijke Philips N.V.

Opinion on Internal Control over Financial Reporting

We have audited Koninklijke Philips N.V.'s internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Koninklijke Philips N.V. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income, cash flows and changes in equity for each of the three years in the period ended December 31, 2024, and the related notes and our report dated February 21, 2025 expressed an unqualified opinion thereon.

Basis for opinion

The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying section Management's report on internal control, of this Annual Report. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

EY Accountants B.V.

/s/ EY Accountants B.V.

Amsterdam, the Netherlands

February 21, 2025

9.4 Independent auditor's report on the consolidated financial statements

Report of Independent Registered Public Accounting Firm

To: the Supervisory Board and Shareholders of Koninklijke Philips N.V.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Koninklijke Philips N.V. (Philips, or the Company) as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income, cash flows and changes in equity for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the group financial statements). In our opinion, the group financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 21, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the US federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the Audit Committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Measurement of provisions and disclosures for legal claims, litigations and contingent liabilities

Description of the Matter	<p>The Company and certain of its group companies and former group companies are involved as a party in legal proceedings, including regulatory and other governmental proceedings, as well as being investigated by governmental authorities for alleged non-compliance with laws and regulations. As more fully described in Note 19, Provisions, and Note 24, Contingencies, this includes legal claims, and litigation related to the Respiroics recall and discussions with and information provided to the Department of Justice (DoJ), certain United States' State Attorneys General and the Securities and Exchange Commission (SEC) regarding ongoing investigations.</p> <p>In Note 24, the Company has disclosed present obligations with a probable outflow of economic resources where the amount cannot be reliably estimated, as well as certain possible obligations arising from past events.</p> <p>The Company recognizes provisions for legal claims and litigation when it has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be estimated reliably. At December 31, 2024, the provision balance recorded for these obligations is EUR 1,079 million. A significant portion of this balance is derived from a settlement in relation to the personal injury and medical monitoring class action complaints in the United States (US) for which the Company recorded a provision of EUR 984 million in 2024.</p> <p>Auditing the provisions for legal claims and litigation, and the disclosure for provisions and contingent liabilities is complex due to the judgment applied by management in predicting the outcome of the matters and estimating the potential impact if the outcomes are unfavorable and the amounts involved are, or can be, material to the group financial statements as a whole.</p>
How We Addressed the Matter in Our Audit	<p>Our audit procedures included, amongst others, evaluating the appropriateness of the Company's accounting policies related to provisions and disclosures for legal claims, litigations, and contingent liabilities in accordance with IAS 37 Provisions, contingent liabilities, and contingent assets, and whether the accounting policies have been applied consistently or whether changes, if any, are appropriate in the circumstances.</p> <p>We obtained an understanding, evaluated the design and tested the operating effectiveness of the Company's controls relating to the identification and evaluation of legal claims, litigation and investigations, and the measurement and continuous re-assessment of the related provisions, contingent liabilities, and disclosures. To evaluate the potential impact of these matters and test the Company's estimate of provisions for legal claims and litigation and the disclosure for provisions and contingent liabilities our procedures included, among others, discussion of the legal claims, litigation and investigations with both internal and external legal counsel and receiving confirmation letters from both internal and external legal counsel involved in these matters. We also discussed the allegations with the Company's finance department, inspected relevant correspondence with authorities, and inspected the minutes of the meetings of the Audit Committee, Supervisory Board, Board of Management and Executive Committee. For claims settled during the year, we read the related settlement agreements and agreed the cash payments to these, as appropriate.</p> <p>Specifically related to ongoing investigations into alleged non-compliance with laws and regulations regarding events leading to the Respiroics recall, we were supported by forensic specialists and legal specialists in assessing certain technical aspects of the alleged non-compliance matters, legal claims, and litigation. To assess the completeness of the provisions and contingent liabilities, we reviewed publicly available information, such as press releases, notifications issued by regulatory bodies, media reports and publications. For the personal injury litigation and medical monitoring class action settlement in the US, we obtained the settlement agreement and agreed the terms and conditions to the amount recorded for the provision.</p> <p>We evaluated the adequacy of the Company's disclosure for provisions for legal claims and litigation, and contingent liabilities, as included in the group financial statements.</p>

Recognition of deferred tax assets in the United States

Description of the Matter	<p>The net deferred tax assets of EUR 1,835 million consist of deferred tax assets of EUR 1,916 million and deferred tax liabilities of EUR 81 million. As more fully described in Note 8, Income taxes, of the total deferred tax assets of EUR 1,916 million as of December 31, 2024, EUR 1,188 million is recognized in respect of entities in various countries where there have been tax losses in the current or preceding financial year, primarily the United States (US).</p> <p>Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that there will be future taxable profits against which these can be utilized. Determining whether such taxable profits are probable involves significant judgment, which includes but is not limited to, the availability and timing of reversal of offsetting deferred tax liabilities, the projection of available future tax profits and the expected period of recovery.</p> <p>Auditing the recognition of deferred tax assets in the US was complex because it involved significant judgment and management assumptions related to projections used to determine future taxable income, which were derived from the Company's strategic plan, and estimation uncertainty in determining the expected period of recovery.</p>
How We Addressed the Matter in Our Audit	<p>We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the recognition of deferred tax assets in the US.</p> <p>This included controls over management's process related to the assessment of the model used to project future taxable income, the assumptions used in the income projections, and controls over the mathematical accuracy of the calculation.</p> <p>To evaluate management's recognition of the US deferred tax assets, we performed procedures to test the projections of future taxable income, based on the Company's strategic plan, including assessment of the historical accuracy of management's forecasting assumptions. We also benchmarked the projections of future taxable income to industry trends, performed sensitivity analyses over the key forecasting inputs, evaluated the risk-adjusted scenarios, and tested the mathematical accuracy of management's model.</p> <p>With the assistance of our tax professionals, we assessed the reasonableness of the expected period of recovery by analyzing the timing and right of offset of certain deferred tax assets with deferred tax liabilities.</p> <p>We also evaluated the adequacy of management's disclosures around deferred tax assets as included in the group financial statements.</p>

/s/ EY Accountants B.V.

We have served as the Company's auditor since 2016.

Amsterdam, the Netherlands
February 21, 2025

9.5 Consolidated statements of income

Philips Group

Consolidated statements of income in millions of EUR
for the year ended December 31,

	2022	2023	2024
6 Sales	17,827	18,169	18,021
Cost of sales	(10,633)	(10,721)	(10,248)
Gross margin	7,194	7,448	7,773
Selling expenses	(4,621)	(4,524)	(4,486)
General and administrative expenses	(671)	(608)	(582)
Research and development expenses	(2,091)	(1,890)	(1,747)
11 Impairment of goodwill	(1,357)	(8)	
6 Other business income	127	112	590
6 Other business expenses	(109)	(645)	(1,019)
6 Income from operations	(1,529)	(115)	529
7 Financial income	58	63	105
7 Financial expenses	(258)	(376)	(387)
Investments in associates, net of income taxes	(2)	(98)	(124)
Income before taxes	(1,731)	(526)	123
8 Income tax (expense) benefit	113	73	(963)
Income from continuing operations	(1,618)	(454)	(840)
Discontinued operations, net of income taxes	13	(10)	142
3 Net income	(1,605)	(463)	(698)
Attribution of net income:			
Net income attributable to shareholders of Koninklijke Philips N.V.	(1,608)	(466)	(702)
Net income attributable to non-controlling interests	3	2	3

Philips Group

Earnings per common share attributable to shareholders of Koninklijke Philips N.V. in EUR
for the year ended December 31,

	2022	2023	2024
Basic earnings per common share attributable to shareholders of Koninklijke Philips N.V. ¹			
Income from continuing operations	(1.70)	(0.48)	(0.90)
Net income	(1.69)	(0.49)	(0.75)
Diluted earnings per common share attributable to shareholders of Koninklijke Philips N.V. ¹			
Income from continuing operations	(1.70)	(0.48)	(0.90)
Net income	(1.69)	(0.49)	(0.75)

¹ Per share calculations have been adjusted retrospectively for all periods presented to reflect the issuance of shares for the share dividend in respect of 2023.

Amounts may not add up due to rounding.

9.6 Consolidated statements of comprehensive income

Philips Group

Consolidated statements of comprehensive income in millions of EUR
for the year ended December 31,

	2022	2023	2024
Net income for the period	(1,605)	(463)	(698)
20 Pensions and other-post employment plans:			
Remeasurement, before tax	101	(26)	(18)
8 Income tax effect on remeasurements	(20)	3	12
Financial assets fair value through OCI:			
Net current-period change, before tax	(32)	(20)	(21)
Income tax effect on net current-period change	1	3	9
Total of items that will not be reclassified to Income Statement	49	(40)	(17)
Currency translation differences:			
Net current period change, before tax	748	(579)	768
8 Income tax effect on net current-period change	2	-	(8)
Reclassification adjustment for (gain) loss realized	-	(26)	(7)
Cash flow hedges:			
Net current-period change, before tax	(29)	29	21
8 Income tax effect on net current-period change	(10)	(2)	3
Reclassification adjustment for (gain) loss realized	63	(19)	(29)
Total of items that are or may be reclassified to Income Statement	774	(597)	748
Other comprehensive income for the period	823	(637)	731
Total comprehensive income for the period	(782)	(1,100)	33
Total comprehensive income (loss) attributable to:			
Shareholders of Koninklijke Philips N.V.	(786)	(1,101)	27
Non-controlling interests	4	1	6

Amounts may not add up due to rounding.

9.7 Consolidated balance sheets

Philips Group
Consolidated balance sheets in millions of EUR
as of December 31,

		2023	2024	
Non-current assets				
2	10	Property, plant and equipment	2,483	2,452
2	11	Goodwill	9,876	10,383
2	12	Intangible assets excluding goodwill	3,190	2,982
16		Non-current receivables	193	208
5		Investments in associates	381	257
13		Other non-current financial assets	619	631
28		Non-current derivative financial assets	3	8
8		Deferred tax assets	2,627	1,916
14		Other non-current assets	93	118
		Total non-current assets	19,466	18,955
Current assets				
15		Inventories	3,491	3,198
13		Other current financial assets	3	2
14		Other current assets	500	586
28		Current derivative financial assets	45	69
		Income tax receivable	220	94
16	25	Current receivables	3,733	3,672
3		Assets classified as held for sale	79	-
29		Cash and cash equivalents	1,869	2,401
		Total current assets	9,940	10,022
		Total assets	29,406	28,976
Equity				
17		Shareholders' equity	12,028	12,006
		<i>Common shares</i>	183	188
		<i>Capital in excess of par value</i>	5,827	6,654
		<i>Reserves</i>	879	1,925
		<i>Other</i>	5,139	3,239
17		Non-controlling interests	33	37
		Group equity	12,061	12,043
Non-current liabilities				
18		Long-term debt	7,035	7,113
28		Non-current derivative financial liabilities	3	4
19	20	Long-term provisions	1,035	996
8		Deferred tax liabilities	71	81
22		Non-current contract liabilities	469	431
8		Non-current tax liabilities	390	119
22		Other non-current liabilities	54	45
		Total non-current liabilities	9,058	8,787
Current liabilities				
18		Short-term debt	654	526
28		Current derivative financial liabilities	40	59
		Income tax payable	83	71
25		Accounts payable	1,917	1,830
21		Accrued liabilities	1,887	1,630
22		Current contract liabilities	1,809	1,699
19	20	Short-term provisions	1,463	1,977
		Dividend payable	11	-
		Liabilities directly associated with assets held for sale	9	-
22		Other current liabilities	414	354
		Total current liabilities	8,287	8,146
		Total liabilities	17,345	16,933
		Total liabilities and group equity	29,406	28,976

Amounts may not add up due to rounding.

9.8 Consolidated statements of cash flows

Philips Group

Consolidated statements of cash flows in millions of EUR
for the year ended December 31,

	2022	2023	2024
Cash flows from operating activities			
Net income (loss)	(1,605)	(463)	(698)
Results of discontinued operations, net of income tax	(13)	10	(142)
Adjustments to reconcile net income to net cash provided by (used for) operating activities:			
Depreciation, amortization, and impairment of assets	1,602	1,261	1,390
Impairment of goodwill	1,357	8	
Share-based compensation	95	88	96
Net loss (gain) on sale of assets	(115)	(71)	(19)
Interest income	(25)	(46)	(81)
Interest expense on debt, borrowings, and other liabilities	226	255	270
Investments in associates, net of income taxes	112	107	126
Income tax expense (benefit)	(113)	(71)	964
Decrease (increase) in working capital	(862)	913	(355)
Decrease (increase) in receivables and other current assets	(342)	298	(1)
Decrease (Increase) in inventories	(572)	257	230
Increase (decrease) in accounts payable, accrued and other current liabilities	52	358	(583)
Decrease (increase) in non-current receivables and other assets	1	(33)	(5)
Increase (decrease) in other liabilities	(84)	(38)	(51)
19 Increase (decrease) in provisions	(199)	422	316
Other items	(39)	129	101
Interest received	15	53	83
Interest paid	(205)	(250)	(261)
Dividends received from investments in associates	12	13	8
Income taxes paid	(333)	(152)	(173)
Net cash provided by (used for) operating activities	(173)	2,136	1,569
Cash flows from investing activities			
Net capital expenditures	(788)	(554)	(663)
Purchase of intangible assets	(105)	(96)	(118)
Expenditures on development assets	(257)	(203)	(241)
Capital expenditures on property, plant and equipment	(444)	(345)	(317)
Proceeds from sales of property, plant and equipment	18	90	13
23 Net proceeds from (cash used for) derivatives and current financial assets	(72)	(46)	38
23 Purchase of other non-current financial assets	(116)	(92)	(123)
23 Proceeds from other non-current financial assets	78	48	57
5 4 Purchase of businesses, net of cash acquired	(712)	(73)	(8)
Net proceeds from sale of interests in businesses, net of cash disposed	124	80	126
Net cash provided by (used for) for investing activities	(1,487)	(636)	(573)
Cash flows from financing activities			
23 18 Proceeds from issuance (payments on) short-term debt	47	29	(30)
23 18 Principal payments on current portion of long-term debt	(1,472)	(754)	(763)
23 18 Proceeds from issuance of long-term debt	2,516	544	710
Re-issuance of treasury shares	12	-	-
17 Purchase of treasury shares	(187)	(662)	(411)
Dividends paid to shareholders of Koninklijke Philips N.V.	(412)	(2)	(1)
Dividends paid to shareholders of non-controlling interests	(6)	(3)	(2)
Net cash provided by (used for) financing activities	500	(848)	(496)
Net cash provided by (used for) continuing operations	(1,160)	652	500
3 Net cash provided by (used for) discontinued operations	(12)	123	(13)
Net cash provided by (used for) continuing and discontinued operations	(1,172)	776	487
Effect of changes in exchange rates on cash and cash equivalents	41	(79)	45
Cash and cash equivalents at the beginning of the period	2,303	1,172	1,869
Cash and cash equivalents at the end of the period	1,172	1,869	2,401

Amounts may not add up due to rounding.

9.9 Consolidated statements of changes in equity

Philips Group

Consolidated statements of changes in equity in millions of EUR
for the year ended December 31,

	Common shares	Capital in excess of par value	Fair value through OCI	Cash flow hedges	Currency translation differences	Retained earnings	Treasury shares	Total shareholders' equity	Non- controlling interests	Group equity
	Reserves					Other				
Balance as of January 1, 2022	177	4,646	(344)	(25)	1,117	9,344	(476)	14,438	36	14,475
Total comprehensive income (loss)			(32)	23	749	(1,527)		(786)	4	(782)
Dividend distributed	3	326				(741)		(412)	(6)	(418)
Minority Buy-out									-	-
Transfer of result on disposal of equity investments at FVTOCI to retained earnings						1		-		-
Purchase of treasury shares						-	(24)	(24)		(24)
Re-issuance of treasury shares	-	(43)				(28)	77	7		7
Forward contracts						76	(140)	(64)		(64)
Share call options						5	(12)	(6)		(6)
Cancellation of treasury shares	(2)					(298)	299			
Share-based compensation plans		95						95		95
Income tax share-based compensation plans		1						1		1
Balance as of December 31, 2022	178	5,025	(376)	(2)	1,866	6,832	(275)	13,249	34	13,283
Total comprehensive income (loss)			(17)	8	(604)	(488)		(1,101)	1	(1,100)
Dividend distributed	8	741				(816)		(68)	(3)	(70)
Minority Buy-out									-	-
Transfer of result on disposal of equity investments at FVTOCI to retained earnings			4			(4)		-		-
Purchase of treasury shares						-	-	-		-
Re-issuance of treasury shares		(29)				(24)	54	-		-
Forward contracts						465	(608)	(143)		(143)
Share call options						-	-	-		-
Cancellation of treasury shares	(3)					(563)	566			
Share-based compensation plans		88						88		88
Income tax share-based compensation plans		2						2		2

	Common shares	Capital in excess of par value	Fair value through OCI	Cash flow hedges	Currency translation differences	Retained earnings	Treasury shares	Total shareholders' equity	Non-controlling interests	Group equity
Balance as of December 31, 2023	183	5,827	(390)	6	1,263	5,402	(262)	12,028	33	12,061
Total comprehensive income (loss)			(11)	(5)	751	(707)		27	6	33
Dividend distributed	6	762				(799)		(31)	(2)	(32)
Transfer of result on disposal of equity investments at FVTOCI to retained earnings			311			(313)		(2)		(2)
Purchase of treasury shares						-	(60)	(60)		(60)
Re-issuance of treasury shares		(36)				(18)	54	-		-
Forward contracts						251	(310)	(59)		(59)
Cancellation of treasury shares	(1)					(166)	167			
Share-based compensation plans		96						96		96
Income tax share-based compensation plans		5						5		5
Balance as of December 31, 2024	188	6,654	(90)	1	2,014	3,650	(411)	12,006	37	12,043

Amounts may not add up due to rounding.

9.10 Notes to the Consolidated financial statements

1 General information to the Consolidated financial statements

Reporting entity and its operations

Koninklijke Philips N.V. ('Royal Philips'), incorporated and domiciled in the Netherlands, is a public limited liability company organized under Dutch Law. Philips is headquartered in Amsterdam, the Netherlands and has its registered address at High Tech Campus 52, 5656 AG Eindhoven, the Netherlands. The consolidated financial statements of Royal Philips as of December 31, 2024 comprise Royal Philips and its subsidiaries (together referred to as the 'company' or 'Philips' or the 'Group'). Philips is a leading health technology company primarily involved in diagnostic imaging, image-guided therapy, patient monitoring and health informatics, as well as in consumer health and home care.

Basis of preparation

The Consolidated financial statements are:

- prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and comply with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code. All standards and interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee effective 2024 have been endorsed by the EU; consequently, the accounting policies applied by Philips also comply with IFRS as issued by the IASB. These accounting policies have been applied by group entities
- authorized for issue by the Board of Management of Royal Philips on February 21, 2025
- prepared under the historical cost convention, unless otherwise indicated
- prepared on a going concern basis
- presented in euro, which is the presentation currency
- rounded to the nearest million euro unless stated otherwise
- subject to rounding, whereby amounts may not add up precisely to the totals provided

Accounting estimates and judgments

The preparation of these financial statements requires management to make a number of estimates and judgments that affect the application of accounting policies and the reported amounts of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Amounts recognized are based on factors that are by default associated with uncertainty. Actual results may therefore differ from estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively. Where applicable, the estimates and judgments of specific financial statement items are described in the respective note to the consolidated financial statements.

The areas involving a higher degree of judgment and complexity in applying accounting principles and for which changes in the assumptions and estimates could result in significantly different results than those recorded in the consolidated financial statements are the following:

- judgment applied in determining reportable segments involves evaluating the information reviewed by the Chief Operating Decision-Maker (the Board of Management) to assess performance and allocate resources ([Information by segment and main country](#))
- assessment of control (below paragraph Basis of consolidation and [Interests in entities](#))
- revenue recognition ([Income from operations](#))
- for acquisitions, the identification and valuation of acquired assets and liabilities including contingent considerations provisions ([Acquisitions and divestments, Provisions](#))
- determination of deferred tax assets for losses carried forward and uncertain tax positions ([Income taxes](#))
- assumptions used for impairment testing ([Goodwill, Intangible assets excluding goodwill](#))
- assessments of exposure to credit risk of financial instruments ([Other financial assets, Receivables, Debt, Fair value of financial assets and liabilities, Details of treasury and other financial risks](#))
- assumptions used to determine the net realizable value of inventories ([Inventories](#))
- actuarial assumptions of future events that are used in calculating post-employment benefit expenses and liabilities ([Post-employment benefits](#))
- estimates and assumptions regarding the timing and the amount of outflow of resources, as well as estimating the likelihood of a potential outflow of resources and the ability to make a reliable estimate of the obligation relating to provisions and contingent liabilities ([Provisions, Contingencies](#))

The company regularly updates its significant assumptions and estimates to support the reported amounts of assets, liabilities, income and expenses.

Climate change

In preparing the consolidated financial statements, management has considered the impact of climate change, specifically the financial impact of Philips meeting its internal and external climate-related aims, the potential impact of climate-related risks, and the costs incurred to pro-actively manage such risks. These considerations did not have a material impact on the financial reporting judgments, estimates or assumptions. The financial impacts considered include specific climate mitigation measures, such as the use of lower-carbon energy sources, the cost of developing more sustainable product offerings, and expenses incurred to mitigate against the impact of extreme weather conditions. To meet its long-term Science Based Targets and reduce its full value chain emissions in line with a 1.5 °C global warming scenario, Philips has entered into a number of Power Purchase Agreements. Philips uses 100% electricity from renewable sources, mainly through long-term Power Purchase Agreements, thereby mitigating the impact of carbon taxes. The development of more sustainable products are covered through our EcoDesign program and

already included in our R&D expenses. The physical risk related to climate change on our sites resulting from our Task Force on Climate-Related Financial Disclosures assessment is currently considered limited.

Material accounting policies

The material accounting policies as generally applied throughout the financial statements are described below. Material accounting policies relating to specific financial statement items are described in the respective notes to the financial statements.

Basis of consolidation

The Consolidated financial statements comprise the financial statements of Koninklijke Philips N.V. and all subsidiaries that the company controls on a consolidated basis. Control exists when the company is exposed or has rights to variable returns from its involvement with the investee and the company has the ability to affect those returns through its power over the investee. Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and in cases where Philips has less than a majority of the voting or similar rights of an investee, Philips considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement(s) with the other vote holders of the investee, rights arising from other contractual arrangements and the company's voting rights and potential voting rights. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. All intercompany balances and transactions have been eliminated in the Consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Foreign currency transactions

The financial statements of all group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The euro (EUR) is the functional currency of the company and the presentation currency of the consolidated financial statements. Foreign currency transactions are converted into the functional currency using the exchange rates prevailing at transaction date or the valuation date in cases where items are remeasured. Gains and losses resulting from the settlement of foreign currency transactions and those resulting from the conversion of foreign currency denominated monetary assets and liabilities at period-end exchange rates are recognized in the Consolidated statements of income, except for qualifying cash flow hedges, qualifying net investment hedges and equity investments measured at fair value through OCI which are recognized in other comprehensive income.

All foreign exchange differences are presented as part of Cost of sales, apart from tax items and financial income and expense, which are recognized in the same line item as they relate to in the Consolidated statements of income.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency using the exchange rate at the date the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the transaction date.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to euros at the exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to euros at the exchange rates prevailing at the dates of the transactions.

Foreign currency differences arising upon translation of foreign operations into euros are recognized in Other comprehensive income and presented as part of Currency translation differences in Equity. However, if the operation is not a wholly-owned subsidiary, the proportionate share of the translation difference is allocated to Non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the Currency translation differences related to the foreign operation is reclassified to the Consolidated statements of income as part of the gain or loss on disposal. When the company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the respective proportion of the cumulative amount is reattributed to Non-controlling interests. When the company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the Consolidated statements of income.

New accounting policies effective in 2024

No new IFRS accounting standards or amendments to existing standards, effective in 2024, had a significant impact on the consolidated financial statements.

New accounting policies effective after 2024

The IASB has issued several IFRS accounting standards, or amendments to standards, with an effective date after 2024. Considerations relating to IFRS 18 Presentation and Disclosure in Financial Statements are set out below. The company has not early adopted any standards or amendments to existing standards. The company does not anticipate that the application of any other standards, or amendments to standards, will have a significant impact on the consolidated financial statements upon adoption.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 was issued in April 2024 and is endorsed by the EU. It will supersede IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the Consolidated statement of income, including specified totals and subtotals. Even though the new standard will not impact the recognition and measurement of items in the financial statements, the new standard requires entities to include additional defined subtotals to the Consolidated statement of income, disclosures about management-defined performance measures and is adding new principles for aggregation and disaggregation of information.

IFRS 18 is effective for reporting periods beginning on or after January 1, 2027. Retrospective application is required; therefore, comparative information will be restated in accordance with IFRS 18. Philips is currently assessing the detailed implications of applying the new standard on the group's Consolidated financial statements.

Changes in presentation from the prior year

Accounting policies have been applied consistently for all periods presented in these consolidated financial statements. Certain prior-year amounts have been reclassified to conform to the current year presentation due to immaterial organizational changes.

Per share calculations have been adjusted retrospectively for all periods presented to reflect the issuance of shares for the share dividend in respect of 2023.

2 Information by segment and main country

Accounting policies

Segment accounting policies are the same as the accounting policies applied by the company. Operating segments are components of the company's business activities about which separate financial information is available that is evaluated regularly by the Chief Operating Decision-Maker (the Board of Management of the company). The Board of Management decides how to allocate resources and assesses performance. Reportable segments comprise the operating segments Diagnosis & Treatment, Connected Care and Personal Health. Besides these reportable segments, segment Other contains Innovation & Strategy, IP Royalties, Central costs, and other small items.

Accounting estimates and judgments

Determining reportable segments requires significant judgment and involves evaluating the information which is reviewed by the Chief Operating Decision-Maker (the Board of Management) to assess performance and allocate resources, in accordance with IFRS 8 'Operating Segments'.

The Philips reportable segments are Diagnosis & Treatment, Connected Care and Personal Health, each being responsible for the management of its Businesses worldwide.

Philips focuses on improving people's lives through meaningful innovation. The Diagnosis & Treatment segment unites the Businesses related to the goal of precision diagnosis and disease pathway selection, and the Businesses related to image-guided, minimally invasive treatment. The Connected Care segment focuses on patient care solutions, advanced informatics and analytics, and patient and workflow optimization inside and outside the hospital, and aims to unlock synergies from integrating and optimizing patient care pathways, and leveraging provider-payer-patient business models. The Personal Health segment focuses on healthy living and preventative care.

Philips has realigned the composition of its reportable segments effective from April 1, 2023. The most notable change is the shift of the previous Enterprise Diagnostic Informatics Business from the Diagnosis & Treatment segment to the Connected Care segment. This Business, together with other informatics solutions in the Connected Care segment, now forms the Enterprise Informatics Business. Accordingly, the 2022 comparative figures for the affected segments were previously restated. The realignment did not impact the presentation of the reportable segments or the key segmental performance measure, which continues to be Adjusted EBITA*.

Transactions between the segments are mainly related to components and parts included in the product portfolio of the other segments. The pricing of such transactions was at cost or determined on an arm's length basis. Philips has no single external customer that represents 10% or more of sales. Sales by country is presented based on the country of seller.

	Sales	Sales including intercompany	Depreciation and amortization ¹	Adjusted EBITA
2024				
Diagnosis & Treatment	8,790	9,269	(464)	1,018
Connected Care	5,134	5,163	(403)	494
Personal Health	3,486	3,566	(117)	584
<i>Other</i>	611	750	(406)	(18)
Inter-segment eliminations		(726)		
Philips Group	18,021	18,021	(1,390)	2,077
2023				
Diagnosis & Treatment	8,825	9,269	(306)	1,028
Connected Care	5,138	5,149	(445)	369
Personal Health	3,602	3,685	(115)	597
<i>Other</i>	604	413	(394)	(73)
Inter-segment eliminations		(346)		
Philips Group	18,169	18,169	(1,261)	1,921
2022				
Diagnosis & Treatment	8,303	8,597	(417)	786
Connected Care	5,268	5,280	(646)	111
Personal Health	3,626	3,684	(132)	538
<i>Other</i>	630	715	(407)	(118)
Inter-segment eliminations		(449)		
Philips Group	17,827	17,827	(1,602)	1,318

¹ Includes impairments (excluding goodwill impairment); for impairment values please refer to [Property, plant and equipment](#) and [Intangible assets excluding goodwill](#)

The term Adjusted EBITA* is used to evaluate the performance of Philips and its segments. Adjusted EBITA* represents income from operations excluding amortization and impairment of acquired intangible assets and impairment of goodwill (EBITA) and excluding gains or losses from restructuring costs, acquisition-related charges and other items.

Adjusted EBITA* is not a recognized measure of financial performance under IFRS. Presented in the following tables are the reconciliations of Adjusted EBITA* to the most directly comparable IFRS measure, Net income, for the years indicated. Net income is not allocated to segments as certain income and expense line items are monitored on a centralized basis, resulting in them being shown on a Philips Group level only.

Reconciliation from net income to Adjusted EBITA* in millions of EUR

	Philips Group	Diagnosis & Treatment	Connected Care	Personal Health	Other
2024					
Net Income	(698)				
Discontinued operations, net of income taxes	(142)				
Income tax expense (benefit)	963				
Investments in associates, net of income taxes	124				
Financial expenses	387				
Financial income	(105)				
Income from operations	529	592	(466)	544	(142)
Amortization and impairment of acquired intangible assets	392	225	141	15	12
EBITA	921	817	(324)	559	(130)
Restructuring and acquisition-related charges	326	157	53	25	92
Other items:	830	45	765	-	20
<i>Respironics litigation provision</i>	984		984		
<i>Respironics insurance income</i>	(538)		(538)		
<i>Respironics field-action running costs</i>	133		133		
<i>Respironics consent decree charges</i>	113		113		
<i>Quality actions</i>	123	45	78		
<i>Remaining items</i>	16		(4)	-	20
Adjusted EBITA*	2,077	1,018	494	584	(18)

Reconciliation from net income to Adjusted EBITA* in millions of EUR

	Philips Group	Diagnosis & Treatment	Connected Care	Personal Health	Other
2023					
Net Income	(463)				
Discontinued operations, net of income taxes	10				
Income tax expense (benefit)	(73)				
Investments in associates, net of income taxes	98				
Financial expenses	376				
Financial income	(63)				
Income from operations	(115)	721	(1,199)	552	(190)
Amortization and impairment of acquired intangible assets	290	89	178	14	9
Impairment of goodwill	8	8	-		
EBITA	183	818	(1,020)	567	(181)
Restructuring and acquisition-related charges	381	118	115	9	140
Other items:	1,358	92	1,275	22	(32)
<i>Respironics litigation provision</i>	575		575		
<i>Respironics field-action connected to the proposed consent decree</i>	363		363		
<i>Respironics field-action running costs</i>	224		224		
<i>Quality actions</i>	175	81	94		
<i>Provision for a legal matter</i>	31		31		
<i>Investment re-measurement loss</i>	23			23	
<i>Gain on divestment of business</i>	(35)				(35)
<i>Remaining items</i>	2	11	(12)	(1)	3
Adjusted EBITA*	1,921	1,028	369	597	(73)

Reconciliation from net income to Adjusted EBITA* in millions of EUR

	Philips Group	Diagnosis & Treatment	Connected Care	Personal Health	Other
2022					
Net Income	(1,605)				
Discontinued operations, net of income taxes	(13)				
Income tax expense (benefit)	(113)				
Investments in associates, net of income taxes	2				
Financial expenses	258				
Financial income	(58)				
Income from operations	(1,529)	536	(2,347)	515	(233)
Amortization and impairment of acquired intangible assets	363	115	226	15	8
Impairment of goodwill	1,357		1,357		
EBITA	192	650	(764)	531	(225)
Restructuring and acquisition-related charges	202	3	125	11	62
Other items:	925	133	750	(4)	46
<i>Respironics field-action connected to the proposed consent decree</i>	250		250		
<i>Respironics field-action running costs</i>	210		210		
<i>R&D project impairments</i>	134	73	59	3	
<i>Portfolio realignment charges</i>	109		109		
<i>Provision for public investigations tender irregularities</i>	60	60			
<i>Quality actions</i>	59		59		
<i>Impairment of assets in S&RC</i>	39		39		
<i>Remaining items</i>	63	-	24	(6)	46
Adjusted EBITA*	1,318	786	111	538	(118)

* Non-IFRS financial measure. For the definition and reconciliation of the most directly comparable IFRS measure, refer to [Reconciliation of non-IFRS information](#).

Philips Group
Main countries in millions of EUR

	Sales	Tangible and intangible assets ¹
2024		
Netherlands	2,506	1,662
United States	7,227	11,607
China	1,153	250
Japan	886	396
Germany	653	392
Other countries	5,596	1,509
Total main countries	18,021	15,816
2023		
Netherlands	2,390	1,624
United States	7,178	11,410
China	1,408	234
Japan	941	407
Germany	573	348
Other countries	5,679	1,527
Total main countries	18,169	15,550
2022		
Netherlands	2,021	1,746
United States	7,226	12,087
China	1,239	260
Japan	1,011	436
Germany	642	323
Other countries	5,688	1,550
Total main countries	17,827	16,402

¹ Consists of Property plant and equipment, Intangible assets excluding goodwill and Goodwill

3 Discontinued operations and assets classified as held for sale

Accounting policies

Assets classified as held-for-sale

Non-current assets (or disposal groups) are classified as held-for-sale if their carrying amounts are expected to be recovered through a sale transaction rather than through continuing use. Non-current assets (or disposal groups) classified as held-for-sale are measured at the lower of their carrying amount or the fair value less costs of disposal. Depreciation or amortization of an asset ceases when it is classified as held-for-sale. When non-current assets (or disposal groups) are classified as held-for-sale, comparative balances prior to such date are not represented in the Consolidated balance sheets.

Discontinued operations

A discontinued operation is a component of the company that has either been disposed of or is classified as held-for-sale and represents a separate major line of business or geographical area of operations or is a part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations. Any gain or loss from disposal, together with the results of these operations until the date of disposal, are reported separately as discontinued operations in the Consolidated statements of income.

The financial information of discontinued operations is excluded from the respective captions in the Consolidated financial statements and related notes for all periods presented. Comparatives are re-presented for presentation of discontinued operations in the Consolidated statements of income and Consolidated statements of cash flows.

Accounting estimates and judgments

The determination of the fair value less costs of disposal involves the use of estimates and assumptions that tend to be uncertain. Circumstances to which these adjustments may relate include resolution of uncertainties that arise from the terms of the disposal transaction, such as the resolution of purchase price adjustments and indemnifications, resolution of uncertainties that arise from and are directly related to the operations of the component before its disposal, such as environmental and assurance-type product warranty obligations retained by the company, and the settlement of employee benefit plan obligations provided that the settlement is directly related to the disposal transaction.

In 2024 discontinued operations consist primarily of the Domestic Appliances business. In 2023 and 2022 discontinued operations consist of certain costs related to other divestments, which were previously reported as discontinued operations.

Philips Group

Discontinued operations, net of income taxes in millions of EUR

	2022	2023	2024
Domestic Appliances	3	(2)	140
Other	10	(7)	2
Discontinued operations, net of income taxes	13	(10)	142

Discontinued operations: Domestic Appliances

In 2024, Discontinued operations related to the Domestic Appliances business included a tax benefit of EUR 140 million relating to tax audit settlements of prior years. Discontinued operations related to the Domestic Appliances business resulted in a net loss of EUR 2 million in 2023 and net gain of EUR 3 million in 2022.

Discontinued operations: Other

Certain costs related to other divestments, which were previously reported as discontinued operations, resulted in a net gain of EUR 2 million in 2024, a net loss of EUR 7 million in 2023 and a net gain of EUR 10 million in 2022.

Discontinued operations cash flows

The following table presents the net cash provided by (used for) discontinued operations reported in the Consolidated statements of cash flows.

Philips Group

Net cash provided by (used for) discontinued operations in millions of EUR

	2022	2023	2024
Net cash provided by (used for) operating activities	(27)	123	(13)
Net cash provided by (used for) investing activities	15		
Net cash provided by (used for) discontinued operations	(12)	123	(13)

In 2024, net cash used for discontinued operations was EUR 13 million and consisted primarily of cash flows related to the tax claims from the previously divested business.

In 2023, net cash provided by discontinued operations was EUR 123 million and consisted primarily of a refund received of advance tax payments related to a previously divested business.

In 2022, net cash used for discontinued operations was EUR 12 million and consisted primarily of cash flows related to the tax claims from the previously divested business.

Assets classified as held for sale

As of December 31, 2024, there were no assets held for sale.

As of December 31, 2023, assets held for sale primarily consisted of assets and liabilities of EUR 69 million, directly associated with a business held for sale.

4 Acquisitions and divestments

Accounting policies

Acquisitions

The company accounts for business combinations using the acquisition method when control is transferred to the group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired and the liabilities assumed. Transaction costs are expensed as incurred. Any contingent consideration is measured at fair value at the acquisition date and is initially presented in Long-term provisions. When the timing and amount of the consideration become more certain, it is reclassified to Accrued liabilities. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in the Consolidated statements of income.

Changes to the initial fair value of the acquired assets and liabilities, based on new information about the circumstances at the acquisition date, can be made up to 12 months after the acquisition date.

Divestments

Upon loss of control, the company derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognized in the Consolidated statements of income. If the company retains any interest in the previous subsidiary, such interest is measured at fair value at the date the control is lost. Subsequently it is accounted for as either an equity-accounted investee (associate) or as a financial asset, depending on the level of influence retained. Further information on loss of control can be found in [Discontinued operations and assets classified as held for sale](#).

Accounting estimates and judgments

Intangible assets acquired in a business acquisition and the financial liability related to non-controlling interest are measured at fair value at the date of the acquisition.

To determine the fair value of intangible assets at the acquisition date, estimates and assumptions are required. The valuation of the identifiable intangible assets involves estimates of expected sales, earnings and/or future cash flows and require use of key assumptions such as discount rate, royalty rate and growth rates.

Estimates are also applied when determining the fair value of legal cases and tax positions in the acquired entity. The fair value is based on estimates of the likelihood, the expected timing and the amount of the potential cash outflow. Provisions for legal cases and non-income tax positions are recognized at fair value even if it is not probable that an outflow will be required to settle the obligation. After initial recognition and until the liability is settled, cancelled or expired, the liability is measured at the higher of the amount that would be recognized in accordance with IAS 37 'Provisions, contingent liabilities and contingent assets' and the initial liability amount. For income tax positions, the company applies IAS 12 'Income Taxes', which requires recognition of provisions only when the likelihood of cash outflow is considered probable.

2024

Acquisitions

Philips did not make any acquisitions in 2024.

Divestments

During 2024 Philips completed four divestments for net cash consideration of EUR 118 million, of which EUR 2 million is to be received in 2025. The result of these divestments amounted to a EUR 8 million gain, which is included in Other business income in the Consolidated statements of income. The divestments were not material.

2023

Acquisitions

On May 5, 2023, Philips completed one acquisition within the Ultrasound Business Unit to accelerate the growth of its Diagnosis & Treatment segment. The total equity purchase price and the settlement of debt, net of acquired cash, involved an amount of EUR 53 million. Including final purchase price adjustments processed in the course of 2024, the company recognized a contingent consideration of EUR 6 million at fair value, recognized as a Long-term provision, Goodwill of EUR 24 million, Other intangible assets of EUR 40 million and deferred tax asset and liability of EUR 5 million and EUR 2 million, respectively.

From the acquisition date through December 31, 2023, the contributions to sales to third parties and net income of the acquiree were not material. The sales and net income would not differ materially if the acquisition date had been January 1, 2023. Acquisition-related costs were recognized in General and administrative expenses and were not material.

Divestments

During 2023 Philips completed six divestments for net cash consideration of EUR 80 million and a gain of EUR 50 million, which is included in Other business income of the Consolidated statements of income. The divestments were not material.

5 Interests in entities

Accounting policies

Associates are all entities over which the company has significant influence, but not control or joint control. Significant influence is presumed with a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The carrying amount of an investment in an associate includes the carrying amount of goodwill identified on acquisition. An impairment loss on such investment is allocated to the investment as a whole.

The company's share of the net income of these associates is included in Investments in associates, net of income taxes, in the Consolidated statements of income, after adjustments to align the accounting policies with those of the company. Dilution gains and losses arising from investments in associates are recognized in the Consolidated statements of income as part of Investments in associates, net of income taxes. Impairment losses and gains or losses on sale of investments are recorded in the Consolidated statements of income, more specifically on the line item 'Investments in associates, net of income taxes'.

When the company's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero and recognition of further losses is discontinued except to the extent that the company has an obligation or made payments on behalf of the associate.

The nature of the company's interests in its consolidated entities and associates, and the effects of those interests on the company's financial position and financial performance are discussed below.

Group companies

Below is a list of subsidiaries as of December 31, 2024, that individually exceed 5% of either the consolidated group Sales, Income from operations or Income from continuing operations (before any intra-group eliminations) of Group legal entities. All of the entities are fully consolidated in the Group financial statements.

Philips Group

Interests in group companies in alphabetical order by country

December 31, 2024

Legal entity name	Principal country of business
Philips (China) Investment Company, Ltd.	China
Philips Medizin Systeme Böblingen GmbH	Germany ¹
Philips Consumer Lifestyle B.V.	Netherlands
Philips Medical Systems (Cleveland), Inc.	United States
Philips North America LLC	United States
Philips RS North America LLC	United States

¹ Application of Sec. 264 (3) and Sec. 264b HGB (German Commercial Code) for fully consolidated legal entities: Philips GmbH, Hamburg; Philips Medical Systems DMC GmbH, Hamburg; Respirationics Deutschland GmbH & Co.KG, München; Philips Medizin Systeme Hofheim-Wallau GmbH, Hamburg; Philips Medizin Systeme Böblingen GmbH, Böblingen; TomTec Imaging Systems GmbH, Unterschleißheim; PIP Verwaltungsgesellschaft mbH, Hamburg.

Information related to non-controlling interests

As of December 31, 2024, three consolidated subsidiaries are not wholly owned by Philips (December 31, 2023: four). In 2024, sales to third parties and Net income for these subsidiaries in aggregate are EUR 467 million (December 31, 2023: EUR 492 million) and EUR 10 million (December 31, 2023: EUR 27 million), respectively.

Investments in associates

Philips has investments in a number of associates. During 2024, Philips did not make any new investments in associates.

In 2024, Philips recognized its share of net results from associates, reporting a loss of EUR 20 million and an impairment of EUR 103 million. The most significant impairment was related to B-Soft Co., Ltd. (EUR 63 million), a Chinese IT provider for the medical and health sectors, largely due to adverse economic conditions in China. The net results from associates and impairment losses were recorded as part of Investments in associates, net of income taxes.

Cumulative translation adjustments related to investments in associates were EUR (10) million as of December 31, 2024 (2023: EUR (21) million).

Involvement with unconsolidated structured entities

Philips founded three Philips Medical Capital (PMC) entities, in the US, France and Germany, in which Philips holds a minority interest. Philips Medical Capital, LLC in the US is the most significant entity. PMC entities provide healthcare equipment financing and leasing services to Philips customers for diagnostic imaging equipment, patient monitoring equipment, and clinical IT systems.

The company concluded that it does not control, and therefore should not consolidate, the PMC entities. In the US, PMC operates as a subsidiary of De Lage Landen Financial Services, Inc. The same structure and treatment is applied to the PMC entities in the other countries, with other majority shareholders. Operating agreements are in place for all PMC entities, whereby acceptance of sales and financing transactions resides with the respective majority shareholder. After acceptance of a transaction by PMC, Philips transfers control and does not retain any obligations towards PMC or its customers, from the sales contracts.

As of December 31, 2024, Philips' shareholding in Philips Medical Capital, LLC had a carrying value of EUR 31 million (December 31, 2023: EUR 27 million).

The company does not have any material exposures to losses from interests in unconsolidated structured entities other than the invested amounts.

6 Income from operations

Accounting policies

Revenue recognition

The company recognizes revenue when it transfers control over a good or service to a customer, in an amount that reflects the consideration (i.e., transaction price) to which the company expects to be entitled in exchange for the good or service. The consideration expected by the company may include fixed and/or variable amounts which can be impacted by sales returns, trade discounts and volume rebates. The company adjusts the consideration for the time value of money if the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds six months.

Transfer of control varies depending on the individual terms of the contract of sale. For consumer-type products in the Personal Health segment, control is transferred when the product is shipped and delivered to the customer and title and risk have passed to the customer (depending on the delivery conditions) and acceptance of the product has been obtained.

Revenues from transactions relating to distinct goods or services are accounted for separately based on their relative stand-alone selling prices. The stand-alone selling price is the price that would be charged for the goods or service in a separate transaction under similar conditions to similar customers. The transaction price is determined (considering variable considerations) and allocated to performance obligations based on their relative stand-alone selling prices. These transactions mainly occur in the segments Diagnosis & Treatment and Connected Care and include arrangements that require subsequent installation and training activities to make distinct goods operable for the customer. As such, the related installation and training activities are part of equipment sales rather than separate performance obligations. Revenue is recognized when the performance obligation is satisfied, i.e., when the installation has been completed and the equipment is ready to be used by the customer in the way contractually agreed.

Variable consideration is included in the transaction price to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur once associated uncertainties are resolved. Such assessment is performed on each reporting date to check whether it is constrained. For products for which a right of return exists during a defined period, revenue recognition is determined based on the historical pattern of actual returns, or in cases where such information is not available, revenue recognition is postponed until the return period has lapsed. Return policies are typically based on customary return arrangements in local markets. A provision is recognized for assurance-type product warranty at the time of revenue recognition and reflects the estimated costs of replacement and free-of-charge services that will be

incurred by the company with respect to the products sold. For certain products, the customer has the option to purchase the warranty separately, which is considered a separate performance obligation on top of the assurance-type product warranty. For such warranties which provide distinct service, revenue recognition occurs on a straight-line basis over the extended warranty contract period. Occasionally, the company may offer a full or partial refund of consideration previously paid, for example as part of the resolution to warranty related matters. In such instances, a provision is recognized for the amounts expected to be refunded to customers, and remeasured at each reporting date to reflect changes in the estimated refunds, with a corresponding adjustment to revenue.

In the case of loss under a sales agreement, the loss is recognized immediately. Expenses incurred for sales commissions that are considered incremental to the contracts are recognized immediately in the consolidated statements of income as selling expenses as a practical expedient under IFRS 15 Revenue from Contracts with Customers.

Sale of goods

Revenues are recognized at a point in time when control of the goods passes to the buyer, based on the allocation of the transaction price to the performance obligation.

Revenue from services

Revenues are recognized over time as the company transfers control of the services to the customer, which is demonstrated by the customer simultaneously receiving and consuming the benefits provided by the company. The amount of revenues is measured by reference to the progress made toward complete satisfaction of the performance obligation, which in general is evenly over time. Service revenue related to repair and maintenance activities for goods sold is recognized ratably over the service period or as services are rendered.

Income from royalties

Royalty income from brand license arrangements and from intellectual property rights, such as technology licenses or patents, is recognized on an accrual basis in accordance with the substance of the relevant agreement.

Shipping and handling

Expenses incurred for shipping and handling are mainly recorded as cost of sales. When shipping and handling are part of a project and billed to the customer, then the related expenses are recorded as cost of sales. Shipping and handling related to sales to third parties are partly recorded as selling expenses. When shipping and handling billed to customers are considered a distinct and separate performance obligation, the fees are recognized as revenue and costs included in cost of sales.

Other business income (expenses)

Other business income (expenses) includes gains and losses on the sale of property, plant and equipment, gains and losses on the sale of businesses, and other gains and losses not related to the company's operating activities.

Government grants

Grants from governments are recognized at their fair value when there is a reasonable assurance that the grant will be received and the company will comply with the conditions. Grants related to costs are deferred in the consolidated balance sheet and recognized in the consolidated statement of income as a reduction of the related costs that they are intended to compensate. Grants related to assets are deducted from the cost of the asset and presented net in the consolidated balance sheets.

Accounting estimates and judgments

Sales-related accruals

The company has sales promotions-related agreements with distributors and retailers designed to promote the sale of products. Among the programs are arrangements under which rebates and discounts can be earned by the distributors and retailers by attaining agreed upon sales levels, or for participating in specific marketing programs. Management estimates the sales-related accruals associated with these arrangements based on a combination of historical patterns and future expectations regarding which promotional targets are expected to be met by distributors and retailers. Accrued customer rebates are presented as other current liabilities, unless there is a right to offset against the respective accounts receivable.

A breakdown by nature of the income (loss) from operations is as follows:

Philips Group

Sales and costs by nature in millions of EUR

	2022	2023	2024
Sales	17,827	18,169	18,021
Costs of materials used	(4,320)	(4,626)	(4,213)
Employee benefit expenses	(6,952)	(6,903)	(6,641)
Depreciation and amortization ¹	(1,602)	(1,261)	(1,390)
Impairment of goodwill	(1,357)	(8)	
Shipping and handling	(756)	(668)	(623)
Advertising and promotion	(739)	(700)	(791)
Lease expenses	(39)	(51)	(54)
Other operational costs	(3,609)	(3,535)	(3,351)
Other business income (expenses)	18	(533)	(429)
Income from operations	(1,529)	(115)	529

¹ Includes impairments; for impairment values please refer to [Property, plant and equipment](#) and [Intangible assets excluding goodwill](#)

Sales composition and disaggregation

For information related to sales on a segment and geographical basis, refer to [Information by segment and main country](#).

Philips Group

Sales composition in millions of EUR

	2022	2023	2024
Goods	12,139	12,419	12,198
Services	4,878	4,926	5,003
Royalties	419	434	466
Total sales from contracts with customers	17,435	17,779	17,667
Sales from other sources	391	390	354
Total sales	17,827	18,169	18,021

Total sales from other sources mainly relates to operating leases EUR 222 million (2023: EUR 234 million; 2022 : EUR 258 million). Sales represent revenue from external customers.

As of December 31, 2024, the aggregate amount of the transaction price allocated to remaining performance obligations from a sale of goods and services was EUR 15,632 million (2023:15,571 million). The company expects to recognize approximately 56% of the remaining performance obligations within 1 year. Revenue expected to be recognized beyond is mostly related to longer term customer service and software contracts.

Sales over time represent services and Other also includes royalties over time (2024: EUR 277 million; 2023: EUR 283 million; 2022: EUR 292 million).

Sales per geographic area are reported based on country of destination.

Philips Group

Disaggregation of Sales per segment in millions of EUR

	2024				
	Sales at a point in time	Sales over time	Total sales from contracts with customers	Sales from other sources	Total sales
Diagnosis & Treatment	5,655	3,070	8,725	65	8,790
Connected Care	2,959	1,886	4,845	289	5,134
Personal Health	3,471	15	3,486		3,486
Other	300	311	611		611
Philips Group	12,385	5,282	17,667	354	18,021

Philips Group
Disaggregation of Sales per segment in millions of EUR

	2023				
	Sales at a point in time	Sales over time	Total sales from contracts with customers	Sales from other sources	Total sales
Diagnosis & Treatment	5,768	2,980	8,749	76	8,825
Connected Care	2,970	1,854	4,824	314	5,138
Personal Health	3,586	16	3,602		3,602
Other	245	360	604	-	604
Philips Group	12,569	5,210	17,779	390	18,169

Philips Group
Disaggregation of Sales per segment in millions of EUR

	2022				
	Sales at a point in time	Sales over time	Total sales from contracts with customers	Sales from other sources	Total sales
Diagnosis & Treatment	5,295	2,954	8,248	55	8,303
Connected Care	3,079	1,853	4,932	336	5,268
Personal Health	3,615	11	3,626		3,626
Other	274	353	630		630
Philips Group	12,263	5,172	17,435	391	17,827

Philips Group
Disaggregation of Sales per geographic area in millions of EUR

	2024				
	Sales at a point in time	Sales over time	Total sales from contracts with customers	Sales from other sources	Total sales
Western Europe	2,698	1,254	3,951	28	3,978
North America	4,958	2,602	7,560	93	7,655
Other mature geographies	893	401	1,294	231	1,526
Mature geographies	8,549	4,256	12,805	353	13,159
Growth geographies	3,836	1,026	4,861	1	4,863
Sales	12,385	5,282	17,667	354	18,021

Philips Group
Disaggregation of Sales per geographic area in millions of EUR

	2023				
	Sales at a point in time	Sales over time	Total sales from contracts with customers	Sales from other sources	Total sales
Western Europe	2,552	1,221	3,770	49	3,819
North America	4,859	2,608	7,470	92	7,562
Other mature geographies	980	398	1,378	248	1,626
Mature geographies	8,392	4,227	12,618	389	13,007
Growth geographies	4,177	984	5,161	1	5,162
Sales	12,569	5,210	17,779	390	18,169

Philips Group
Disaggregation of Sales per geographic area in millions of EUR

	2022				Total sales
	Sales at a point in time	Sales over time	Total sales from contracts with customers	Sales from other sources	
Western Europe	2,387	1,183	3,572	31	3,603
North America	4,889	2,612	7,502	86	7,588
Other mature geographies	972	399	1,369	274	1,643
Mature geographies	8,248	4,194	12,443	390	12,833
Growth geographies	4,015	978	4,992	1	4,993
Sales	12,263	5,172	17,435	391	17,827

Costs of materials used

Cost of materials used represents the inventory recognized in cost of sales.

Employee benefit expenses

Philips Group
Employee benefit expenses in millions of EUR

	2022	2023	2024
Salaries and wages excluding share-based compensation	5,594	5,635	5,356
Share-based compensation	104	97	104
Post-employment benefit costs	439	402	388
Other social security and similar charges:			
Required by law	590	567	580
Voluntary	225	202	211
Employee benefit expenses	6,952	6,903	6,641

The employee benefit expenses relate to employees who are working on the payroll of Philips, both with permanent and temporary contracts.

For further information on post-employment benefit costs, refer to [Post-employment benefits](#).

For details on the remuneration of the members of the Board of Management and the Supervisory Board, refer to [Information on remuneration](#).

Employees

The number (full-time equivalents, or FTEs) of employees by category at year-end is summarized as follows:

Philips Group
Employees by category in FTEs as of December 31

	2022	2023	2024
Production	30,689	28,640	27,478
Research & development	14,169	12,035	10,843
Other	29,082	26,818	27,795
Employees	73,941	67,493	66,116
Third-party workers	3,292	2,163	1,708
Philips Group	77,233	69,656	67,823

Employees consist of those persons working on the payroll of Philips and whose costs are reflected in employee benefit expenses. Other consists of employees in commercial, general and administrative functions. Third-party workers consist of personnel hired on a per-period basis, via external companies.

Philips Group
Employees by geographical location in average FTEs

	2022	2023	2024
Netherlands	11,180	9,794	8,844
Other countries	67,357	62,471	60,113
Philips Group	78,538	72,264	68,956

Depreciation and amortization

Depreciation of property, plant and equipment and amortization of intangible assets, including impairments, are as follows:

Philips Group

Depreciation and amortization¹ in millions of EUR

	2022	2023	2024
Depreciation of property, plant and equipment	711	689	696
Amortization of software	117	98	102
Amortization of acquired intangible assets	363	290	392
Amortization of development costs	411	184	199
Depreciation and amortization	1,602	1,261	1,390

¹ Includes impairments; for impairment values please refer to [Property, plant and equipment](#) and [Intangible assets excluding goodwill](#)

Depreciation of property, plant and equipment is mainly included in cost of sales. Amortization of software is mainly included in general and administration expenses. Amortization of other intangible assets is included in selling expenses for brand names and customer relationships and is included in cost of sales for technology-based and other intangible assets. Amortization of development costs is included in research and development expenses.

Impairment of goodwill

There were no goodwill impairment charges in 2024. In 2023, a goodwill charge of EUR 8 million was recorded for the partial impairment of goodwill allocated to a business that was classified as held-for-sale as of December 31, 2023. For further information refer to [Goodwill](#).

Shipping and handling

Shipping and handling costs are included in cost of sales and selling expenses in the [Consolidated statements of income](#).

Advertising and promotion

Advertising and promotion costs are included in selling expenses in the [Consolidated statements of income](#).

Lease expense

Lease expense relates to short-term and low value leases.

Other operational costs

Other operational costs contain items which are dissimilar in nature and individually insignificant in amount to disclose separately. These costs contain, among others, expenses for outsourcing services, mainly in Information Technology and Human Resources, third-party workers, consultants, warranty, patents, costs for travelling and external legal services. Government grants of EUR 91 million were recognized as a cost reduction in 2024 (2023: EUR 95 million; 2022: EUR 103 million). The grants mainly relate to research and development activities and business development.

Audit and audit-related fees

The following table shows the fees attributable to the fiscal years 2022, 2023 and 2024 for services rendered by the external auditors.

Philips Group

Audit and audit-related fees in millions of EUR

	2022			2023			2024		
	EY NL ¹	EY Network	Total	EY NL ¹	EY Network	Total	EY NL ¹	EY Network	Total
Audit fees	9.5	5.6	15.2	9.9	5.0	14.9	8.9	5.5	14.4
<i>consolidated financial statements</i>	9.5	3.1	12.6	9.9	2.6	12.5	8.9	3.0	11.9
<i>statutory financial statements</i>		2.5	2.5		2.5	2.5		2.5	2.5
Audit-related fees²	0.8	0.2	1.0	0.9	0.2	1.1	1.9	0.3	2.2
<i>sustainability assurance</i>	0.6		0.6	0.8		0.8	1.6		1.6
<i>other</i>	0.1	0.2	0.3	0.2	0.2	0.3	0.3	0.3	0.6
Tax fees									
All other fees									
Fees	10.3	5.8	16.2	10.8	5.2	16.1	10.8	5.7	16.6

¹ EY Accountants B.V.

² Also known as Assurance fees

Other business income (expenses)

Other business income (expenses) consists of the following:

Philips Group

Other business income (expenses) in millions of EUR

	2022	2023	2024
Result on disposal of businesses:			
income	4	50	27
expenses		-	(14)
Result on disposal of fixed assets:			
income	3	12	3
expenses	(1)	(1)	-
Result on other remaining businesses:			
income	121	49	560
expenses	(109)	(643)	(1,005)
Other business income (expenses)	18	(533)	(429)
Total other business income	127	112	590
Total other business expenses	(109)	(645)	(1,019)

The result on disposal of businesses mainly relates to income (expense) in the respective periods for divestments of non-strategic businesses. For more information refer to [Acquisitions and divestments](#).

The result on disposal of fixed assets mainly relates to the sale of real estate assets.

The result on other remaining businesses mainly relates to the revaluation of contingent consideration and various legal matters. In 2024, Philips Respironics recorded a EUR 984 million provision in connection with the settlement of the Respironics personal injury and the medical monitoring claims in the US. Philips Respironics recorded insurance income of EUR 538 million in connection with the agreement with insurers to partially reimburse the Respironics recall-related product liability claims. For more information on contingent consideration, refer to [Provisions](#).

7 Financial income and expenses

Accounting policies

Financial income and expenses are recognized on the accrual basis in the Consolidated statements of income. Interest income and expense are measured using the effective interest method. Dividend income is recognized in the consolidated statements of income on the date that the company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

	2022	2023	2024
Interest income	25	46	79
<i>Interest income from loans and receivables</i>	7	13	12
<i>Interest income from cash and cash equivalents</i>	18	33	67
Dividend income from financial assets	3	2	3
Net gains from disposal of financial assets			2
Net change in fair value of financial assets through profit or loss	9		
Other financial income	20	15	21
Financial income	58	63	105
Interest expense	(235)	(277)	(288)
<i>Interest expense on debt and borrowings</i>	(200)	(229)	(231)
<i>Finance charges under lease contract</i>	(25)	(27)	(37)
Interest expense on pensions	(10)	(21)	(20)
Provision-related accretion expenses	(9)	(29)	(49)
Net foreign exchange gains (losses)	9	(23)	(7)
Net change in fair value of financial assets through profit or loss		(26)	(18)
Net change in fair value of derivatives			(5)
Other financial expenses	(24)	(21)	(20)
Financial expenses	(258)	(376)	(387)
Financial income and expenses, net	(200)	(314)	(282)

In 2024, financial income and expenses net decreased by EUR 32 million year-on-year, mainly due to higher interest income on cash and cash equivalents and net foreign exchange losses in 2023, partly offset by higher interest expenses and provision-related accretion costs. Net interest expense in 2024 was EUR 22 million lower than in 2023, mainly due to an increased cash position which was invested in short-term interest-bearing assets, partly offset by higher interest expenses. Interest expenses increased as a result of debt refinancing in 2024 and higher finance charges on lease contracts.

In 2023, financial income and expenses, net increased by EUR 114 million year-on-year, mainly due to fair value losses and net foreign exchange losses in 2023, compared with gains in 2022. The fair value losses mainly relate to Power Purchase Agreements for renewable energy, limited-life funds (mainly Gilde Healthcare) and other investments recognized at fair value through profit and loss. Furthermore, provision-related accretion expenses and net interest expense were higher in 2023 compared with 2022. Net interest expense in 2023 was EUR 21 million higher than in 2022, mainly due to the issuance of new debt in 2022 and 2023 and the impact of increasing interest rates.

8 Income taxes

Accounting policies

Income taxes comprise current, non-current and deferred tax. Income tax is recognized in the Consolidated statements of income except to the extent that it relates to items recognized directly within equity or in other comprehensive income. Current tax is the expected taxes payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

In cases where it is concluded it is not probable that tax authorities will accept a tax treatment, the effect of the uncertainty is reflected in the recognition and measurement of tax assets and liabilities or, alternatively, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the company to change its judgment regarding the adequacy of existing tax assets and liabilities. Such changes to tax assets and liabilities will impact the income tax expense in the period during which such a determination is made.

Deferred tax assets and liabilities are recognized, using the consolidated balance sheet method, for the expected tax consequences of temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which: (i) is not a business combination, (ii) at the time of transaction, affects neither accounting profit nor taxable profit (tax loss), (iii) at the time of the transaction, does not give rise to equal amounts of taxable and deductible differences; or (c) differences relating to investments in subsidiaries, joint ventures and associates where the reversal of the respective temporary difference can be controlled by the company and it is probable that it will not reverse in the foreseeable future. Deferred taxes are measured at the tax rates that are expected to be applied to

temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different taxable entities, but the company intends to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that there will be future taxable profits against which they can be utilized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in the countries where the deferred tax assets originated and during the periods when the deferred tax assets become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

Deferred tax liabilities for withholding taxes are recognized for subsidiaries in situations where the income is to be paid out as dividend in the foreseeable future and for undistributed earnings of unconsolidated companies to the extent that these withholding taxes are not expected to be refundable or deductible. Changes in tax rates and tax laws are reflected in the period when the change was enacted or substantively enacted by the reporting date.

Any subsequent adjustment to a tax asset or liability that originated in discontinued operations and for which no specific arrangements were made at the time of divestment, due to a change in the tax base or its measurement, is allocated to discontinued operations (i.e., backwards tracing). Examples are a tax rate change or change in retained assets or liabilities directly relating to the discontinued operation. Any subsequent change to the recognition of deferred tax assets is allocated to the component in which the taxable gain is or will be recognized. The above principles are applied to the extent the 'discontinued operations' are sufficiently separable from continuing operations.

Consistent with the IAS 12 amendment regarding Pillar Two taxation as issued by the IASB and adopted by the EU, Philips does not recognize and disclose deferred taxes arising from tax laws that implement Pillar Two model rules published by the Organization for Economic Co-operation and Development.

Accounting estimates and judgments

Deferred tax recoverability

Deferred tax assets are recognized to the extent that it is probable that there will be future taxable profits against which these can be utilized. Significant judgment is involved in determining whether such profits are probable. Management determines this on the basis of expected taxable profits arising from the reversal of recognized deferred tax liabilities, on appropriate tax planning opportunities to support business goals and on the basis of forecasts.

Uncertain tax positions

Uncertain tax positions are recognized as liabilities if and to the extent it is probable that additional tax will be due and the amount can be reliably measured. Significant judgment is involved in determining these positions.

The income tax expense of continuing operations amounts to EUR 963 million (2023: EUR 73 million tax benefit; 2022: EUR 113 million tax benefit).

The components of income before taxes and income tax expense are as follows:

Philips Group

Income tax expense in millions of EUR

	2022	2023	2024
Income before taxes	(1,731)	(526)	123
Investments in associates, net of income taxes	(2)	(98)	(124)
Income before taxes excluding Investment in associates	(1,729)	(429)	247
Current tax (expense) benefit	(97)	(201)	(140)
Deferred tax (expense) benefit	210	274	(823)
Income tax (expense) benefit of continuing operations	113	73	(963)

Income tax expense of continuing operations excludes the tax benefit of the discontinued operations of EUR 143 million (2023: EUR 9 million benefit; 2022: EUR 18 million benefit), mainly related to the tax audit settlements of prior years.

The components of income tax expense of continuing operations are as follows:

Philips Group

Current income tax expense in millions of EUR

	2022	2023	2024
Current year tax (expense) benefit	(111)	(211)	(150)
Prior year tax (expense) benefit	14	10	9
Current tax (expense) benefit	(97)	(201)	(140)

Philips Group

Deferred income tax expense in millions of EUR

	2022	2023	2024
Recognition of previously unrecognized tax loss and credit carryforwards	2	72	5
Unrecognized tax loss and credit carryforwards	(13)	(41)	(351)
Changes to recognition of temporary differences	(4)	(112)	(602)
Prior year tax (expense) benefit	(1)	(2)	(13)
Tax rate changes	(18)	4	2
Origination and reversal of temporary differences, tax losses and tax credits	244	353	136
Deferred tax (expense) benefit	210	274	(823)

The increase in deferred tax expense in 2024 is mainly due to the de-recognition of deferred tax assets in the US.

Philips' operations are subject to income taxes in various foreign jurisdictions. The statutory income tax rate varies per country, which results in a difference between the weighted average statutory income tax rate and the Netherlands' statutory income tax rate of 25.8% (2023: 25.8%; 2022: 25.8%).

A reconciliation of the weighted average statutory income tax rate to the effective income tax rate of continuing operations is as follows:

Philips Group

Effective income tax rate in %

	2022	2023	2024
Weighted average statutory income tax rate in %	23.6	22.0	26.6
Recognition of previously unrecognized tax loss and credit carryforwards	0.1	16.8	(1.9)
Unrecognized tax loss and credit carryforwards	(0.7)	(9.6)	141.8
Changes to recognition of temporary differences	(0.2)	(26.2)	243.6
Non-taxable income and tax incentives	5.8	22.8	(30.2)
Non-deductible expenses	(22.9)	(10.7)	10.0
Withholding and other taxes	(1.4)	(5.1)	16.0
Tax rate changes	(1.0)	0.9	(0.9)
Prior year tax	0.7	1.9	1.2
Tax expense (benefit) due to change in uncertain tax treatments	2.8	2.3	(20.4)
Others, net	(0.2)	1.9	3.1
Effective income tax rate	6.5	17.0	389.5

The effective income tax rate in 2024 is higher than the weighted average statutory income tax rate, primarily due to the changes in the recognition of temporary differences and unrecognized tax loss and credit carryforwards. This specifically relates to the de-recognition of deferred tax assets associated with the Respiroics litigation provision and carryforward losses along with temporary differences in the United States (EUR 941 million). This increase is partly offset by the release of uncertain tax positions and recurring tax incentives related to the innovation box regime in the Netherlands, R&D investments and export activities.

Global minimum tax (Pillar Two)

In December 2021, the OECD released model rules to introduce a global minimum corporate income tax rate of 15% applicable to multinational enterprise groups with global revenue over EUR 750 million (Pillar Two). The formal adoption of Council Directive (EU) 2022/2523 in December 2022 aims to achieve a coordinated implementation of Pillar Two in the EU Member States. The Dutch Government adopted the Minimum Tax Rate Act 2024 (MTR Act), in December 2023 and the Pillar Two legislation has been applicable in local law with effect from 2024 in the Netherlands, the EU and multiple other countries around the world. Therefore, Pillar Two applies to Philips from the financial year ending

December 31, 2024, and onward. Under this legislation, Philips is generally required to pay top-up taxes on profits if the related Pillar Two jurisdictional effective tax rate is less than 15%.

The current tax expense related to Pillar Two is EUR 1 million, resulting in an increase of ETR by 0.4%. This amount has been accounted for within the income taxes of the reporting period.

With reference to the income taxes accounting policy, Philips does not recognize and disclose deferred taxes arising from tax laws that implement Pillar Two model rules published by the Organization for Economic Co-operation and Development.

Deferred tax assets and liabilities

Deferred tax assets are recognized for temporary differences, unused tax losses, and unused tax credits to the extent that realization of the related tax benefits is probable. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in the countries where the deferred tax assets originated and during the periods when the deferred tax assets become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

Net deferred tax assets relating to the years 2024 and 2023, respectively, are presented in the following tables.

The net deferred tax assets of EUR 1,835 million (2023: EUR 2,556 million) consist of deferred tax assets of EUR 1,916 million (2023: EUR 2,627 million) and deferred tax liabilities of EUR 81 million (2023: EUR 71 million). Of the total deferred tax assets of EUR 1,916 million as of December 31, 2024 (2023: EUR 2,627 million), EUR 1,188 million (2023: EUR 1,676 million) is recognized with respect to entities in various countries where there have been tax losses in the current or preceding period, primarily the US. Based on Philips' assessment of the recoverability of the recognized deferred tax assets, the net decrease mainly relates to de-recognition of deferred tax assets on carryforward losses, intangible assets and other liabilities, which include provisions for Respironics litigation in the US. The decrease mainly results from updates to the company's long term income projections by jurisdiction, including the US.

Philips recognizes deferred tax assets only to the extent future tax profits are considered probable. For the recoverability assessment, the income projections were determined using similar methodology as used for goodwill impairment testing (for more information refer to note [Goodwill](#)). The company evaluated multiple risk-adjusted scenarios that support the assumption that it is probable that the results of future operations will generate sufficient taxable income to utilize the recognized tax losses as well the deductible temporary differences. The projections include forward-looking assumptions whereby the most recent available information was used to determine the expected period of recovery of the deferred tax assets. Relevant developments potentially impacting the period and probability of recovery are monitored closely.

A change in enacted tax rates or a revision to risk-adjusted long term income projections by jurisdiction could have an impact on the measurement of deferred tax assets.

As of December 31, 2024, the temporary differences associated with investments, including potential income tax consequences on dividends, for which no deferred tax liabilities are recognized, aggregate to EUR 340 million (2023: EUR 444 million).

Philips Group

Deferred tax assets and liabilities in millions of EUR

	Balance as of January 1, 2024	Recognized in income statement	Other ¹	Balance as of December 31, 2024	Assets	Liabilities
Intangible assets	679	(333)	26	373	533	(160)
Property, plant and equipment	(88)	25	(1)	(64)	39	(103)
Inventories	360	(9)	13	364	369	(5)
Other assets	184	(25)	(9)	151	207	(56)
Pensions and other long-term employee benefits	193	(61)	20	152	179	(27)
Other liabilities	496	(198)	20	319	365	(47)
Deferred tax assets on tax loss carryforwards	730	(222)	33	541	541	
Set-off deferred tax positions					(317)	317
Net deferred tax assets	2,556	(823)	102	1,835	1,916	(81)

¹ Other includes the movements of assets and liabilities recognized in equity and OCI, which includes foreign currency translation differences, acquisitions and divestments.

	Balance as of January 1, 2023	Recognized in income statement	Other ¹	Balance as of December 31, 2023	Assets	Liabilities
Intangible assets	630	61	(12)	679	826	(147)
Property, plant and equipment	(2)	18	(103)	(88)	44	(132)
Inventories	464	(26)	(78)	360	363	(2)
Other assets	44	20	120	184	233	(48)
Pensions and other employee benefits	153	69	(29)	193	204	(11)
Other liabilities	483	(56)	69	496	521	(25)
Deferred tax assets on tax loss carryforwards	586	188	(44)	730	730	
Set-off deferred tax positions					(294)	294
Net deferred tax assets	2,358	274	(77)	2,556	2,627	(71)

¹ Other includes the movements of assets and liabilities recognized in equity and OCI, which includes foreign currency translation differences, acquisitions and divestments.

As of December 31, 2024, the amount of deductible temporary differences for which no deferred tax asset has been recognized in the balance sheet was EUR 788 million (2023: EUR 125 million).

The company has available tax loss and credit carryforwards, which expire as follows:

	Total balance as of December 31, 2023	Unrecognized balance as of December 31, 2023	Total balance as of December 31, 2024	Unrecognized balance as of December 31, 2024
Within 1 year	17	15	21	21
1 to 2 years	20	16	5	4
2 to 3 years	7	2	6	3
3 to 4 years	9	5	15	6
4 to 5 years	38	16	146	64
Later	808	81	807	771
Unlimited	2,997	1,231	3,342	1,695
Total	3,896	1,366	4,342	2,564

The increase in the unrecognized balance as of December 31, 2024 mainly relates to the US.

Tax risks

Philips is exposed to tax risks and uncertainty over tax treatments. For particular tax treatments that are not expected to be accepted by tax authorities, Philips either recognizes a liability or reflects the uncertainty in the recognition and measurement of its current and deferred tax assets and tax attributes. For the measurement of the uncertainty, Philips uses the most likely amount or the expected value of the tax treatment. The expected liabilities resulting from the uncertain tax treatments are included in non-current tax liabilities (2024: EUR 116 million; 2023: EUR 390 million), and this decrease mainly relates to releases and settlements arising out of the tax audit settlements of prior years, in combination with higher tax losses or similar tax carryforwards that can be used if uncertain tax treatments were settled for the presumed amount at balance sheet date). The positions include, among others, the following:

Transfer pricing risks

Philips has issued transfer pricing directives, which are in accordance with international guidelines such as those of the Organization of Economic Co-operation and Development. In order to reduce the transfer pricing uncertainties, monitoring procedures are carried out by Group Tax to safeguard the correct implementation of the transfer pricing directives. However, tax disputes can arise due to inconsistent transfer pricing regimes and different views on 'at arm's length' pricing.

Tax risks on general and specific service agreements and licensing agreements

Due to the centralization of certain activities (such as research and development, IT and group Functions), costs are also centralized. As a consequence, these costs and/or revenues must be allocated to the beneficiaries, i.e., the various Philips entities. For that purpose, service contracts such as intra-group service agreements and licensing agreements are signed with a large number of group entities. Tax authorities review these intra-group service and licensing agreements, and may reject the implemented intra-group charges. Furthermore, buy in/out situations in the case of (de)mergers could affect the cost allocation resulting from the intra-group service agreements between countries. The same applies to the specific service agreements.

Tax risks due to disentanglements and acquisitions

When a subsidiary of Philips is disentangled, or a new company is acquired, tax risks may arise. Philips creates merger and acquisition (M&A) teams for these disentanglements or acquisitions. In addition to representatives from the involved business, these teams consist of specialists from various group Functions and are formed, among other things, to identify tax risks and to reduce potential tax claims.

Tax risks due to permanent establishments

A permanent establishment may arise when a Philips entity has activities in another country; tax claims could arise in both countries on the same income.

9 Earnings per share

Accounting policies

The company presents basic and diluted earnings per share (EPS) data for its common shares. Basic EPS is calculated by dividing the Net income (loss) attributable to shareholders by the weighted average number of common shares outstanding (after deduction of treasury shares) during the period. Diluted EPS is determined by adjusting the Net income (loss) attributable to shareholders and the weighted average number of common shares outstanding (after deduction of treasury shares) during the period, for the effects of all dilutive potential common shares, which comprise performance shares, restricted shares and share options granted under share-based compensation plans as well as forward contracts to repurchase shares.

Philips Group

Earnings per share in millions of EUR unless otherwise stated¹

	2022	2023	2024
Income from continuing operations	(1,618)	(454)	(840)
Income from continuing operations attributable to shareholders	(1,622)	(456)	(843)
Income from continuing operations attributable to non-controlling interests	3	2	3
Income from discontinued operations	13	(10)	142
Income from discontinued operations attributable to shareholders	13	(10)	142
Net income	(1,605)	(463)	(698)
Net income attributable to shareholders	(1,608)	(466)	(702)
Net income attributable to non-controlling interests	3	2	3
Weighted average number of common shares outstanding (after deduction of treasury shares) during the period	951,811,382	948,300,672	933,370,814
Plus incremental shares from assumed conversions of:			
Share options	25,506		232,965
Performance shares	1,147,790	2,623,097	4,958,144
Restricted shares	1,986,538	2,574,738	3,898,844
Forward contracts to repurchase shares	17,611,920	15,511,844	1,835,048
Dilutive potential common shares²	20,771,753	20,709,680	10,925,002
Diluted weighted average number of shares outstanding (after deduction of treasury shares) during the period	951,811,382	948,300,672	933,370,814
Basic earnings per common share attributable to shareholders (in EUR)			
Income from continuing operations	(1.70)	(0.48)	(0.90)
Income from discontinued operations	0.01	(0.01)	0.15
Net income	(1.69)	(0.49)	(0.75)
Diluted earnings per common share attributable to shareholders (in EUR)²			
Income from continuing operations	(1.70)	(0.48)	(0.90)
Income from discontinued operations	0.01	(0.01)	0.15
Net income	(1.69)	(0.49)	(0.75)
Dividend distributed per common share in EUR	0.85	0.85	0.85

¹ Shareholders in this table refers to shareholders of Koninklijke Philips N.V. Per share calculations have been adjusted retrospectively for all periods presented to reflect the issuance of shares for the share dividend in respect of 2023.

² The dilutive potential common shares are not taken into account in the periods for which there is a loss, as the effect would be antidilutive.

Per-share calculations adjusted for share dividend

On May 7, 2024, the General Meeting of Shareholders approved a dividend of EUR 0.85 per common share, in shares only. The dividend was settled in May through the issuance of 30,860,582 new common shares. In accordance with IAS 33 Earnings Per Share, per share calculations have been adjusted retrospectively for all periods presented to reflect the issuance of shares for the share dividend with respect to 2023.

Accounting policies

Owned assets

The cost of property, plant and equipment comprise all directly attributable costs (including the cost of material and direct labor).

Depreciation is generally calculated using the straight-line method over the useful life of the asset. Land and assets under construction are not depreciated. When assets under construction are ready for their intended use, they are transferred to the relevant asset category and depreciation starts. All other property, plant and equipment items are depreciated over their estimated useful lives to their estimated residual values.

The estimated useful lives of property, plant and equipment are as follows:

Philips Group

Useful lives of property, plant and equipment

Buildings	from 5 to 50 years
Machinery and installations	from 3 to 20 years
Other equipment	from 1 to 10 years

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the book value of the assets concerned may not be recoverable. An impairment loss is recognized for the amount by which the asset's book value exceeds their recoverable amount. Impairments are reversed if and to the extent that the impairment no longer exists. The recoverable amount is defined as the higher of the asset's fair value less costs of disposal and its value in use.

Gains and losses on the sale of property, plant and equipment are included in other business income. Costs related to repair and maintenance activities are expensed in the period in which they are incurred unless they extend the asset's original lifetime or capacity.

Right-of-use assets

The company leases various items of real estate, vehicles and other equipment. The company determines whether an arrangement constitutes or contains a lease based on the substance of the arrangement at the lease inception. The arrangement constitutes or contains a lease if fulfillment is dependent on the use of a specific asset and the arrangement conveys a right to use the asset, even if that asset is not explicitly specified in the arrangement.

Company as a lessee

The company recognizes right-of-use assets and lease liabilities for leases with a term of more than 12 months if the underlying asset is not of low value. Payments for short-term and low-value leases are expensed over the lease term. Extension options are included in the lease term if their exercise is reasonably certain. Right-of-use assets are measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurements. Right-of-use assets are depreciated using the straight-line method over the shorter of the lease term and the useful life of the underlying assets.

Company as a lessor

When the company acts as a lessor, it determines at lease inception whether a lease is a finance lease or an operating lease. Leases in which the company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. The company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term in the Consolidated statement of income.

Accounting estimates and judgments

Impairment of owned and right-of-use assets

Judgments are required, not only to determine whether there is an indication that an asset may be impaired, but also whether indications exist that impairment losses previously recognized may no longer exist or may have decreased (impairment reversal). After indications of impairment have been identified, estimates and assumptions are used in the determination of the recoverable amount of a fixed asset. These involve estimates of expected future cash flows (based on future growth rates and remaining useful life) and residual value assumptions, as well as discount rates to calculate the present value of the future cash flows.

Owned assets

Estimates are required to determine the (remaining) useful lives of fixed assets. Useful lives are determined based on an asset's age, the frequency of its use, repair and maintenance policy, technology changes in production and expected restructuring. The company estimates the expected residual value per asset item. The residual value is the higher of the asset's expected sales price (based on recent market transactions of similar sold items) and its material scrap value.

Right-of-use assets

Judgment is required to determine the lease term. The assessment of whether the company is reasonably certain to exercise extension options impacts the lease term, which could affect the amount of lease liabilities and right-of-use assets recognized.

Property, plant and equipment are fixed assets that are owned or right-of-use assets under a lease agreement. Owned and right-of-use assets are held for use in Philips' operating activities.

Philips Group

Property, plant and equipment in millions of EUR

	2023	2024
Owned assets	1,565	1,565
Right-of-use assets	919	886
Total	2,483	2,452

Philips Group

Property, plant and equipment in millions of EUR

	Owned assets				Right-of-use assets			Property, plant and equipment	
	Land and buildings	Machinery and installations	Other equipment	Assets under construction	Total	Land and buildings	Other equipment	Total	Total
Balance as of January 1, 2024									
Cost	1,114	1,731	1,404	274	4,521	1,425	216	1,641	6,162
Accumulated depreciation	(638)	(1,278)	(1,041)		(2,957)	(619)	(104)	(722)	(3,679)
Book value	476	453	363	274	1,565	806	113	919	2,483
Additions	2	134	76	236	448	101	87	189	637
Assets available for use	12	70	140	(248)	(26)	26	-	26	-
Depreciation	(49)	(191)	(166)		(406)	(146)	(56)	(202)	(608)
Impairments	(14)	(23)	(28)	-	(65)	(23)	-	(23)	(89)
Reclassifications	7	(6)	8	(1)	8	(9)	(3)	(12)	(4)
Translation differences and other	20	2	9	10	41	(6)	(4)	(10)	31
Total change	(22)	(13)	38	(3)	1	(57)	24	(33)	(32)
Balance as of December 31, 2024									
Cost	1,151	1,790	1,527	271	4,738	1,462	241	1,702	6,441
Accumulated depreciation	(697)	(1,350)	(1,126)		(3,173)	(712)	(104)	(816)	(3,989)
Book value	454	440	401	271	1,565	749	137	886	2,452

Philips Group
Property, plant and equipment in millions of EUR

	Owned assets				Total	Right-of-use assets		Total	Property, plant and equipment
	Land and buildings	Machinery and installations	Other equipment	Assets under construction		Land and buildings	Other equipment		Total
Balance as of January 1, 2023									
Cost	1,135	1,779	1,454	309	4,676	1,365	206	1,571	6,247
Accumulated depreciation	(621)	(1,291)	(1,046)		(2,958)	(543)	(108)	(651)	(3,609)
Book value	514	488	408	309	1,718	822	98	919	2,638
Additions	1	115	77	239	433	175	62	236	669
Assets available for use	20	90	144	(262)	(8)	2	6	8	-
Depreciation	(56)	(196)	(167)		(420)	(150)	(51)	(201)	(621)
Impairments	(5)	(23)	(17)	-	(45)	(23)	-	(23)	(68)
Transfers to assets classified as held for sale	(1)	(1)	(45)		(46)	(2)		(2)	(48)
Reclassifications	15	2	(17)	(5)	(6)	-	4	4	(2)
Translation differences and other	(14)	(22)	(19)	(7)	(62)	(18)	(5)	(23)	(85)
Total change	(39)	(35)	(45)	(35)	(154)	(16)	15	(1)	(154)
Balance as of December 31, 2023									
Cost	1,114	1,731	1,404	274	4,521	1,425	216	1,641	6,162
Accumulated depreciation	(638)	(1,278)	(1,041)		(2,957)	(619)	(104)	(722)	(3,679)
Book value	476	453	363	274	1,565	806	113	919	2,483

Leasing activities

The company leases various items of real estate, vehicles and other equipment where it acts as a lessee. The company has multiple extension and termination options in a number of lease contracts. These are used to maximize operational flexibility in terms of managing the assets used in the company's operations. The options considered reasonably certain are part of lease liabilities. The company has no commitments to any leases not yet commenced in 2024 (2023: EUR 128 million). The company's lease contracts do not contain financial covenants.

The company enters into sale-and-leaseback transactions primarily for its Sleep & Respiratory Care Business. These transactions are accounted for at market value. The payments for these leases are considered in determining lease liabilities. Principal repayments are part of cash flows used for financing activities and interest payments are part of cash flows used for operating activities. The cash inflows arising from the sales transactions are part of cash flows provided by financing activities. Lease payments under sale-and-leaseback arrangements for 2024 were EUR 43 million (2023: EUR 55 million). The remaining minimum payment under sale-and-leaseback arrangements included in lease obligations above are as follows:

Philips Group
Remaining minimum payments under sale-and-leaseback arrangements in millions of EUR

2025	29
2026	21
2027	14
2028	7
2029	1
Thereafter	

Further lease disclosures as lessee can be found in [Income from operations](#); [Financial income and expenses](#), [Cash flow statement supplementary information](#) and [Debt](#). For disclosures for lease receivables refer to [Receivables](#).

11 Goodwill

Accounting policies

The measurement of goodwill at initial recognition is described in the Acquisitions and divestments note. Goodwill is subsequently measured at cost less accumulated impairment losses.

Goodwill is not amortized but is instead tested for impairment annually in the fourth quarter, or more frequently if indicators of potential impairment exist. Internal and external sources of information are considered to assess if there are indicators that an asset or groups of cash-generating units (CGUs) may be impaired. Goodwill is allocated to groups of CGUs and tested for impairment at the Business level (one level below segment), which represents the lowest level at which goodwill is monitored internally for management purposes. An impairment loss is recognized in the Consolidated statements of income whenever and to the extent that the carrying amount of a group of CGUs exceeds the recoverable amount for the group of CGUs, whichever is the greater, its value in use or its fair value less cost of disposal. Value in use is measured as the present value of future cash flows expected to be generated by the asset. Fair value less cost of disposal is measured as the amount obtained from the sale of an asset in an arm's length transaction, less costs of disposal.

Accounting estimates and judgments

The cash flow projections used in the value in use calculations for goodwill impairment testing contain various judgments and estimations as described in the 'key assumptions' section.

The changes in 2023 and 2024 were as follows:

Philips Group
Goodwill in millions of EUR

	2023	2024
Balance as of January 1		
Cost	12,747	12,133
Impairments	(2,509)	(2,256)
Book value	10,238	9,876
Acquisitions ¹	24	
Impairments	(8)	
Divestments and transfers to assets classified as held for sale ²	(8)	(22)
Translation differences and other	(370)	528
Total change	(362)	507
Balance as of December 31		
Cost	12,133	12,777
Impairments	(2,256)	(2,394)
Book value	9,876	10,383

¹ Refer to [Acquisitions and divestments](#)

² Refer to [Discontinued operations and assets classified as held for sale](#)

In 2024, goodwill increased by EUR 507 million, primarily as a result of translation differences.

Goodwill impairment testing

During 2024, there were no goodwill impairments recorded.

Goodwill allocated to the Businesses (groups of cash-generating units) as of December 31, 2024, is presented in the following table:

Philips Group
Goodwill by business in millions of EUR

	2023	2024
Monitoring	3,964	4,194
Image-Guided Therapy	3,044	3,216
Precision Diagnosis	1,363	1,440
Sleep & Respiratory Care	687	694
Personal Health	483	509
Enterprise Informatics	336	331
Book value	9,876	10,383

The carrying amount of each group of CGUs is compared to the recoverable amount of the group of CGUs. Unless otherwise noted, the recoverable amount for each group of CGUs is based on value-in-use calculations. Cash flow projections were determined using Philips management's internal forecasts that cover an initial forecast period from 2025 to 2027. Projections were extrapolated using the growth rates disclosed in the following table for an extrapolation period of 4 years (2028-2031), after which a terminal value was calculated per 2032. For the terminal value calculation, growth rates were capped at a historical long-term average growth rate. The company uses scenarios in the business

forecasting process and the most reasonable and supportable assumptions that represent management's best estimate are used as the basis for the value-in-use calculations.

Key assumptions

Key assumptions used in the value-in-use calculations were compound sales growth rates, EBITA* in the terminal value and the rates used for discounting the projected cash flows.

The compound sales growth rate is the annualized steady nominal growth rate over the forecast period calculated with reference to the latest full year of actual sales as the base for the growth. The compound sales growth rate used to calculate the terminal value is only applied to the first year after the extrapolation period, after which no further growth is assumed for the terminal value calculation.

The compound sales growth rates and EBITA* used to estimate cash flows are based on past performance, external market growth assumptions and industry long-term growth averages. EBITA* for each group of CGUs is expected to increase over the projection period as a result of volume growth and cost efficiencies. By their nature, these assumptions 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 the plans, goals and expectations set forth in these assumptions.

The rates used for discounting the projected cash flows in goodwill impairment testing is based on a weighted cost of capital (WACC), which in turn is based on business-specific inputs along with other inputs as mentioned below. The WACC is based on post-tax cost of equity and cost of debt, and is further calculated based on market data and inputs to accurately capture changes to the time value of money, such as the risk-free interest rate, the beta factor and country risk premium. In order to properly reflect the different risk-profiles of different businesses, a WACC is determined for each business. As such, the beta factor is determined based on a selection of peer companies, which can differ per business. Different businesses have different geographical footprints, resulting in business-specific inputs for variables like country risk. Philips performs the value-in-use calculations using post-tax cash flows and discount rate, the implicit pre-tax rate discount rate is derived from an iterative calculation for disclosure purposes.

The values assigned to the key assumptions used for the value-in-use calculations were as follows:

Philips Group Key assumptions 2024

	Compound sales growth rate			Pre-tax discount rates
	Initial forecast period	Extrapolation period	Used to calculate terminal value	
Monitoring	5.3%	4.7%	2.5%	9.1%
Image-Guided Therapy	6.3%	5.0%	2.5%	9.7%
Precision Diagnosis	2.4%	3.6%	2.5%	9.9%
Sleep & Respiratory Care	10.1%	7.3%	2.5%	10.3%
Personal Health	5.1%	4.2%	2.5%	9.9%
Enterprise Informatics	4.4%	5.4%	2.5%	8.9%

The assumptions used for the 2023 value-in-use calculations for cash-generating units to which a significant amount of goodwill was allocated were as follows:

Philips Group Key assumptions 2023

	Compound sales growth rate			Pre-tax discount rates
	Initial forecast period	Extrapolation period	Used to calculate terminal value	
Monitoring	8.2%	5.5%	2.5%	9.5%
Image-Guided Therapy	7.9%	5.2%	2.5%	10.7%
Precision Diagnosis	3.8%	3.4%	2.5%	10.4%
Sleep & Respiratory Care	9.5%	9.3%	2.5%	10.8%
Personal Health	5.0%	4.6%	2.5%	10.3%
Enterprise Informatics	5.3%	5.8%	2.5%	9.0%

Sensitivity to changes in assumptions

The results of the annual impairment tests of the groups of CGUs indicate that a reasonably possible change in key assumptions would not cause the value in use to fall to the level of the carrying value.

* The definition of this non-IFRS measure and a reconciliation to the IFRS measure is included in [Information by segment and main country](#)

12 Intangible assets excluding goodwill

Accounting policies

Acquired finite-lived intangible assets are amortized using the straight-line method over their estimated useful life. The useful lives are evaluated annually. Intangible assets are initially capitalized at cost, with the exception of intangible assets acquired as part of a business combination, which are capitalized at their acquisition date fair value.

The company expenses all research costs as incurred. Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized as an intangible asset if the product or process is technically and commercially feasible, the company has sufficient resources and the intention to complete development and can measure the attributable expenditure reliably.

The capitalized development expenditure comprises of all directly attributable costs (including the cost of materials and direct labor). Other development expenditures and expenditures on research activities are recognized in the Consolidated statements of income. Capitalized development expenditure is stated at cost less accumulated amortization and impairment losses. Amortization of capitalized development expenditure is charged to the Consolidated statements of income on a straight-line basis over the estimated useful lives of the intangible assets.

Philips Group

Expected useful lives of intangible assets excluding goodwill in years

Brand names	2-20
Customer relationships	2-25
Technology	3-20
Other	1-10
Software	1-10
Product development	3-10

The weighted average expected remaining life of brand names, customer relationships, technology and other intangible assets is 8.5 years as of December 31, 2024 (2023: 9.3 years).

Impairment of intangible assets not yet ready for use

Intangible assets not yet ready for use are not amortized but are tested for impairment annually and whenever impairment indicators require. In the case of intangible assets not yet ready for use, either internal or external sources of information are considered to assess if there are indicators that an asset or a CGU may be impaired.

Impairment of non-financial assets other than goodwill, intangible assets not yet ready for use, inventories and deferred tax assets

Non-financial assets other than goodwill, intangible assets not yet ready for use, inventories and deferred tax assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is assessed by a comparison of the carrying amount of an asset with the greater of its value in use and fair value less cost of disposal. Value in use is measured as the present value of future cash flows expected to be generated by the asset. Fair value less cost of disposal is measured as the amount obtained from a sale of an asset in an arm's length transaction, less costs of disposal. If the carrying amount of an asset is deemed not recoverable, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the recoverable amount. The review for impairment is carried out at the level where cash flows occur that are independent of other cash flows.

Impairment losses recognized in prior periods for intangible assets other than goodwill are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if and to the extent that there has been a change in the estimates used to determine the recoverable amount. The loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Reversals of impairment are recognized in the Consolidated statements of income.

Accounting estimates and judgments

The cash flow projections used in the value in use calculations for intangible assets excluding goodwill contain various judgments and estimations. For intangible assets excluding goodwill, estimates are required to determine the (remaining) useful lives.

Intangible assets excluding goodwill in millions of EUR

	Brand names	Customer relationships	Technology	Product development	Product development in progress	Software	Other	Total
Balance as of January 1, 2024								
Cost	629	2,593	2,908	2,432	635	929	139	10,265
Amortization / impairments	(511)	(1,718)	(1,895)	(2,096)	(91)	(662)	(101)	(7,075)
Book value	118	875	1,013	336	544	267	38	3,190
Additions		-	36	-	240	85	-	361
Assets available for use				266	(266)			
Amortization	(19)	(92)	(138)	(162)		(95)	(1)	(506)
Impairments	(7)	-	(135)	(13)	(24)	(7)	(1)	(188)
Transfers to assets classified as held for sale		(11)					1	(10)
Translation differences and other	6	51	79	(9)	29	15	(37)	134
Total change	(20)	(52)	(158)	82	(21)	(3)	(38)	(208)
Balance as of December 31, 2024								
Cost	671	2,722	2,900	2,659	624	984	-	10,559
Amortization / impairments	(573)	(1,899)	(2,044)	(2,241)	(101)	(719)	-	(7,578)
Book Value	98	823	855	418	523	265	-	2,982

Intangible assets excluding goodwill in millions of EUR

	Brand names	Customer relationships	Technology	Product development	Product development in progress	Software	Other	Total
Balance as of January 1, 2023								
Cost	647	2,735	2,947	2,605	648	869	152	10,602
Amortization / impairments	(507)	(1,665)	(1,845)	(2,212)	(146)	(589)	(113)	(7,077)
Book value	140	1,070	1,102	393	502	280	39	3,526
Additions			33	-	214	70	-	317
Assets available for use				157	(157)		-	-
Acquisitions			40	-				40
Amortization	(20)	(137)	(131)	(169)		(97)	(1)	(556)
Impairments		-	-	(7)	(7)	(1)	-	(16)
Transfers to assets classified as held for sale	(1)	(20)			(8)	(2)	-	(32)
Translation differences and other	(1)	(37)	(30)	(38)	1	18	-	(87)
Total change	(22)	(195)	(89)	(57)	42	(13)	(1)	(335)
Balance as of December 31, 2023								
Cost	629	2,593	2,908	2,432	635	929	139	10,265
Amortization / impairments	(511)	(1,718)	(1,895)	(2,096)	(91)	(662)	(101)	(7,075)
Book Value	118	875	1,013	336	544	267	38	3,190

Philips did not make any acquisitions in 2024 (2023: acquisitions involved EUR 40 million of intangible assets). For more information, refer to [Acquisitions and divestments](#).

Impairments in 2024 amounted to EUR 188 million (2023: EUR 16 million) and mainly relate to the impairment of acquired intangible assets following the decision to discontinue certain products in the Diagnosis & Treatment segment.

The company uses scenarios in the business forecasting process and the most reasonable and supportable assumptions which represent management's best estimate are used as the basis for the value-in-use calculations.

The amortization and impairment of intangible assets is further specified in [Income from operations](#).

The most notable intangible assets as of December 31, 2024 relate to the BioTelemetry customer relationships and technology with a carrying value of EUR 316 million and EUR 108 million and a remaining amortization period of 12 years and 8 years, respectively, and Spectranetics customer relationships and technology with a carrying value of EUR 256 million and EUR 164 million and a remaining amortization period of 13 years and 8 years, respectively. The most notable intangible assets as of December 31, 2023, relate to the BioTelemetry customer relationships and technology with value of EUR 327 million and EUR 123 million and a remaining amortization period of 13 years and 9 years, respectively, and Spectranetics customer relationships and technology with a carrying value of EUR 261 million and EUR 175 million and a remaining amortization period of 14 years and 9 years, respectively.

13 Other financial assets

Accounting policies

Classification and measurement of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them.

The company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

For the purposes of subsequent measurement, financial assets are classified into four categories:

- financial assets at amortized cost (debt instruments)
- financial assets at fair value through other comprehensive income (OCI) with recycling of cumulative gains and losses (debt instruments)
- financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- financial assets at fair value through profit or loss (debt instruments and equity instruments)

Impairment of financial assets

The company recognizes a loss allowance for expected credit losses for trade receivables, contract assets, lease receivables, debt investments carried at amortized cost and fair value through other comprehensive income (FVTOCI).

At each balance sheet date, the company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognizes a loss allowance for expected credit losses for financial assets measured at either amortized costs or at fair value through other comprehensive income. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for the financial instrument at an amount equal to 12 months of expected credit losses. If, at the reporting date, the credit risk on a financial instrument has increased significantly since initial recognition, the company measures the loss allowance for the financial instrument at an amount equal to the lifetime-expected credit losses. For all trade receivables, contract assets and lease receivables the company measures the loss allowance at an amount equal to lifetime-expected credit losses.

Accounting estimates and judgments

The determination of fair value is subject to estimates for investments that are not publicly traded. Refer to [Fair value of financial assets and liabilities](#).

Financial assets classified at amortized cost and at fair value through OCI are subject to impairment assessment. The calculation of expected credit losses requires the company to apply significant judgment and make estimates and assumptions that involve significant uncertainty at the time they are made. Changes to these estimates and assumptions can result in significant changes to the timing and amount of expected credit losses to be recognized.

Other current financial assets

In 2024, Other current financial assets decreased from EUR 3 million to EUR 2 million (2023: decreased from EUR 11 million to EUR 3 million).

Other non-current financial assets

The company's investments in Other non-current financial assets mainly consist of investments in common shares of companies in various industries and investments in limited life funds. The changes during 2024 and 2023 were as follows:

	Non-current financial assets at FVTP&L	Non-current financial assets at FVTOCI	Non-current financial assets at Amortized cost	Total
Balance as of January 1, 2024	284	258	77	619
Changes:				
Acquisitions/additions	76	6	65	147
Sales/redemptions/reductions	(31)	(14)	(11)	(56)
Value adjustment through OCI		(23)		(23)
Value adjustment through P&L	(25)		1	(23)
Translation differences and other	8	12	(4)	16
Reclassification	(25)	4	(27)	(47)
Balance as of December 31, 2024	288	242	102	631

	Non-current financial assets at FVTP&L	Non-current financial assets at FVTOCI	Non-current financial assets at Amortized cost	Total
Balance as of January 1, 2023	322	284	54	660
Changes:				
Acquisitions/additions	71	14	20	105
Sales/redemptions/reductions	(33)	(14)	(11)	(58)
Value adjustment through OCI		(17)		(17)
Value adjustment through P&L	(39)		-	(39)
Translation differences and other	(29)	(14)	(1)	(44)
Reclassifications	(8)	5	15	12
Balance as of December 31, 2023	284	258	77	619

As of December 31, 2024, equity investments of EUR 222 million (2023: EUR 231 million) are accounted under the FVTOCI category based on the company's election at initial recognition mainly because such investments are neither held for trading purposes nor primarily for their increase in value and the elected presentation is considered to reflect the nature and purpose of the investment.

14 Other assets

Accounting policies

The company recognizes contract assets for revenue earned from installation services because the receipt of consideration is conditional on successful completion of the installation. Upon completion of the installation and acceptance by the customer, the amount recognized as contract assets is reclassified to trade receivables.

Other assets are measured at amortized cost minus any impairment losses.

Other non-current assets

Other non-current assets as of December 31, 2024, were EUR 118 million (2023: EUR 93 million), mainly includes prepaid expenses.

Other current assets

Other current assets as of December 31, 2024, totaled EUR 586 million (2023: EUR 500 million), primarily contract assets of EUR 349 million (2023: EUR 297 million) and prepaid expenses of EUR 238 million (2023: EUR 197 million) mainly related to Diagnosis & Treatment Businesses and Connected Care Businesses.

15 Inventories

Accounting policies

Inventories are stated at the lower of cost or net realizable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of conversion of inventories include direct labor

and fixed and variable production overheads, considering the stage of completion and the normal capacity of production facilities. Costs of idle facility and abnormal waste are expensed. The cost of inventories is determined using the first-in, first-out (FIFO) method. The write-down of inventories to net realizable value is included in cost of sales.

Accounting estimates and judgments

Inventory is reduced for the estimated losses due to obsolescence. This reduction is determined for groups of products based on sales in the recent past and/or expected future demand.

Inventories are summarized as follows:

Philips Group

Inventories in millions of EUR

	2023	2024
Raw materials and supplies	1,309	1,344
Work in process	552	414
Finished goods	1,629	1,439
Inventories	3,491	3,198

In 2024, overall global inventories have operationally decreased by EUR 293 million with the increase in finished goods and decrease in other categories.

The write-down of inventories to net realizable value was EUR 230 million in 2024 and EUR 339 million in 2023.

16 Receivables

Accounting policies

Receivables are initially measured at fair value and are subsequently measured at amortized cost if held within a business model with the objective to collect the contractual cash flows or at fair value through OCI if held within a business model with the objective of both holding to collect contractual cash flows and selling. Receivables are measured less any impairment losses.

Receivables are derecognized when the company has transferred substantially all risks and rewards, which includes transactions in which the company enters into factoring transactions, or if the company does not retain control over the receivables.

Accounting estimates

Receivables are subject to impairment assessment, which involves estimating expected credit losses. Refer to **Other financial assets** for accounting policies on impairment of financial assets.

Non-current receivables

Non-current receivables are associated mainly with customer financing in the Diagnosis & Treatment Businesses amounting (net of allowance) to EUR 81 million (2023: EUR 102 million), insurance receivables in the US amounting to EUR 33 million (2023: EUR 33 million) and income tax receivables amounting to EUR 36 million (2023: EUR 8 million).

Philips has leasing activities where it acts as lessor. In such arrangements, Philips provides the customer with a right to use of medical equipment in exchange for a series of payments. Residual values of assets under lease form an insignificant part of the carrying amount of those assets. Residual values are influenced by asset market prices and are therefore subject to management estimation. Residual values are at least reassessed on an annual basis, or more often when necessary. Reassessments are based on a combination of realization of assets sold, expert knowledge and judgment of local markets. In order to reduce residual value risk exposures there may be residual value guarantees or purchase options embedded in the customer contract. Credit risk for lease receivables is reviewed regularly and mitigated, for example, by retaining a security interest in the leased asset.

Current receivables

Current receivables of EUR 3,672 million (2023: EUR 3,733 million) as of December 31, 2024, included trade accounts receivable (net of allowance) of EUR 3,513 million (2023: EUR 3,546 million), accounts receivable other of EUR 134 million (2023: EUR 170 million), and accounts receivable from investments in associates of EUR 25 million (2023: EUR 18 million).

The trade accounts receivable, net, per segment are as follows:

Philips Group

Trade accounts receivable, net in millions of EUR

	2023	2024
Diagnosis & Treatment	1,688	1,687
Connected Care	1,105	1,064
Personal Health	576	575
Other	177	187
Trade accounts receivable, net	3,546	3,513

The aging analysis of trade accounts receivable, net, representing current and overdue but not fully impaired receivables, is as follows:

Philips Group

Aging analysis in millions of EUR

	2023	2024
Current	3,132	3,154
Overdue 1-30 days	117	141
Overdue 31-180 days	234	194
Overdue more than 180 days	63	24
Trade accounts receivable, net	3,546	3,513

The changes in the allowance for doubtful accounts receivable are as follows:

Philips Group

Allowance for accounts receivable in millions of EUR

	2023	2024
Balance as of January 1	226	216
Additions charged to expense	27	112
Deductions from allowance ¹	(26)	(88)
Transfer to assets held for sale	(1)	-
Other movements	(10)	5
Balance as of December 31	216	245

¹ Write-offs for which an allowance was previously provided.

The allowance for doubtful accounts receivable has been primarily established for receivables that are past due. Additions and deductions in the allowance include the impact of changes in estimates for certain Connected Care receivables. The allowance presented also includes the allowance for Non-current customer finance receivables of EUR 8 million (2023: EUR 8 million). Other movements in the current period are mainly related to foreign currency valuations.

Included in the above balances as of December 31, 2024, are allowances for individually impaired receivables of EUR 239 million (2023: EUR 210 million).

17 Equity

Accounting policies

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity. Where the company repurchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental transaction costs (net of income taxes), is deducted from shareholders' equity until such treasury shares are cancelled or reissued.

Where such treasury shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in shareholders' equity.

Call options on own shares are treated as equity instruments.

Dividends are recognized as a liability in the period in which they are declared and approved by shareholders. The income tax consequences of dividends are recognized when a liability to pay the dividend is recognized.

Common shares

As of December 31, 2024, authorized common shares consist of 2 billion shares (December 31, 2023: 2 billion; December 31, 2022: 2 billion), and the issued and fully paid share capital consists of 939,939,384 common shares, each share having a par value of EUR 0.20 (December 31, 2023: 913,515,966; December 31, 2022: 889,315,082).

Preference shares

As a means to protect the company against (an attempt at) an unsolicited takeover or other attempt to exert (*de facto*) control of the company, the 'Stichting Preferente Aandelen Philips' has been granted the right to acquire preference shares in the company. As of December 31, 2024, no such right has been exercised and no preference shares have been issued. Authorized preference shares consist of 2 billion shares as of December 31, 2024 (December 31, 2023: 2 billion; December 31, 2022: 2 billion).

Options, restricted and performance shares

Under its share-based compensation plans, the company granted stock options on its common shares and other conditional rights to receive common shares in the future such as restricted shares and performance shares (refer to [Share-based compensation](#)).

Treasury shares

In connection with the company's share repurchase programs, shares which have been repurchased and are held in Treasury for the purpose of (i) delivery under share-based compensation plans upon exercise of options, or vesting of restricted or performance shares, and (ii) capital reduction, are accounted for as a reduction of shareholders' equity. Treasury shares are recorded at cost, representing the market price on the acquisition date. When treasury shares are delivered by the company under its share-based compensation plans, such shares are removed from treasury shares on a first-in, first-out (FIFO) basis.

When treasury shares are delivered by the company upon exercise of options, the difference between the cost and the cash received is recorded in retained earnings. When treasury shares are delivered by the company upon vesting of restricted shares or performance shares (granted under the company's share-based compensation plans), the difference between the market price of the shares and the cost is recorded in retained earnings, and the market price is recorded in capital in excess of par value.

The following table shows the movements in the outstanding number of shares over the last three years:

Philips Group

Outstanding number of shares

	2022	2023	2024
Balance as of January 1	870,182,445	881,480,527	906,403,156
Dividend distributed	14,174,568	39,334,938	30,860,582
Purchase of treasury shares	(5,080,693)	(15,964,445)	(13,718,391)
Delivery of treasury shares	2,204,207	1,552,136	1,463,727
Balance as of December 31	881,480,527	906,403,156	925,009,074

The following table reflects transactions that took place in relation to former and current share-based compensation plans:

Philips Group

Transactions related to share-based compensation plans

	2022	2023	2024
Shares acquired	2,142,445	3,000,000	9,281,227
Average market price	EUR 31.76	EUR 41.59	EUR 21.88
Amount paid	EUR 68 million	EUR 125 million	EUR 203 million
Shares delivered	2,204,207	1,552,136	1,463,727
Average price (FIFO)	EUR 35.16	EUR 34.59	EUR 37.14
Cost of delivered shares	EUR 77 million	EUR 54 million	EUR 54 million
Total shares in treasury at year-end	5,664,946	7,112,810	14,930,310
Total cost	EUR 191 million	EUR 262 million	EUR 411 million

The following transactions took place for capital reduction purposes:

Philips Group

Transactions related to capital reduction

	2022	2023	2024
Shares acquired	2,938,248	12,964,445	4,437,164
Average market price	EUR 36.61	EUR 37.25	EUR 37.56
Amount paid	EUR 108 million	EUR 483 million	EUR 167 million
Cancellation of treasury shares (shares)	8,758,455	15,134,054	4,437,164
Cancellation of treasury shares (EUR)	EUR 299 million	EUR 566 million	EUR 167 million
Total shares in treasury at year-end	2,169,609		
Total cost	EUR 83 million		

Share purchase transactions related to employee option and share plans, as well as transactions related to the reduction of share capital, involved a cash outflow of EUR 451 million in 2024. In 2024, we settled withholding tax liability for an amount of EUR 41 million relating to the dividend distribution in 2023 (EUR 11 million) and in 2024 (EUR 29 million).

Share repurchase methods for share-based remuneration plans and capital reduction purposes

Philips uses different methods to repurchase shares in its own capital: (i) share buyback repurchases in the open market via an intermediary; (ii) repurchase of shares via forward contracts for future delivery of shares; and (iii) the unwinding of call options on own shares. During 2024, Philips used methods (i) and (ii) to repurchase shares for share-based compensation plans and method (ii) to repurchase shares for capital reduction purposes.

Forward contracts to repurchase shares and open market repurchases of shares

For share-based compensation plans

On August 5, 2024, Philips announced that it would repurchase shares for an amount of up to EUR 125 million to cover certain of its obligations arising from its Long-Term Incentive plans. The repurchases were executed through a combination of open market purchases by an intermediary (in August 2024 acquiring 2.2 million shares which resulted in a EUR 60 million increase in retained earnings against treasury shares) and one forward contract for an amount of EUR 65 million to acquire 2.5 million shares with a settlement date in November 2026 and a weighted average forward price of EUR 26.40.

On June 14, 2023, Royal Philips announced that it will repurchase up to 7.1 million shares to cover certain of its obligations arising from its Long-Term Incentive and employee stock purchases plans. Under this program, Philips entered into one forward contract for an amount of EUR 138 million to acquire 7.1 million shares with settlement dates varying between November 2024 and November 2025 and a weighted average forward price of EUR 19.43. As of December 31, 2024, a total of 3.1 million shares under this program were acquired (settled in the fourth quarter of 2024). This resulted in a EUR 57 million increase in retained earnings against treasury shares.

On June 13, 2022, Royal Philips announced that it will repurchase up to 3.2 million shares to cover certain of its obligations arising from its Long-Term Incentive and employee stock purchases plans. Under this program, Philips entered into one forward contract for an amount of EUR 63 million to acquire 3.2 million shares with settlement dates in November 2024 and December 2024 and a weighted average forward price of EUR 19.75. As of December 31, 2024, all shares under this program were acquired (settled in the fourth quarter of 2024). This resulted in a EUR 63 million increase in retained earnings against treasury shares.

On January 29, 2020, Philips announced that it will repurchase up to 6 million shares to cover certain of its obligations arising from its Long-Term Incentive and employee stock purchase plans. Under this program, Philips entered into three forward contracts to acquire in total 5 million for an amount of EUR 174 million to acquire with settlement dates varying between October 2021 and November 2022 and a weighted average forward price of EUR 34.85. On October 26, 2022, the original settlement date of two tranches entered into under this program (in total 1.75 million shares) has been extended from November 23, 2022 to November 2023, and November 2024, respectively. As of December 31, 2024, a total of 5 million shares (December 31, 2023: 4.3 million shares) under this program were acquired (settled in the fourth quarter of 2021, 2022, 2023, and 2024). This resulted in a EUR 23 million (2023: EUR 35 million) increase in retained earnings against treasury shares.

As of December 31, 2024, the remaining forward contracts to cover obligations under share-based compensation plans related to 6.5 million shares (December 31, 2023: 11.1 million shares) and amounted to EUR 142 million (December 31, 2023: EUR 224 million).

For capital reduction

On July 26, 2021, Philips announced a share buyback program for share cancellation purposes for an amount of up to EUR 1.5 billion. Consequently, in the third quarter of 2021 Philips entered into three forward contracts for an amount of EUR 731 million to acquire 20 million shares with settlement dates in 2022, 2023 and 2024 and a weighted average forward price of EUR 37.36. Philips executed the remainder of the program through open market purchases by an intermediary in the fourth quarter of 2021 (acquiring 21 million shares) and January 2022 (acquiring 0.8 million shares). This resulted in a EUR 781 million increase in retained earnings against treasury shares. As of December 31, 2024, Philips completed the program announced in 2021 and as a result a total of 19.6 million (December 31, 2023: 15.1 million) shares were acquired

(in the fourth quarter of 2022, second, third and fourth quarters of 2023, and first and second quarters of 2024). This resulted in a EUR 167 million increase in retained earnings against treasury shares (2023: EUR 483 million including dividend adjustment).

As of December 31, 2024, there were no remaining forward contracts entered into for capital reduction purposes. As of December 31, 2023, the remaining forward contracts entered into for capital reduction purposes related to 4.4 million shares and amounted to EUR 167 million.

Shares cancellation

In June 2024, Philips completed the cancellation of 4.4 million of its common shares (with a cost price of EUR 167 million). The cancelled shares were acquired as part of Philips' EUR 1.5 billion share repurchase program announced on July 26, 2021.

Dividend distribution

2024

In May 2024, Philips distributed a dividend of EUR 0.85 per common share, representing a total value of EUR 768 million (including costs). The dividend was distributed in the form of shares only, resulting in the issuance of 30,860,582 new common shares. Per share calculations have been adjusted retrospectively for all periods presented to reflect the issuance of shares for the share dividend in respect of 2023. Further reference is made to [Earnings per share](#).

A proposal will be submitted to the 2025 Annual General Meeting of Shareholders to pay a dividend of EUR 0.85 per common share, in shares or cash at the option of the shareholder, against retained earnings for 2024.

2023

In May 2023, Philips distributed a dividend of EUR 0.85 per common share, representing a total value of EUR 749 million (including costs). The dividend was distributed in the form of shares only, resulting in the issuance of 39,334,938 new common shares.

2022

In May 2022, Philips distributed a dividend of EUR 0.85 per common share, representing a total value of EUR 741 million (including costs). Shareholders could elect for a cash dividend or a share dividend. Approximately 45% of the shareholders elected for a share dividend, resulting in the issuance of 14,174,568 new common shares. The settlement of the cash dividend involved an amount of EUR 411 million (including costs).

Limitations in the distribution of shareholders' equity

As of December 31, 2024, pursuant to Dutch law, certain limitations exist relating to the distribution of shareholders' equity of EUR 3,254 million. Such limitations relate to common shares of EUR 188 million, as well as to legal reserves required by Dutch law included under retained earnings of EUR 1,052 million and unrealized currency translation differences of EUR 2,014 million. The unrealized gain related to cash flow hedges of EUR 1 million and unrealized loss related to fair value through OCI financial assets of EUR 90 million qualify as revaluation reserves and reduce the distributable amount due to the fact that these reserves are negative.

The legal reserves required by Dutch law of EUR 1,052 million included under retained earnings relates to any legal or economic restrictions on the ability of affiliated companies to transfer funds to the parent company in the form of dividends.

As of December 31, 2023, these limitations in distributable amounts were EUR 2,435 million and related to common shares of EUR 183 million, as well as to legal reserves required by Dutch law included under retained earnings of EUR 990 million and unrealized currency translation differences of EUR 1,263 million. The unrealized losses related to fair value through OCI financial assets of EUR 390 million and unrealized loss related to cash flow hedges of EUR 6 million qualify as a revaluation reserve and reduce the distributable amount due to the fact that this reserve is negative.

Non-controlling interests

Non-controlling interests relate to minority stakes held by third parties in consolidated group companies.

Capital management

Philips manages capital based upon the IFRS measures, net cash provided by operating activities and net cash used for investing activities as well as the non-IFRS measure net debt. The definition of this non-IFRS measure and a reconciliation to the IFRS measure is included below.

Net debt is defined as the sum of long and short-term debt minus cash and cash equivalents. Group equity is defined as the sum of shareholders' equity and non-controlling interests. This measure is used by Philips Treasury management and investment analysts to evaluate financial strength and funding requirements. The Philips net debt position is managed with the intention of retaining the current strong investment grade credit rating. Furthermore, Philips' dividend policy is aimed at dividend stability and a pay-out ratio of 40% to 50% of Adjusted income from continuing operations attributable to shareholders (reconciliation to the most directly comparable IFRS measure, Net income, is provided at the end of this note).

Composition of net debt and group equity in millions of EUR unless otherwise stated

	2022	2023	2024
Long-term debt	7,270	7,035	7,113
Short-term debt	931	654	526
Total debt	8,201	7,689	7,639
Cash and cash equivalents	1,172	1,869	2,401
Net debt	7,028	5,820	5,238
Shareholders' equity	13,249	12,028	12,006
Non-controlling interests	34	33	37
Group equity	13,283	12,061	12,043
Net debt : group equity ratio	35:65	33:67	30:70

Adjusted income from continuing operations attributable to shareholders is not a recognized measure of financial performance under IFRS. The reconciliation of Adjusted income from continuing operations attributable to shareholders to the most directly comparable IFRS measure, Net income, is included in the following table.

Adjusted income from continuing operations attributable to shareholders¹ in millions of EUR

	2022	2023	2024
Net income	(1,605)	(463)	(698)
Discontinued operations, net of income taxes	(13)	10	(142)
Income from continuing operations	(1,618)	(454)	(840)
Income from continuing operations attributable to non-controlling interests	(3)	(2)	(3)
Income from continuing operations attributable to shareholders¹	(1,622)	(456)	(843)
Adjustments for:			
Amortization and impairment of acquired intangible assets	363	290	392
Impairment of goodwill	1,357	8	
Restructuring costs and acquisition-related charges	202	381	326
Other items:	925	1,358	830
<i>Respironics litigation provision</i>		575	984
<i>Respironics insurance income</i>			(538)
<i>Respironics consent decree charges</i>	250	363	113
<i>Respironics field-action running costs</i>	210	224	133
<i>Quality actions</i>	59	175	123
<i>R&D project impairments</i>	134		
<i>Portfolio realignment charges</i>	109		
<i>Impairment of assets in S&RC</i>	39		
<i>Provision for public investigations tender irregularities</i>	60		
<i>Provision for a legal matter</i>		31	
<i>Investment re-measurement loss</i>		23	
<i>Loss (gain) on divestment of business</i>		(35)	
<i>Remaining items</i>	63	2	16
Net finance income/expenses	(4)	18	23
Tax impact on adjusting items ²	(376)	(450)	(370)
Tax effect of derecognition of US deferred tax asset			941
Adjusted Income from continuing operations attributable to shareholders¹	845	1,148	1,300

¹ Shareholders in this table refers to shareholders of Koninklijke Philips N.V.

² Includes deferred tax assets derecognized in the line below.

Accounting policies

Debt

Debt is initially measured at fair value net of directly attributable transaction costs. Subsequently, debt is measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Debt is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments due over the lease term, generally discounted using the incremental borrowing rate. Lease liabilities are subsequently measured at amortized cost using the effective interest method. Lease liabilities are remeasured in case of modifications or reassessments of the lease.

Philips has a USD 2.5 billion Commercial Paper Program and a EUR 1 billion committed standby revolving credit facility that can be used for general group purposes. As of December 31, 2024, Philips did not have any loans outstanding under either facility. These facilities do not have a material adverse change clause, have no financial covenants and no credit-rating-related acceleration possibilities.

Philips established a Euro Medium-Term Note (EMTN) program, a framework that facilitates the issuance of notes for a total amount up to EUR 10 billion. In 2024, Philips issued EUR 700 million fixed rate notes due 2032 under the EMTN program for general corporate purposes, including the repayment of the 2025 EUR Bonds and other floating rate debt. As of December 31, 2024, Philips has EUR 3.7 billion (2023: EUR 3.3 billion) fixed rate notes outstanding under the EMTN program.

The provisions applicable to all USD-denominated corporate bonds issued by the company in March 2008 and March 2012 (due 2038 and 2042) contain a 'Change of Control Triggering Event'. If the company would experience such an event with respect to a series of corporate bonds the company might be required to offer to purchase the bonds that are still outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any. Furthermore, the conditions applicable to the EUR-denominated corporate bonds issued since 2018 contain a similar provision ('Change of Control Put Event'). Upon the occurrence of such an event, the company might be required to redeem or purchase any of such bonds at their principal amount together with interest accrued. Philips' outstanding long-term debt does not contain financial covenants.

As of December 31, 2024, debt includes forward contracts of EUR 142 million (nominal value) relating to the repurchase of shares to cover long-term incentive and employee stock purchase plans, with maturity dates in the fourth quarter of 2025 (EUR 77 million) and the fourth quarter of 2026 (EUR 65 million).

In 2023, Philips issued EUR 500 million of fixed rate notes under the company's EMTN program that mature in 2031 and used the proceeds for general corporate purposes, including the repayment of EUR 500 million that was outstanding under the credit facility entered into in the fourth quarter of 2022. In 2023, Philips entered into a total amount of EUR 138 million forward contracts relating to the company's long-term incentive plans. These forwards partly matured in the fourth quarter of 2024 (EUR 61 million) with the remainder maturing in 2025 (EUR 77 million). In addition, a total of EUR 125 million forward contracts relating to the Long-Term Incentive and employee stock purchase plans and EUR 481 million of forwards related to the share buyback program announced in 2021 matured throughout 2023.

Long-term debt

The following tables present information about the long-term debt outstanding, its maturity and average interest rates in 2024 and 2023.

Philips Group

Long-term debt in millions of EUR unless otherwise stated

	2024						
	Amount outstanding	Current portion	Non-current portion	Between 1 and 5 years	Amount due after 5 years	Average remaining term (in years)	Average rate of interest
USD bonds	1,408	131	1,276	122	1,154	12.3	6.3%
EUR bonds	4,917		4,917	2,639	2,278	4.7	2.3%
Forward contracts	148	82	66	66		1.3	1.2%
Lease liabilities	1,073	219	854	506	347	3.8	3.7%
Bank borrowings	1	1	1	1		1.5	1.0%
Other long-term debt	-	-	-	-	-	3.2	1.2%
Long-term debt	7,546	434	7,113	3,333	3,779	5.9	3.2%

	2023						
	Amount outstanding	Current portion	Non-current portion	Between 1 and 5 years	Amount due after 5 years	Average remaining term (in years)	Average rate of interest
USD bonds	1,325		1,325	240	1,085	13.3	6.3 %
EUR bonds	4,569		4,569	2,335	2,234	5.1	2.0 %
Forward contracts	396	321	76	76		0.8	1.4 %
Lease liabilities	1,074	211	864	505	358	3.9	3.1 %
Bank borrowings	203	1	201	201		1.2	4.2 %
Other long-term debt	-	-	-	-	-	7.4	1.2 %
Long-term debt	7,568	532	7,035	3,357	3,678	6.0	2.9 %

Bonds

The following table presents the amount outstanding and effective rate of bonds.

	Effective rate	2023	2024
Unsecured EUR Bonds			
Due 30/03/2025; 1 3/8%	1.509%	346	
Due 22/05/2026; 1/2%	0.608%	750	750
Due 05/05/2027; 1 7/8%	2.049%	750	750
Due 02/05/2028; 1 3/8%	1.523%	500	500
Due 05/11/2029; 2 1/8%	2.441%	650	650
Due 30/03/2030; 2%	2.128%	500	500
Due 08/09/2031; 4 2/8%	4.330%	500	500
Due 31/05/2032; 3 3/4%	4.043%		700
Due 05/05/2033; 2 5/8%	2.710%	600	600
Unsecured USD Bonds			
Due 15/05/2025; 7 3/4%	7.429%	49	52
Due 15/05/2025; 7 1/8%	6.794%	75	79
Due 01/06/2026; 7 1/5%	6.885%	114	121
Due 03/11/2038; 6 7/8%	7.210%	657	697
Due 15/03/2042; 5%	5.273%	452	480
Adjustments ¹		(47)	(55)
Unsecured Bonds		5,894	6,324

¹ Adjustments related to both EUR and USD bonds and concern bond discounts, premium and transaction costs.

Leases

The following table presents a reconciliation between the total of future minimum lease payments and their present value.

	2023			2024		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	239	28	211	255	35	219
Between one and five years	572	67	505	592	85	506
More than five years	388	30	358	385	38	347
Lease liabilities	1,200	125	1,074	1,232	159	1,073

Short-term debt

Philips Group
Short-term debt in millions of EUR

	2023	2024
Short-term bank borrowings	122	92
Current portion of long-term debt	532	434
Short-term debt	654	526

During 2024, the weighted average interest rate on the bank borrowings was 9.3% (2023: 8.6%). This increase was mainly driven by higher interest rate environments across various countries globally.

19 Provisions

Accounting policies

A provision is a liability of uncertain timing or amount. Provisions are recognized if, as a result of a past event, the company has a present legal or constructive obligation, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be estimated reliably. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money. The increase in the provision due to passage of time (accretion) is recognized as interest expense.

Restructuring-related provisions

Provisions for severance and termination benefits are recognized for those costs only when the company has a detailed formal plan for the restructuring and has raised a valid expectation with those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. Before a provision is established, the company recognizes any impairment loss on the assets associated with the restructuring.

Accounting estimates and judgments

By their nature, the recognition of provisions requires estimates and assumptions regarding the timing and the amount of outflow of resources. The main estimates include:

- **Product warranty provisions** – the provisions for assurance-type product warranty reflect the estimated costs of replacement and free-of-charge services that will be incurred by the company with respect to products sold and include costs to execute quality remediation and related field actions (including the Respiroics field action). These require management to make estimates and assumptions about items such as quantities and the portion of products to be remediated through replacement, repair or (partial) refund.
- **Environmental provisions** – provisions for environmental remediation can change significantly due to the emergence of additional information regarding the extent or nature of the contamination, the need to utilize alternative technologies, actions by regulatory authorities as well as changes in judgments and discount rates. The impact of climate change is also considered when assessing whether Philips has a present legal or constructive obligation, particularly in relation to fines, penalties and commitments to reduce greenhouse gas emissions.
- **Legal provisions** – provisions for legal claims and investigations reflect the best estimate of the outflow of resources, supported by internal and external legal counsel, when it is probable that such outflow of resources will be required to settle an obligation.
- **Contingent consideration provisions** – the provision for contingent consideration reflects the fair value of the expected payment to former shareholders of an acquired company for the exchange of control if specified future events occur or conditions are met, such as the achievement of certain regulatory milestones or the achievement of certain commercial milestones. The provision for contingent consideration can change significantly due to changes in the estimated achievement of milestones and changes in discount rates. Changes in fair value of the contingent consideration liability are reflected in other business income (expenses).

Philips Group
Provisions in millions of EUR

	Post-employment benefits	Product warranty	Environmental	Restructuring-related	Legal	Contingent consideration	Other	Total
Current		624	22	102	477	57	181	1,463
Non-current	558	67	80	14	10	58	248	1,035
Balance as of December 31, 2023	558	692	102	116	487	115	429	2,498
Additions	81	439	9	131	1,015	5	185	1,865
Utilizations	(76)	(507)	(15)	(127)	(477)	(9)	(124)	(1,336)
Releases	(5)	(15)	-	(26)	(28)	(3)	(35)	(113)
Accretion			5		38	3	(1)	45
Changes in discount rate			(7)				-	(8)
Translation differences and other	2	(24)	4	(1)	44	3	(8)	21
Total change	3	(107)	(5)	(23)	592	(2)	16	474
Current		522	20	77	1,066	61	229	1,977
Non-current	560	63	76	16	13	52	216	996
Balance as of December 31, 2024	560	585	96	94	1,079	113	446	2,972

Philips Group
Provisions in millions of EUR

	Post-employment benefits	Product warranty	Environmental	Restructuring-related	Legal	Contingent consideration	Other	Total
Current		653	20	134	74	23	112	1,018
Non-current	546	80	83	6	14	89	279	1,097
Balance as of December 31, 2022	546	733	104	140	89	113	390	2,115
Additions	112	553	18	263	644	24	223	1,836
Utilizations	(91)	(553)	(14)	(219)	(235)	(20)	(134)	(1,266)
Releases	(10)	(20)	(2)	(67)	(10)	(7)	(45)	(159)
Accretion			5		23	1	(3)	25
Acquisitions						6		6
Changes in discount rate			(6)					(6)
Translation differences and other	-	(22)	(3)	(2)	(23)	(2)	(1)	(53)
Total change	12	(42)	(2)	(24)	399	2	39	383
Current		624	22	102	477	57	181	1,463
Non-current	558	67	80	14	10	58	248	1,035
Balance as of December 31, 2023	558	692	102	116	487	115	429	2,498

Post-employment benefits

For details of post-employment benefits refer to [Post-employment benefits](#).

Product warranty provisions

Product warranty provisions include costs to execute quality remediation and related field actions, as well as the field action provision in connection with the Philips Respironics voluntary recall notification which is explained separately below. The company expects the provisions to be utilized mainly within 2025.

Additions in 2024 include quality remediation and related field actions of EUR 137 million and EUR 139 million in the Diagnosis & Treatment and Connected Care segments, respectively, mainly for the following matters:

Trilogy EVO and Trilogy EV300

In September 2024, Philips issued a field safety notice to customers of its Trilogy EVO and Trilogy EV300 ventilators, regarding a potential contamination issue when the ventilator is used in combination with in-line nebulizers. This notification was updated in November 2024 with additional customer instructions. Philips is in the process of commencing the necessary remediation actions.

Respironics field-action provision

On June 14, 2021, Philips subsidiary Philips Respironics initiated a voluntary recall notification in the US and field safety notice outside the US for certain sleep and respiratory care products related to the polyester-based polyurethane (PE-PUR) sound abatement foam in these devices. The remediation is progressing globally. The total number of units expected to be remediated as of December 31, 2024 is 5.1 million (2023: 5.6 million) devices globally. The decrease in units is mainly due to current insights regarding the number of units that are not expected to be returned to Philips or where key data collection efforts to perform remediation have been exhausted.

Philips has recognized a provision based on Philips' best estimate of the costs to repair, replace or refund devices, subject to the Respironics field action. The provision is related to the cost to repair, replace or provide financial compensation for affected devices and includes, among others, the costs for the remaining production, the cost of intensified communication with physicians and patients, material costs, labor cost and logistics, as well as costs relating to financial compensation provided to customers under the field action. The provision does not include any product liability costs or other claims.

Philips Group Respironics field-action provision in millions of EUR

	2023	2024
Balance as of January 1	390	334
Additions	240	30
Utilizations	(285)	(220)
Translation differences and other	(10)	(14)
Balance as of December 31	334	130

Utilizations for the year reflect the costs incurred in executing the remediation during the year.

The completion of the field action continues to be subject to uncertainty, which requires management to make estimates and assumptions about items such as quantities and the portion to be replaced, repaired and subject to financial compensation. An increase in the assumption for the financial compensation portion by 10 percentage points could have the effect of increasing the provision by an estimated EUR 18 million. Actual outcomes in future periods may differ from these estimates and affect the company's results of operations, financial position and cash flows.

Further to the above, field-action running remediation costs during the year of EUR 133 million (2023: EUR 224 million, 2022: EUR 210 million), such as testing, external advisory and regulatory response and additional right-of-return and warranty provisions, have been incurred.

Philips and its affiliates are defendants in a number of consumer class action lawsuits from users of the affected devices and a number of individual personal injury and other compensation claims. For legal matters including claims refer to the legal provisions section of this note as well as [Contingencies](#).

Environmental provisions

The environmental provisions include accrued costs recorded with respect to environmental remediation in various countries. In the US, subsidiaries of the company have been named as potentially responsible parties in state and federal proceedings for the clean-up of certain sites.

The additions and the releases of the provisions originate from additional insights in relation to factors like the estimated cost of remediation, changes in regulatory requirements and efficiencies in completion of various site work phases.

Approximately EUR 65 million of the long-term provision is expected to be utilized after one to five years, with the remainder after five years. For more details on the environmental remediation refer to [Contingencies](#).

Restructuring-related provisions

Philips Group Restructuring-related provisions in millions of EUR

	December 31, 2023	December 31, 2024
Diagnosis & Treatment	36	34
Connected Care	18	19
Personal Health	7	15
Other	56	26
Philips Group	116	94

In 2024, the most significant restructuring projects impacted segments Other and Connected Care and mainly took place in the US and the Netherlands. The restructuring comprised mainly product portfolio rationalization and the reorganization of global support functions. The company expects the provisions to be utilized mainly within the next year.

In 2024, Philips continued general productivity actions aimed at simplifying the organization as part of its multi-year plan designed to create value with sustainable impact. This included the further reduction of 2,000 roles, thereby completing the planned reduction of 10,000 roles globally across the organization by 2025 ahead of schedule. Severance and termination-related costs of EUR 140 million were recorded in 2023.

Legal provisions

The company and certain of its group companies and former group companies are involved as a party in legal proceedings, including regulatory and other governmental proceedings.

Additions mainly relate to the legal provision in connection with the settlement of Respiroics personal injury and medical monitoring claims in the US of EUR 982 million (discounted). Under the settlement Philips Respiroics has agreed to pay a total of USD 1.1 billion. Most of the related payments are expected in 2025. In the first half of 2024 Philips Respiroics recorded insurance income of EUR 538 million in connection with the agreement with insurers to partially reimburse the Respiroics recall related product liability claims. This amount was paid in full to the company in 2024.

Utilizations of EUR 477 million mainly relate to the economic loss class action settlement in the US that was paid in 2024.

For details of other legal matters, including regulatory and other governmental proceedings, refer to [Contingencies](#).

The company expects the provisions to be utilized mainly within the next three years.

Contingent consideration provisions

There is no material movement in 2024 and approximately EUR 21 million of the long-term provision is expected to be utilized within the next three years, with the remainder after four years.

Other provisions

The main elements of other provisions are:

Philips Group

Other provisions in millions of EUR unless otherwise stated

	2023	2024
Other long-term employee benefits	77	80
Self-insurance	63	60
Non-income taxes / social security	51	48
Rights of return	39	44
Decommissioning costs	34	37
Onerous contracts	76	66
Remaining	89	111
Balance as of December 31	429	446

Onerous contracts reflect non-cancellable commitments on supplies for which no future demand or alternative usage has been identified.

Remaining provisions relate to a variety of positions, for example provision for disability of employees and provision for royalty obligations.

Releases in 2023 and 2024 are due to the reassessment of the positions in other provisions throughout the year.

The company expects the other provisions to be utilized mainly within the next five years.

Accounting policies

Defined contribution plans

A defined contribution plan is a post-employment benefit plan for which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the Consolidated statements of income in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan that is not a defined contribution plan. Defined benefit plans define an amount of pension benefit that an employee will receive after retirement. That pension benefit typically depends on several factors such as years of service, age and salary.

The net pension asset or liability recognized in the Consolidated balance sheets in respect of defined benefit plans is the fair value of plan assets less the present value of the projected defined benefit obligation at the balance sheet date. The defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method. Recognized assets are limited to the present value of any reductions in future contributions or any future refunds. The net pension liability is presented as a long-term provision; no distinction is made for the short-term portion.

For the company's major plans, a full discount rate curve of high-quality corporate bonds is used to determine the defined benefit obligation, where available. The curves are based on the Mercer Yield Curve methodology, which uses data of corporate bonds rated AA or equivalent. For the other plans the Mercer Yield Curve/Mercer Methodology has also been used taking into account the cash flows as much as possible in case there is a deep market in corporate bonds. For plans in countries without a deep corporate bond market, the discount rate is based on government bonds and the plan's maturity.

Pension costs with respect to defined benefit plans primarily represent the increase of the actuarial present value of the obligation for post-employment benefits based on employee service during the year and the interest on the net recognized asset or liability with respect to employee service in previous years.

Remeasurements of the net defined benefit asset or liability comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (excluding interest). The company recognizes all remeasurements in Other comprehensive income.

Past service costs arising from the introduction of a change to the benefit payable under a plan or a significant reduction of the number of employees covered by a plan (curtailment) are recognized in full in the Consolidated statements of income.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. The company recognizes a liability and an expense for bonuses and incentives based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments.

The company's net obligation with respect to other long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods, such as jubilee entitlements. That benefit is discounted to determine its present value. Remeasurements are recognized in the Consolidated statements of income in the period in which they arise.

Further information on other long-term employee benefits can be found in [Provisions](#) in the Other provisions section.

Accounting estimates and judgments

To make the actuarial calculations for the valuation of defined benefit obligations, assumptions are needed for interest rates, healthcare cost increases, future pension increases, life expectancy and employee turnover rates. The actuarial calculations are made by external actuaries based on inputs from observable market data, such as corporate bond returns and yield curves to determine the discount rates to apply, mortality tables to determine life expectancy and inflation rates to determine future salary and pension growth assumptions.

Employee post-employment benefit plans have been established in many countries in accordance with the legal requirements, customs and the local practice in the countries involved. The larger part of post-employment benefits are company pension plans, of which some are funded and some are unfunded. All funded post-employment benefit plans are considered to be related parties.

Most employees who take part in a company pension plan are covered by defined contribution (DC) pension plans. The main DC plans are in the Netherlands and the US. The company also sponsors a number of defined benefit (DB) pension plans. The benefits provided by these plans are based on employees' years of service and compensation levels.

The company also sponsors a limited number of DB retiree medical plans. The benefits provided by these plans typically cover a part of the healthcare costs after retirement. None of these plans are individually significant to the company and are therefore not further separately disclosed.

The larger funded DB and DC plans are governed by independent Trustees who have a legal obligation to protect the interests of all plan members and operate under the local regulatory framework.

The DB plans in Germany and the US make up most of the defined benefit obligation (DBO) and the net position. The company also has DB plans in the rest of the world; however these are individually not significant to the company and do not have a significantly different risk profile that would warrant separate disclosure.

The adjacent table provides a breakdown of the present value of the funded and unfunded DBO, the fair value of plan assets and the net position in Germany, the US and in other countries. The table also provides the value of reimbursement rights.

Philips Group
Post-employment benefits in millions of EUR

	Germany		United States		Other countries		Total	
	2023	2024	2023	2024	2023	2024	2023	2024
Present value of funded DBO	(511)	(531)	(404)	(416)	(182)	(205)	(1,097)	(1,152)
Present value of unfunded DBO	(253)	(242)	(118)	(131)	(137)	(134)	(508)	(507)
Total present value of DBO	(764)	(773)	(522)	(547)	(319)	(339)	(1,605)	(1,659)
Fair value of plan assets	481	496	442	465	166	189	1,089	1,150
Asset ceiling						(1)		(1)
Net position	(283)	(277)	(80)	(82)	(153)	(151)	(516)	(510)
Value of reimbursement rights					8	7	8	7

The classification of the net position is as follows:

Philips Group
Classification net position in millions of EUR

	Germany		United States		Other countries		Total	
	2023	2024	2023	2024	2023	2024	2023	2024
Total asset for plans in a surplus	-	-	39	49	2	1	41	50
Total liability for plans in a deficit	(283)	(277)	(118)	(131)	(156)	(152)	(558)	(560)
Net position	(283)	(277)	(80)	(82)	(153)	(151)	(516)	(510)

Germany

The company has several DB plans in Germany, some of which are unfunded. The plan assets of the funded DB plans in Germany are held in a legally separate pension trust.

Due to the relatively high level of social security in Germany, the company's pension plans mainly provide benefits for the higher earners. The plans are open for future pension accrual. Indexation is mandatory due to legal requirements. Some of the German plans have a DC design, but are accounted for as DB plans due to a legal minimum return requirement.

Company pension commitments in Germany are largely protected against employer bankruptcy via the "Pensions-Sicherungs-Verein" which charges a fee to all German companies providing pension promises.

Philips is one of the sponsors of Philips Pensionskasse VVaG in Germany, which is a multi-employer plan. The plan is classified and accounted for as a DC plan.

United States

The US DB pension plans are closed plans without future pension accrual. For the funding of any deficit in the US plan the Group adheres to the minimum funding requirements of the US Pension Protection Act.

The assets of the US funded pension plans are in Trusts governed by fiduciaries. The non-qualified pension plans that cover accrual above the maximum salary of the funded qualified plan are unfunded.

The company's qualified pension commitments in the US are covered via the Pension Benefit Guaranty Corporation, which charges a fee to US companies providing DB pension plans. The fee is also dependent on the amount of unfunded vested liabilities.

Philips has announced to plan participants the intent to fully terminate the US qualified defined benefit pension plans in 2025. The announcements made did not impact the accounting for these plans during 2024 and the anticipated settlement, if and when completed, is not expected to have a material impact to the company's results or cash flows in 2025.

Risks related to DB plans

DB plans expose the company to various demographic and economic risks such as longevity risk, investment risks, currency and interest rate risk and in some cases inflation risk. The latter plays a role in the assumed wage increase but more importantly in some countries where indexation of pensions is mandatory.

The company has an active de-risking strategy in which it constantly looks for opportunities to reduce the risks associated with its DB plans. Liability-driven investment strategies, lump sum cash-out options, buy-ins, buy-outs and a change to DC are examples of the strategy.

Investment policy in the largest pension plans

Plan assets are managed in legally separate pension trusts, primarily overseen by independent trustees, who bear full responsibility for and have complete discretion over the investment strategy for these plan assets. The plan assets of the Philips pension plans are invested in well-diversified portfolios. For most plans, the interest rate sensitivity of the fixed income portfolio is closely aligned with that of the plan's pension liabilities. Contributions from the sponsoring company are primarily directed toward increasing the fixed income allocation. Additionally, in most investment strategies, any structural improvement in the plan's funded ratio over time is used to further reduce the interest rate mismatch between the plan assets and the pension liabilities.

Summary of pre-tax costs for post-employment benefits and reconciliations

The adjacent table contains the total of current and past service costs, administration costs and settlement results as included in Income from operations and the interest cost as included in Financial expenses.

Philips Group

Pre-tax costs for post-employment benefits in millions of EUR

	2022	2023	2024
Defined benefit plans	50	47	43
- included in income from operations	39	25	23
- included in financial expense	10	21	20
- included in Discontinued operations			
Defined contribution plans	400	376	365
- included in income from operations	400	376	365
- included in Discontinued operations			
Post-employment benefits costs	449	423	408

Summary of the reconciliations for the DBO and plan assets

The adjacent tables contain the reconciliations for the DBO and plan assets.

Philips Group

Defined benefit obligations in millions of EUR

	2023	2024
Balance as of January 1	1,621	1,605
Service cost	32	29
Interest cost	71	65
Employee contributions	3	4
Actuarial (gains) / losses		
- demographic assumptions		
- financial assumptions	48	20
- experience adjustment	2	9
(Negative) past service cost	(9)	(7)
Settlements	2	1
Benefits paid from plan	(104)	(63)
Benefits paid directly by employer	(39)	(36)
Translation differences and other	(22)	32
Balance as of December 31	1,605	1,659

Philips Group
Plan assets in millions of EUR

	2023	2024
Balance as of January 1	1,122	1,089
Interest income on plan assets	49	45
Admin expenses paid	(1)	(1)
Return on plan assets excluding interest income	23	13
Employee contributions	3	4
Employer contributions	14	30
Settlements		
Benefits paid from plan	(104)	(63)
Translation differences and other	(17)	33
Balance as of December 31	1,089	1,150

The past service costs in 2024 mainly relate to the retiree medical plans in Brazil and the pension plan in Switzerland. The past service costs in 2023 mainly relate to the retiree medical plans in Brazil.

Plan assets allocation

The asset allocation in the company's DB plans as of December 31, 2024, was as follows:

Philips Group
Plan assets allocation in millions of EUR

	2023	2024
Assets quoted in active markets		
- Debt securities	513	460
- Equity securities		12
- Other ¹	182	431
Assets not quoted in active markets		
- Debt securities		
- Equity securities	31	
- Other ¹	363	247
Total assets	1,089	1,150

¹ Other assets are primarily composed of cash and cash equivalents, real estate, investment funds, and assets managed by insurance companies.

The plan assets in 2024 contain 22% (2023: 36%) unquoted plan assets. Plan assets in 2024 do not include property occupied by or financial instruments issued by the company.

Assumptions

The mortality tables used for the company's largest DB plans are:

Germany: Heubeck-Richttafeln 2018 Generational, assuming 93% of mortality rates for male retirees between ages 60 and 85.

US: PRI-2012 Generational with MP2021 improvement scale + white collar adjustment.

The weighted averages of the assumptions used to calculate the DBO were as follows:

Philips Group
Assumptions used for defined benefit obligations in %
as of December 31,

	Germany		United States		Other countries		Total	
	2023	2024	2023	2024	2023	2024	2023	2024
Discount rate	3.7 %	3.3 %	5.0 %	5.1 %	4.9 %	4.2 %	4.3 %	4.0 %
Inflation rate	2.0 %	2.0 %	2.3 %	2.3 %	2.5 %	2.2 %	2.2 %	2.1 %
Salary increase	2.8 %	2.8 %	0.0 %	0.0 %	4.3 %	4.4 %	3.0 %	3.1 %

Sensitivity analysis

The following table illustrates the approximate impact on the DBO from movements in key assumptions. The DBO was recalculated using a change in the assumptions of 1% which overall is considered a reasonably possible change. The impact on the DBO because of changes in discount rate is normally accompanied by offsetting movements in plan assets, especially when using matching strategies.

The average duration in years of the DBO of the DB plans is 10 (Germany: 11, US: 8, and other countries: 10) as of December 31, 2024 (2023: 10).

Philips Group

Sensitivity of key assumptions in millions of EUR

	2023	2024
Increase		
Discount rate (1% movement)	(123)	(123)
Pension increase (1% movement)	60	60
Salary increase (1% movement)	12	14
Longevity ¹	32	34
Decrease		
Discount rate (1% movement)	147	150
Pension increase (1% movement)	(52)	(52)
Salary increase (1% movement)	(11)	(12)
Longevity ¹	(22)	(24)

¹ The mortality table (i.e. longevity) also impacts the DBO. The above sensitivity table illustrates the impact on the DBO of a further 10% decrease / increase in the assumed rates of mortality for the company's major plans. A 10% decrease / increase in assumed mortality rates equals a change of life expectancy by 0.5 - 1 year.

Cash flows and costs in 2025

Cash outflows in relation to post-employment benefits are estimated to amount to EUR 421 million in 2025, consisting of:

- EUR 24 million employer contributions to DB plans (Germany: EUR 11 million, US: EUR 0 million, other countries: EUR 13 million);
- EUR 45 million cash outflows in relation to DB plans (Germany: EUR 21 million, US: EUR 10 million, Other Countries: EUR 14 million); and
- EUR 352 million employer contributions to DC plans (Netherlands: EUR 142 million, US: EUR 144 million, Other Countries: EUR 66 million).

The service and administration cost for 2025 is expected to amount to EUR 33 million for DB plans. The net interest cost for 2025 for the DB plans is expected to amount to EUR 18 million. The cost for DC pension plans in 2025 is equal to the expected DC cash flow.

21 Accrued liabilities

Accounting policies

Accrued liabilities are initially measured at fair value and subsequently at amortized cost and are derecognized when the obligation under the liability is discharged, cancelled or has expired.

Accrued liabilities are summarized as follows:

Philips Group
Accrued liabilities in millions of EUR

	2023	2024
Personnel-related costs:		
- Salaries and wages	791	601
- Accrued holiday entitlements	96	95
- Other personnel-related costs	93	101
Fixed-asset-related costs:		
- Gas, water, electricity, rent and other	43	41
Communication and IT costs	61	55
Distribution costs	99	95
Sales-related costs:		
- Commission payable	12	16
- Advertising and marketing-related costs	133	120
- Other sales-related costs	20	15
Material-related costs	138	124
Interest-related accruals	76	83
Other accrued liabilities	324	283
Accrued liabilities	1,887	1,630

22 Other liabilities

Accounting policies

Other liabilities are initially measured at fair value and subsequently at amortized cost and are derecognized when the obligation under the liability is discharged, cancelled or has expired.

The company recognizes contract liabilities if a payment is received or a payment is due (whichever is earlier) from a customer before the company transfers the related goods or services. Contract liabilities are recognized as revenue when the company performs under the contract (i.e., transfers control of the related goods or services to the customer).

Other non-current liabilities

Non-current liabilities were EUR 45 million as of December 31, 2024 (December 31, 2023: EUR 54 million).

Non-current liabilities are associated mainly with indemnification and non-current accruals.

Other current liabilities

Other current liabilities are summarized as follows:

Philips Group
Other current liabilities in millions of EUR

	2023	2024
Accrued customer rebates	186	169
Other taxes including social security premiums	129	115
Other liabilities	98	70
Other current liabilities	414	354

Contract liabilities

Non-current contract liabilities were EUR 431 million as of December 31, 2024 (December 31, 2023: EUR 469 million) and current contract liabilities were EUR 1,699 million as of December 31, 2024 (December 31, 2023: EUR 1,809 million).

The current contract liabilities decreased by EUR 109 million, which is mainly driven by an decrease in deferred balances for customer service contracts.

The current contract liabilities as of December 31, 2023, resulted in revenue recognized of EUR 1,809 million in 2024.

Accounting policies

Cash and cash equivalents

Cash and cash equivalents include all cash balances, certain money market funds and short-term highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash. Bank overdrafts are included in borrowings in current liabilities.

Cash flow statements

The cash flow statement is prepared using the indirect method. Cash flows related to interest and tax are included in operating activities. Assets and liabilities acquired as part of a business combination are included in investing activities (net of cash acquired). Dividends paid to shareholders are included in financing activities. Dividends received are included in operating activities.

Cash flows arising from transactions in a foreign currency are translated into the company's functional currency using the exchange rate at the date of the cash flow. Cash flows from derivative instruments that are accounted for as cash flow hedges are classified in the same category as the cash flows from the hedged items. Cash flows from other derivative instruments are classified as investing cash flows.

Income taxes

Income taxes in 2023 include EUR 2 million of interest related to uncertain tax positions.

Cash paid for leases

In 2024, gross lease payments of EUR 252 million (2023: EUR 271 million; 2022: EUR 316 million) included interest of EUR 37 million (2023: EUR 27 million; 2022: EUR 25 million).

Net cash used for derivatives and current financial assets

In 2024, a total of EUR 38 million cash was received with respect to foreign exchange derivative contracts related to activities for liquidity management and with respect to the purchase and proceeds from current financial assets (2023: EUR 46 million outflow; 2022: EUR 72 million outflow).

Purchase and proceeds from non-current financial assets

In 2024, the net cash outflow is EUR 66 million. In 2023, the net cash outflow is EUR 44 million. In 2022, the net cash outflow is EUR 38 million.

Reconciliation of liabilities arising from financing activities

Certain items in the statements of cash flows do not correspond to the differences between the balance sheet amounts for the respective items, principally because of the effects of translation differences and consolidation changes.

Philips Group

Reconciliation of liabilities arising from financing activities in millions of EUR

	Balance as of December 31, 2023	Cash flow	Currency effects and consolidation changes	Other ¹	Balance as of December 31, 2024
Long term debt²	7,567	(53)	107	(74)	7,546
EUR bonds	4,569	340		8	4,917
USD bonds	1,325		83		1,408
Leases	1,074	(192)	24	167	1,073
Forward contracts ³	396			(248)	148
Bank borrowings	203	(201)		(1)	1
Other long-term debt					
Short term debt²	122	(30)	1		92
Short-term bank borrowings	122	(31)	1		92
Other short-term loans	-	1			1
Equity	(656)	(413)		516	(554)
Dividend payable		(3)		3	
Forward contracts ³	(394)			251	(143)
Treasury shares ⁴	(262)	(410)		262	(411)
Total		(496)			

- ¹ Besides non-cash, other includes interest paid on leases, which is part of cash flows from operating activities
² In this table, current portion of long-term debt is included in long-term debt (and excluded from short-term debt).
³ The forward contracts are related to the share buyback program and LTI plans
⁴ Cash flow in 2024 includes withholding tax for share buyback amounting to EUR 41 million.

Philips Group
Reconciliation of liabilities arising from financing activities in millions of EUR

	Balance as of December 31, 2022	Cash flow	Currency effects and consolidation changes	Other ¹	Balance as of December 31, 2023
Long term debt²	8,111	(210)	(96)	(238)	7,567
EUR bonds	4,061	497		11	4,569
USD bonds	1,378		(53)		1,325
Leases	1,082	(200)	(42)	235	1,074
Forward contracts ³	858			(462)	396
Bank borrowings	705	(502)			203
Other long-term debt	28	(5)	(1)	(22)	
Short term debt²	89	29	3		122
Short-term bank borrowings	89	46	(14)		122
Other short-term loans		(17)	17		-
Equity	(1,133)	(666)		1,143	(656)
Dividend payable		(4)		4	
Forward contracts ³	(858)			465	(394)
Treasury shares	(275)	(662)		675	(262)
Total		(848)			

- ¹ Besides non-cash, other includes interest paid on finance leases, which is part of cash flows from operating activities
² In this table, current portion of long-term debt is included in long-term debt (and excluded from short-term debt).
³ The forward contracts are related to the share buyback program and LTI plans
⁴ Cash flow in 2023 includes withholding tax for share buyback amounting to EUR 55 million.

24 Contingencies

Accounting policies Contingent liabilities

A contingent liability is a liability of uncertain timing and amount. Contingencies are not recognized in the balance sheet because they are dependent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or because the risk of loss is estimated to be possible but not probable or because the amount cannot be measured reliably. Pursuant to IAS 37, Provisions, Contingent Liabilities and Contingent Assets, certain information is not disclosed for legal proceedings for which the company concludes that disclosure can be expected to seriously prejudice the outcome of the matter.

Contingent assets

Contingent assets are disclosed if the inflow of economic benefits is probable, but not virtually certain. If the inflow of economic benefits becomes virtually certain, the asset would no longer be contingent and its recognition appropriate.

Financial guarantees

Philips' policy is to provide guarantees and other letters of support only in writing. Philips does not stand by other forms of support. The company recognizes a liability at the fair value of the obligation at the inception of a financial guarantee contract. The guarantee is subsequently measured at the higher of the best estimate of the obligation or the amount initially recognized less, when appropriate, cumulative amortization.

Accounting estimates and judgments

Significant judgment is required to determine the likelihood of a potential outflow of resources. In addition, judgment is involved in determining whether the amount of an obligation can be measured with sufficient reliability. Contingencies involve inherent uncertainties including, but not limited to, court rulings, negotiations between affected parties, governmental actions, tax and environmental remediation. Contingent assets require management to apply judgment, especially to estimate the likelihood of the inflow of economic benefits and timing of recognition.

Guarantees

The total fair value of guarantees recognized on the balance sheet amounts to EUR nil million for both 2024 and 2023. Remaining off-balance-sheet business related guarantees on behalf of third parties and associates as of December 31, 2024, amounted to EUR 343 million

(December 31, 2023: EUR 2 million). These mainly include bank guarantees secured for insurance companies to cover product liability-related cash flows related to the Respiroics recall.

Environmental remediation

The company and its subsidiaries are subject to environmental laws and regulations. Under these laws, the company and/or its subsidiaries may be required to remediate the effects of certain manufacturing activities on the environment.

Legal proceedings

The company and certain of its group companies and former group companies are involved as a party in legal proceedings, regulatory and other governmental proceedings, including discussions on potential remedial actions, relating to such matters as competition issues, commercial transactions, product liability, participations, and environmental pollution.

While it is not feasible to predict or determine the outcome of all pending or threatened legal proceedings, regulatory and governmental proceedings, the company is of the opinion that the cases described below may have, or have had in the recent past, a significant impact on the company's consolidated financial position, results of operations and cash flows.

Public investigations

In February 2023, the company received a statement of objections from the French Competition Authority (FCA) initiating a formal investigation to verify whether the company and certain other manufacturers of small domestic appliances breached antitrust rules in France in the period 2009-2014 through the alleged exchange of commercially sensitive information. The FCA issued its decision in December 2024, in which it closed the case by concluding that the company did not violate antitrust rules in France.

Respiroics recall

On June 14, 2021, Philips subsidiary Philips RS North America LLC (Philips Respiroics) issued a voluntary recall notification in the United States and field safety notice outside the United States for specific Philips Respiroics CPAP, Bi-Level PAP, and mechanical ventilator devices (the "Recalled Devices").

Consent Decree

On August 26, 2021, the US Food and Drug Administration (FDA) commenced an inspection of the Philips Respiroics manufacturing facility in Murrysville, Pennsylvania, and provided Philips Respiroics with its preliminary inspectional observations on November 9, 2021. In the first half of 2024, Philips Respiroics reached an agreement with the US Department of Justice (DoJ), acting on behalf of the FDA, regarding the terms of a consent decree to resolve the identified issues in relation to the inspection. The consent decree was entered by the court in April 2024.

DOJ investigation; state Attorneys General investigation

Philips Respiroics and certain of Philips' subsidiaries in the US continue to cooperate with a criminal and civil investigation triggered by a subpoena received from the DOJ in 2022 to provide information related to events leading to the Respiroics recall. In addition, the same entities are cooperating with an investigation initiated in 2024 by certain US state Attorneys General into trade practices related to the products subject of the Respiroics recall. While the outflow of economic resources in connection with these investigations is assessed as probable, given the current stage of the investigations, the company is not able to reliably estimate the financial impact.

Product liability claims

Following the voluntary recall notification, a number of civil complaints have been filed in several jurisdictions against Philips Respiroics and certain of its affiliates (including the company) generally alleging economic loss, personal injury and/or the potential for personal injury allegedly caused by the recalled devices.

In the US, consumer and commercial class action lawsuits have been filed alleging economic loss and medical monitoring claims. Individual personal injury lawsuits have also been filed. On October 8, 2021, a Multi-District Litigation (MDL) in the US District Court for the Western District of Pennsylvania was formed, and most of these class action and personal injury lawsuits have been consolidated in the MDL for pre-trial proceedings.

On September 7, 2023, Philips Respiroics reached agreement on a class action settlement in relation to the economic loss class action complaint, for which the company recorded a EUR 575 million provision in the first quarter of 2023. Under the agreement, which became final in May 2024, the Philips defendants agreed to provide predefined cash awards to all eligible participants in the US depending on the type of device, extended warranties on all remediated devices provided as part of Respiroics' recall program, and an additional cash award if they return the recalled device to Philips Respiroics. The settlement also provides for compensation for individuals who acquired replacement devices in the market after the recall and prior to the announcement of the settlement. The settlement also provides for compensation to private insurers and other third-party payers. The claims period concluded on August 9, 2024, and since then, the Claims Administrator has been processing claims, calculating relevant payment amounts, and making payments to eligible class members.

On May 9, 2024, Philips Respiroics reached agreement on a class action settlement in relation to the medical monitoring class action complaint. Under the agreement, which became final in January 2025, the Philips defendants agreed to pay USD 25 million into a Qualified Settlement Fund for the benefit of eligible class members. The USD 25 million amount is a fixed cap on the amount of the settlement and will be used to fund,

among other things, research related to the advancement of public knowledge regarding the detection, diagnosis, and treatment of those injuries alleged to have been caused by use of the recalled devices.

Also on May 9, 2024, Philips Respironics reached agreement on a private settlement in relation to US personal injury claims. Under the agreement, the Philips defendants have agreed (subject to a termination right) to pay USD 1.075 billion to consist of USD 25 million in notice and administrative costs and USD 1.050 billion into a Personal Injury Settlement Fund. The settlement is an opt-in agreement, by which eligible claimants would release all of their personal injury claims in exchange for participation in the Personal Injury Settlement Fund. To participate in the settlement, an eligible claimant must have experienced a qualifying injury. The Philips parties had the right to terminate the settlement if less than 95% of eligible claimants would register for the settlement by the registration deadline on January 31, 2025. As at the registration deadline registrations exceeded 95%, the settlement has now become final with payment expected in the first half of 2025. For any individuals who declined to participate in, or are ineligible for, the settlement, and who wish to litigate their personal injury claims, they will need to identify themselves after the registration deadline and then comply with court orders imposing certain discovery obligations on them, including with respect to early disclosure of their evidence on causation.

Philips Respironics and certain of its affiliates (including the company) continue to be defendants in consumer class action lawsuits in Australia, Canada and Israel and collective or group actions in Chile, France, Germany, Italy and the Netherlands alleging economic loss and/or personal injury.

While the company believes it is probable that ongoing lawsuits will in the aggregate lead to an outflow of economic resources for Philips Respironics or other Philips entities, given the significant uncertainty regarding the nature of the relevant events and potential obligations, the company is not currently able to reliably estimate the amount of the obligation associated with these various lawsuits. The final outcome of the lawsuits and the remaining cost to resolve them cannot currently be determined due to a number of variables, including the early stages of some of these proceedings and uncertainty regarding the number of remaining claimants, their allegations, and their alleged injuries. The courts have not yet been asked to decide the question of whether any of the claimed injuries could have been caused by use of the recalled devices.

In 2024, the company and its insurance carriers reached an agreement on the basis of which the insurance carriers agreed to contribute EUR 540 million to cover product liability-related cash flows related to the Respironics recall. This amount was paid in full to the company in 2024.

Securities claims

On August 16, 2021, a securities class action complaint was filed against the company, its former CEO and its former CFO in the US District Court for the Eastern District of New York alleging violations of the Securities Exchange Act of 1934 causing damage to investors. On September 23, 2024, following amendments to the complaint, the court issued a decision dismissing all claims against the company's former CFO and the former head of Philips Respironics but denying in part the motion to dismiss with respect to the company and its former CEO. The Court narrowed the class period and dismissed all claims based on statements made before 2018. The Court also dismissed all claims relating to certain categories of alleged misstatements. On October 28, 2024, the company and its former CEO moved for reconsideration of that portion of the decision denying their motion, and that motion was pending as of December 31, 2024.

In the Netherlands, six different parties (including European Investors – VEB and Deminor Litigation Funding) representing both retail and institutional investors have approached the company, holding the company and its directors liable for alleged misstatements and failures to make timely disclosures in relation to the Respironics recall. As of December 31, 2024, one party has filed a civil complaint with the Amsterdam District Court.

It is the company's assessment that it is possible but not probable that these cases could lead to a certain outflow of economic resources. The company is not able to reliably estimate the financial impact, if any. An adverse outcome of these cases could have a material impact on the company's consolidated financial position, results of operations and cash flows.

SEC investigation

Following earlier requests for information from the US Securities and Exchange Commission (SEC), in March 2024, the company received a subpoena from the SEC relating to the Respironics Recall and compliance with relevant securities laws. The investigation is not an indication that the SEC or its staff have determined that any violations of law have occurred. The company is fully cooperating with the investigation. It is the company's assessment that it is possible but not probable that this investigation could lead to certain outflow of resources. The company is not able to reliably estimate the financial impact, if any.

Other claims

On October 12, 2021, SoClean, a company offering ozone-based cleaning products for sleep devices, filed a lawsuit in the US against the company and certain of its affiliates alleging that the defendants' statements about the potential adverse effect ozone cleaning may have on the recalled devices has significantly damaged its business. Philips believes that the claim is without merit and will vigorously defend itself. In November 2023, the court ruled on one of the motions to dismiss filed by defendants and partially dismissed some of SoClean's claims. On January 4, 2024, Philips and its affiliates filed their answer and counterclaims against SoClean and one of its affiliates. In October 2024, the court partially dismissed some of the counterclaims. Philips and its affiliates are also pursuing claims against SoClean and one of its affiliates for contribution for personal injury settlement costs and/or personal injury liability incurred by the company or its affiliates. SoClean and its affiliate have sought to dismiss those claims, but the court has not yet reached a decision.

In addition, some of Philips Respironics' business partners, such as distributors and durable medical equipment providers, have filed or threatened to file claims alleging economic losses suffered as a consequence of the voluntary recall. Philips Respironics is engaging with certain of its business partners on the level of compensation they allege to be entitled to under Philips Respironics' replacement program of the recalled devices. As of December 31, 2024, most of these claims have been resolved.

It is the company's assessment that it is possible but not probable that these cases could lead to a certain outflow of economic resources. The company is not able to reliably estimate the financial impact, if any. In the event of an adverse outcome, these matters could have a material impact on the company's consolidated financial position, results of operations and cash flows.

To date, other than for the economic loss, medical monitoring and personal injury settlements discussed above, no provisions have been recorded for the litigation and investigations in the US and Canada associated with the Respironics field action.

Other

In the second half of 2023, Electro Medical Systems S.A., a manufacturer of, among others, medical devices for dental prophylaxis, filed a lawsuit against the company alleging that the company materially breached its duties under a cooperation agreement entered into between the parties in 2016, claiming damages in excess of EUR 300 million, alleging loss of profit and lost increase in brand value. Philips disagrees with the allegations and has submitted its statement of defense in June 2024. The first Court hearing is expected to take place in the first half of 2025.

Miscellaneous

For details on other contractual obligations, please refer to liquidity risk in [Details of treasury and other financial risks](#).

25 Related-party transactions

In the normal course of business, Philips purchases and sells goods and services from/to various related parties in which Philips typically holds between 20% and 50% equity interest and has significant influence. These transactions are generally conducted with terms comparable to transactions with third parties.

Philips Group

Related-party transactions in millions of EUR

	2022	2023	2024
Sales of goods and services	111	106	89
Purchases of goods and services	46	42	50
Receivables from related parties	55	18	25
Payables to related parties	2	2	2

The above table includes sales transactions between Philips and PMC of EUR 88 million in 2024 (2023: EUR 87 million; 2022: EUR 101 million), under which PMC has leased the equipment to the ultimate customer. In addition, as part of its S&RC operations in the US, Philips Medical Capital LLC funded durable medical equipment (DMEs) providers, through loans and leases. PMC-funded transactions these DMEs entered into with Philips amount to EUR 75 million in 2024 (2023: EUR 117 million; 2022: EUR 117 million). The associated costs of these funding transactions are borne by the ultimate customer and settled directly with Philips Medical Capital LLC. Philips Medical Capital LLC, a Pennsylvania limited liability company, is owned 60% by De Lage Landen Financial Services, Inc. (DLL) and 40% by Philips Electronics North America Corporation (Philips).

On August 14, 2023, it was announced that Exor N.V. acquired a 15% minority stake in Philips shares and entered into a relationship agreement with the company. Pursuant to the relationship agreement with the company, Exor N.V. proposed one member to the Supervisory Board, who was confirmed at the 2024 Annual General Meeting of Shareholders on May 7, 2024. From this date, Exor is considered a related party for reporting purposes. For remuneration details of Benoît Ribadeau-Dumas as the Exor nominee see [Information on remuneration](#). Exor has agreed to maintain its shareholding of at least 15% up to 20% for three years from August 13, 2023. Philips did not have other reportable transactions with Exor during the period ended December 31, 2024.

In light of the composition of the Executive Committee, the company considers the members of the Executive Committee and the Supervisory Board to be the key management personnel as defined in IAS 24 Related Party Disclosures.

For remuneration details of the Executive Committee, the Board of Management and the Supervisory Board see [Information on remuneration](#).

For Post-employment benefit plans see [Post-employment benefits](#).

Accounting policies

Philips share-based compensation is an equity-settled plan made of restricted and performance shares. The restricted shares are subject to a three-year service condition and the performance shares include both market and non-market-based performance conditions, in addition to a three-year service condition. These shares are awarded to the Executive Committee and senior management.

The grant date fair value of market-based performance shares is determined through a Monte Carlo valuation model. The grant date fair value of non-market-based performance shares and restricted shares is determined as the share price at the grant date as participants receive notional dividends throughout the vesting period. The costs of share-based compensation plans are revised for expected performance (non-market-based performance shares) and forfeiture and are spread evenly over the service period.

Share-based compensation is recognized over the service period as personnel expense in the consolidated statement of income, with a corresponding increase to equity.

Accounting estimates and judgments

The use of a valuation model to determine market-based performance share fair value requires estimates for the expected volatility of the Philips share price and correlation among input variables.

At each reporting date, Philips calculates the expected realization of the non-market-based performance targets and revises the expected share-based compensation expense. The cumulative effect is recorded in the consolidated statement of income with a corresponding adjustment in equity.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met.

The purpose of the share-based compensation plans is to align the interests of management with those of shareholders by providing incentives to improve the company's performance on a long-term basis, thereby increasing shareholder value.

The company has the following plans:

- performance shares: rights to receive common shares in the future based on performance and service conditions
- restricted shares: rights to receive common shares in the future based on a service condition
- options on its common shares

Since 2013 the Board of Management and other members of the Executive Committee are only granted performance shares*. Performance shares as well as restricted shares can be granted to executives, certain selected employees and new employees. Prior to 2013, options were also granted.

Under the terms of employee stock purchase plans established by the company in various countries, employees are eligible to purchase a limited number of Philips shares at discounted prices through payroll withholdings.

Share-based compensation costs were EUR 104 million (2023: EUR 97 million; 2022: EUR 104 million). This includes the employee stock purchase plan of EUR 8 million, which is not a share-based compensation that affects equity. In the Consolidated statements of changes in equity EUR 96 million is recognized in 2024 and represents the costs of the share-based compensation plans. The amount recognized as an expense is adjusted for forfeitures. USD-denominated performance shares, restricted shares and options are granted to employees in the US only.

Performance shares

The performance is measured over a three-year performance period. The performance shares have three performance conditions: relative Total Shareholders' Return (TSR) compared to a peer group of 20 companies including Philips (2023: 20 companies; 2022: 20 companies, 2021: 20 companies); adjusted Earnings Per Share growth** (EPS); and a sustainability criterion. The criterion is based on three Sustainable Development Goals (SDG) as defined by the United Nations that are included in Philips' strategy on sustainability (refer to [Environment, Social and Governance](#)). The performance conditions are weighted as follows: TSR 50%, EPS 40% and SDG 10% (applicable for 2021, 2022 and 2023 plans). As of 2024 the performance conditions are weighted as follows: TSR 40%, EPS 40% and SDG 20%.

The performance shares vest three years after the grant date. The number of performance shares that will vest is dependent on achieving the performance conditions provided that the grantee is still employed with the company.

The amount recognized as an expense is adjusted for actual performance of adjusted EPS growth** and the actual realization of the SDGs, since these are non-market performance conditions. It is not adjusted for non-vesting or extra vesting of performance shares due to a relative TSR performance that differs from the performance anticipated at the grant date, since this is a market-based performance condition.

The fair value of the performance shares is measured based on Monte Carlo simulation, which takes into account dividend payments between the grant date and the vesting date by including reinvested dividends as well as the market conditions expected to impact relative Total Shareholders' Return performance in relation to selected peers. The following weighted-average assumptions were used for the 2024 grants:

- risk-free rate: 2.72%
- expected share price volatility: 39%

The assumptions were used for these calculations only and do not necessarily represent an indication of management's expectation of future developments for other purposes. The company has based its volatility assumptions on historical experience measured over a 10-year period.

A summary of the status of the company's performance share plans as of December 31, 2024, and changes during the year are presented in the following table:

Philips Group
Performance shares

	2023		2024	
	Shares	Weighted average grant-date fair value	Shares	Weighted average grant-date fair value
EUR-denominated				
Outstanding as of January 1	4,385,837	33.13	5,392,035	27.22
Granted	2,299,280	23.65	2,265,462	28.94
Notional dividends ¹	240,977	27.15	218,782	24.35
Vested/Issued	(154,987)	44.08	(169,524)	50.30
Forfeited	(489,295)	27.05	(451,052)	25.07
Adjusted quantity ²	(889,777)	44.27	(788,865)	50.65
Outstanding as of December 31	5,392,035	27.22	6,466,838	24.41
USD-denominated				
Outstanding as of January 1	2,749,983	36.66	3,261,048	29.73
Granted	1,667,812	25.96	1,733,891	31.07
Notional dividends ¹	152,750	29.78	142,892	26.85
Vested/Issued	(121,760)	48.33	(80,151)	61.37
Forfeited	(596,846)	28.95	(489,195)	28.35
Adjusted quantity ²	(590,890)	48.28	(377,857)	61.37
Outstanding as of December 31	3,261,048	29.73	4,190,628	26.89

¹ Dividend declared in 2024 on outstanding shares.

² Adjusted quantity includes the adjustments made to Performance shares outstanding due to updates on the actual TSR, EPS, and SDG.

As of December 31, 2024, a total of EUR 128 million of unrecognized compensation costs relate to non-vested performance shares (as of December 31, 2023 EUR 102 million; as of December 31, 2022 EUR 103 million). These costs are expected to be recognized over a weighted-average period of 2.0 years.

Restricted shares

The fair value of restricted shares is equal to the share price at grant date. The company issues restricted shares that, in general, have a three-year cliff-vesting period provided that the grantee is still employed with the company.

A summary of the status of the company's restricted shares as of December 31, 2024, and changes during the year are presented in the following table:

Philips Group Restricted shares

	2023		2024	
	Shares	Weighted average grant-date fair value	Shares	Weighted average grant-date fair value
EUR-denominated				
Outstanding as of January 1	2,321,250	30.73	2,995,252	23.39
Granted	1,471,975	16.35	1,367,380	22.64
Notional dividends ¹	135,791	27.98	52,481	22.57
Vested/Issued	(595,796)	35.07	(627,855)	35.10
Forfeited	(337,968)	24.46	(263,352)	21.06
Outstanding as of December 31	2,995,252	23.39	3,523,906	21.17
USD-denominated				
Outstanding as of January 1	2,345,263	33.87	2,654,193	26.04
Granted	1,284,761	17.72	1,460,620	24.59
Notional dividends ¹	126,498	31.12	48,774	24.33
Vested/Issued	(679,430)	37.83	(582,404)	40.51
Forfeited	(422,899)	26.79	(253,953)	23.43
Outstanding as of December 31	2,654,193	26.04	3,327,230	23.04

¹ Dividend declared in 2024 on outstanding shares.

As of December 31, 2024, a total of EUR 73 million of unrecognized compensation costs relate to non-vested restricted shares (as of December 31, 2023 EUR 63 million; as of December 31, 2022 EUR 72 million). These costs are expected to be recognized over a weighted-average period of 1.9 years.

Option plans

Retention option plan

In April 2023, the company granted non-recurring retention options that expire after 10 years. These options vest after two years, provided that the grantee is still employed with the company.

The fair value of the options under this plan is measured based on Black-Scholes-Merton option pricing model. The expected life of the options is calculated as the average between vesting period (two years) and the total contractual life (10 years).

The following tables summarize information about the company's options as of December 31, 2024, and changes during the year:

Philips Group Options on EUR-denominated listed share

	Options	Weighted average exercise price
Outstanding as of January 1, 2024	3,660,000	22.16
Exercised	(3,793)	22.16
Forfeited	(259,668)	22.16
Outstanding as of December 31, 2024	3,396,539	22.16

The total intrinsic value of EUR-denominated options exercised during 2024 was EUR 15,475. Cash received during 2024 from exercises under the company's options plans amounted to EUR 84,053. As of December 31, 2024, there were 39,983 options exercisable with a weighted average remaining contractual term of 0.4 years and total intrinsic value of EUR 89,562.

The weighted average remaining contractual term for options outstanding as of December 31, 2024, was 8.1 years.

Philips Group
Options on USD-denominated listed share

	Options	Weighted average exercise price
Outstanding as of January 1, 2024	1,929,000	24.42
Forfeited	(291,236)	24.42
Outstanding as of December 31, 2024	1,637,764	24.42

There were no exercisable USD-denominated options as of December 31, 2024. The weighted average remaining contractual term for options outstanding as of December 31, 2024, was 8.0 years.

As of December 31, 2024, a total of EUR 2 million of unrecognized compensation costs relate to outstanding options. These costs are expected to be recognized over a weighted-average period of 0.3 years.

Philips Group
Outstanding options in millions of EUR unless otherwise stated

	Number of options	Intrinsic value	Weighted average remaining contractual term in years
EUR-denominated			
20-25	3,396,539	8	8.1
Outstanding options	3,396,539	8	8.1
USD-denominated			
20-25	1,637,764	1	8.0
Outstanding options	1,637,764	1	8.0

* Executive Committee members can receive restricted share rights as a sign-on LTI awards upon hiring.

** The definition of this non-IFRS measure and a reconciliation to the IFRS measure is included in [Equity](#).

27 Information on remuneration

Remuneration of the Executive Committee

In 2024, the total remuneration costs relating to the Executive Committee (consisting of 15 members throughout the year, including the members of the Board of Management) amounted to EUR 32.0 million (2023: EUR 32.8 million; 2022: EUR 25.6 million) and consisted of the elements in the following table.

Philips Group
Remuneration costs of the Executive Committee¹ in EUR

	2022	2023	2024
Base salary/Base compensation	9,528,279	8,729,458	9,362,765
Annual incentive ²	208,370	11,405,130	5,292,388
Performance shares ³	11,242,581	7,272,815	12,673,614
Stock options		13,358	90,503
Restricted share rights ³	1,191,529	1,907,511	999,374
Pension allowances ⁴	1,949,204	1,346,937	1,197,695
Pension scheme costs	288,179	260,554	269,092
Other compensation ⁵	1,216,163	1,900,224	2,136,668
Total	25,624,305	32,835,987	32,022,099

¹ The Executive Committee consisted of 13 members as per December 31, 2024 (2023: 13 members; 2022: 13 members).

² The annual incentives are related to the performance in the year reported, which are paid out in the subsequent year.

³ Costs of performance shares and restricted share rights are based on accounting standards (IFRS) and do not reflect the value of performance shares at the vesting/release date.

⁴ Pension allowances are gross taxable allowances paid to the Executive Committee members in the Netherlands. These allowances are part of the pension arrangement.

⁵ The stated amounts mainly concern (share of) allowances to members of the Executive Committee 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.

Remuneration of the Board of Management

In 2024, the total remuneration costs relating to the members of the Board of Management amounted to EUR 10.3 million (2023: EUR 9.9 million; 2022: EUR 8.5 million). See the following table.

Philips Group

Remuneration costs of individual members of the Board of Management in EUR

	Base compensation/salary	Annual incentive ¹	Performance shares ²	Restricted share rights ²	Pension allowances	Pension scheme costs	Other compensation ³	Total costs
2024								
R. Jakobs	1,237,500	927,750	1,692,087		274,925	32,218	83,870	4,248,350
C. Hanneman ⁴	175,545	98,372	104,606		35,247	7,775	23,089	444,633
A. Bhattacharya	622,500	351,934	1,424,219		129,788	25,478	963,596	3,517,514
M.J. van Ginneken	652,500	422,374	740,101		128,675	32,218	74,227	2,050,095
	2,688,045	1,800,429	3,961,013		568,635	97,689	1,144,781	10,260,593
2023								
R. Jakobs	1,200,000	2,004,480	968,922		267,798	31,891	109,256	4,582,347
A. Bhattacharya	810,000	1,075,939	793,429		197,133	31,891	94,516	3,002,907
M.J. van Ginneken	630,000	846,922	614,840		125,298	31,891	53,446	2,302,397
	2,640,000	3,927,341	2,377,191		590,228	95,673	257,218	9,887,650
2022								
R. Jakobs ⁵	256,438		112,737		57,973	6,012	11,507	444,667
F.A. van Houten ⁵	1,041,849	208,370	2,930,068		444,051	22,121	42,533	4,688,992
A. Bhattacharya	806,250		763,140		237,250	28,133	61,308	1,896,081
M.J. van Ginneken	626,250		585,490		141,622	28,133	35,343	1,416,837
	2,730,788	208,370	4,391,434		880,896	84,398	150,691	8,446,577

¹ The annual incentives are related to the performance in the year reported, which are paid out in the subsequent year.

² Costs of performance shares and restricted share rights are based on accounting standards (IFRS) and do not reflect the value of performance shares at the vesting/release date

³ 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.

⁴ As per October 1, 2024, Charlotte Hanneman was appointed as CFO of the company. This table includes actual costs incurred as of this date and until the end of the year.

⁵ As per October 15, 2022, Roy Jakobs was appointed as CEO of the company. The table includes actual costs incurred in respect of the remuneration received by Frans van Houten and Roy Jakobs, respectively, as CEO.

The accumulated annual pension entitlements and the pension costs of individual members of the Board of Management are as follows:

Philips Group

Accumulated annual pension entitlements and pension-related costs in EUR unless otherwise stated

	Age as of December 31, 2024	Accumulated annual pension as of December 31, 2024	Total pension related costs
R. Jakobs	50	60,886	307,143
C. Hanneman	46	1,298	100,072
M.J. van Ginneken	51	58,167	160,894
Pension costs			568,109

When pension rights are granted to members of the Board of Management, necessary payments (if insured) and all necessary provisions are made in accordance with the applicable accounting principles. In 2024, no (additional) pension benefits were granted to former members of the Board of Management.

Remuneration of the Supervisory Board

The remuneration of the members of the Supervisory Board amounted to EUR 1.7 million (2023: EUR 1.5 million; 2022: EUR 1.5 million). Former members received no remuneration.

The members of the Supervisory Board do not receive any share-based remuneration. Therefore, as of December 31, 2024, the members of the Supervisory Board held no stock options, performance shares or restricted shares.

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

Philips Group
Remuneration of the Supervisory Board in EUR

	Membership	Committees	Other compensation ¹	Total
2024				
F. Sijbesma	166,500	37,500	28,945	232,945
P.A.M. Stoffels	123,500	37,500	13,269	174,269
S.K. Chua	107,500	19,250	26,107	152,857
M.E. Doherty	107,500	29,000	20,289	156,789
A.M. Harrison	107,500	15,000	7,769	130,269
P. Löscher	107,500	34,250	18,769	160,519
I. Nooyi	107,500	15,000	20,154	142,654
S. Poonen	107,500	16,771	19,267	143,538
D.E.I. Pyott	107,500	28,750	18,769	155,019
B. Ribadeau-Dumas	70,390	9,822	17,986	98,198
H. Verhagen	107,500	26,229	16,267	149,996
	1,220,390	269,072	207,592	1,697,054
2023				
F. Sijbesma	155,000	35,000	16,345	206,345
P.A.M. Stoffels	115,000	35,000	22,269	172,269
S.K. Chua	100,000	18,000	22,269	140,269
M.E. Doherty	100,000	27,000	27,269	154,269
A.M. Harrison	100,000	14,000	19,769	133,769
P. Löscher	100,000	32,000	17,269	149,269
I. Nooyi	100,000	14,000	17,269	131,269
S. Poonen	100,000	18,000	19,769	137,769
D.E.I. Pyott	100,000	35,000	19,769	154,769
H. Verhagen	100,000	14,000	7,269	121,269
	1,070,000	242,000	189,266	1,501,266
2022				
F. Sijbesma	155,000	35,000	16,345	206,345
P.A.M. Stoffels	115,000	35,000	27,269	177,269
S.K. Chua	100,000	18,000	22,269	140,269
N. Dhawan	35,616	6,411	5,808	47,836
M.E. Doherty	100,000	27,000	24,769	151,769
A.M. Harrison	100,000	14,000	12,269	126,269
P. Löscher	100,000	32,000	24,769	156,769
I. Nooyi	100,000	14,000	17,269	131,269
S. Poonen	100,000	18,000	17,269	135,269
D.E.I. Pyott	100,000	35,000	17,269	152,269
H. Verhagen	100,000	14,000	7,269	121,269
	1,105,616	248,411	192,574	1,546,602

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.

Supervisory Board members' and Board of Management members' interests in Philips shares

Members of the Supervisory Board and of the Board of Management are prohibited from writing call and put options or similar derivatives of Philips securities.

Philips Group

Shares held by Board members^{1 2} in number of shares

	December 31, 2023	December 31, 2024
R. Jakobs	126,809	134,298
M.J. van Ginneken	129,447	137,753
P. Stoffels	17,759	18,366
S. Poonen	3,133	3,240
I. Nooyi	3,238	3,348
D. Pyott	19,848	20,526
S.K. Chua	2,089	2,160
F. Sijbesma	25,000	25,854
M. Harrison	1,567	1,620
P. Löscher	21,658	22,398

¹ Reference date for board membership is December 31, 2024.

² The total shares held by the members of the Board of Management is less than 1% of the company's issued share capital.

28 Fair value of financial assets and liabilities

Accounting policies

Fair value hierarchy

For financial reporting purposes, financial instruments are categorized into Level 1, 2 or 3, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are as follows:

- Level 1 – inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that the company can access at the measurement date.
- Level 2 – all significant inputs (other than quoted prices included within Level 1) are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 – one or more of the significant inputs are not based on observable market data, such as third-party pricing information without adjustments, for the asset or liability.

Transfers between levels of the fair value hierarchy are recognized at the end of the reporting period during which the change has occurred.

Offsetting and master netting agreements

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when, and only when, the company currently has a legally enforceable right to set-off the amounts and the group intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Accounting estimates and judgments

Determining the fair value of financial instruments requires the use of estimates according to the method applied for each type of financial asset or liability. The estimated fair value of financial instruments has been determined by the company using available market information and appropriate valuation methods. The estimates presented are not necessarily indicative of the amounts that will ultimately be realized by the company upon maturity or disposal. The use of different market assumptions and/or estimation methods may have a material effect on the estimated fair value amounts.

Specific valuation techniques used to value financial instruments include:

Level 1

Instruments included in level 1 are composed primarily of listed equity investments classified as financial assets carried at fair value through profit or loss or carried at fair value through other comprehensive income (OCI). The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives or convertible bond instruments) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are based on

observable market data, the instrument is included in level 2. The fair value of derivatives is calculated as the present value of the estimated future cash flows based on observable interest yield curves, basis spread and foreign exchange rates. The valuation of convertible bond instruments uses observable market quoted data for the options and present value calculations using observable yield curves for the fair value of the bonds.

The fair value of debt is estimated on the basis of the quoted market prices for certain issuances, or on the basis of discounted cash flow analysis using market rates plus Philips' spread for the particular tenors of the borrowing arrangement. Accrued interest is not included within the carrying amount or estimated fair value of debt.

Level 3

If one or more of the significant inputs are not based on observable market data, such as third-party pricing information without adjustments, the instrument is included in level 3.

The fair value of contingent consideration is dependent on the terms of the respective acquisition agreement that may require Philips to pay additional consideration to former shareholders if specified future events occur or conditions are met, such as the achievement of certain regulatory milestones or the achievement of certain commercial milestones. The fair value of the contingent consideration provision is generally determined using a probability-weighted and a risk-adjusted approach to estimate the achievement of future regulatory and commercial milestones, respectively. The discount rates used in the risk adjusted approach reflect the inherent risk related to achieving the commercial milestones. Both regulatory and commercial milestones are discounted for the time value of money at risk-free rates. The fair value measurement is based on management's estimates and assumptions and hence classified as Level 3 in the fair value hierarchy.

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. Fair value information for financial assets and financial liabilities not carried at fair value is not included if the carrying amount is a reasonable approximation of fair value.

	2023		2024				
	Carrying amount	Estimated fair value ¹	Carrying amount	Estimated fair value ¹	Level 1	Level 2	Level 3
December 31							
Financial assets							
Carried at fair value:							
Debt instruments	226	226	231	231			231
Equity instruments	2	2	3	3			2
Other financial assets	56	56	54	54		53	-
Financial assets carried at FVTP&L	284	284	288	288		53	234
Debt instruments	27	27	21	21		20	
Equity instruments	231	231	222	222	4		218
Current financial assets	3	3	2	2			2
Receivables - current	32	32					
Receivables - non-current							
Financial assets carried at FVTOCI	293	293	244	244	4	20	220
Derivative financial instruments	48	48	77	77		72	6
Financial assets carried at fair value	624	624	609	609	4	146	460
Carried at (amortized) cost:							
Cash and cash equivalents	1,869		2,401				
Loans and receivables:							
Current loans receivables	-		-				
Other non-current loans and receivables	77		102				
Receivables - current	3,701		3,672				
Receivables - non-current	193		208				
Financial assets carried at (amortized) cost	5,840		6,382				
Total financial assets	6,465		6,992				
Financial liabilities							
Carried at fair value:							
Contingent consideration	(115)	(115)	(113)	(113)			(113)
Financial liabilities carried at FVTP&L	(115)	(115)	(113)	(113)			(113)
Derivative financial instruments	(43)	(43)	(63)	(63)		(63)	
Financial liabilities carried at fair value	(158)	(158)	(176)	(176)		(63)	(113)
Carried at (amortized) cost:							
Accounts payable	(1,917)		(1,830)				
Interest accrual	(76)		(83)				
Debt (Corporate bonds and leases)	(6,969)	(6,798)	(7,397)	(7,363)	(6,290)	(1,073)	
Debt (excluding corporate bonds and leases)	(721)		(241)				
Financial liabilities carried at (amortized) cost	(9,682)		(9,551)				
Total financial liabilities	(9,840)		(9,728)				

¹ For cash and cash equivalents, loans and receivables, accounts payable, interest accrual and debt (excluding corporate bonds and leases), the carrying amounts approximate fair value because of the nature of these instruments (including maturity and interest conditions) and therefore fair value information is not included in the table above.

The following table shows the reconciliation from the beginning balance to the end balance for Level 3 fair value measurements.

Philips Group

Reconciliation of Level 3 fair value measurements in millions of EUR

	2023		2024	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Balance as of January 1	549	113	503	115
Acquisitions		6		
Purchase	85		86	
Sales	(56)		(48)	
Utilizations		(20)		(9)
Recognized in profit and loss:				
other business income		16		2
financial income and expenses ¹	(43)	1	(23)	3
Recognized in other comprehensive income ²	(40)	(2)	(8)	3
Receivables held to collect and sell	6		(32)	
Reclassification		1	(18)	-
Balance as of December 31	503	115	460	113

¹ Refer to **Financial income and expenses** for details.

² Includes translation differences

Offsetting and master netting agreements

Transactions in derivatives are subject to master netting and set-off agreements. In the case of certain termination events, under the terms of the master agreement, Philips can terminate the outstanding transactions and aggregate their positive and negative values to arrive at a single net termination sum (or close-out amount). This contractual right is subject to the following:

- The right may be limited by local law if the counterparty is subject to bankruptcy proceedings.
- The right applies on a bilateral basis.

Philips Group

Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements in millions of EUR

	2023	2024
Derivatives		
Gross amounts of recognized financial assets	48	72
Gross amounts of recognized financial liabilities offset in the balance sheet		
Net amounts of financial assets presented in the balance sheet	48	72
Related amounts not offset in the balance sheet		
Financial instruments	(34)	(45)
Net amount	13	27

Philips Group

Financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements in millions of EUR

	2023	2024
Derivatives		
Gross amounts of recognized financial liabilities	(43)	(63)
Gross amounts of recognized financial assets offset in the balance sheet		
Net amounts of financial liabilities presented in the balance sheet	(43)	(63)
Related amounts not offset in the balance sheet		
Financial instruments	34	45
Net amount	(9)	(18)

Accounting policies

Derivative financial instruments, including hedge accounting

The company uses derivative financial instruments principally to manage its foreign currency risks and, to a more limited extent, interest rate and commodity price risks. All derivative financial instruments are accounted for at the trade date and classified as current or non-current assets or liabilities based on the maturity date or the early termination date. The company measures all derivative financial instruments at fair value that is derived from the market prices of the instruments, calculated on the basis of the present value of the estimated future cash flows based on observable interest yield curves, basis spread, credit spreads and foreign exchange rates, or derived from option pricing models, as appropriate. Gains or losses arising from changes in fair value of derivatives are recognized in the Consolidated statements of income, except for derivatives that are highly effective and qualify for cash flow or net investment hedge accounting.

Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a cash flow hedge are recorded in other comprehensive income (OCI) until the Consolidated statements of income are affected by the variability in cash flows of the designated hedged item. To the extent that the hedge is ineffective, changes in the fair value are recognized in the Consolidated statements of income.

Changes in the fair value of foreign exchange forward contracts attributable to forward points and changes in the time value of the option contracts are deferred in the cash flow hedges reserve within equity. The deferred amounts are recognized in the Consolidated statements of income against the related hedged transaction when it occurs.

The company formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. When it is established that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, the company discontinues hedge accounting prospectively. When hedge accounting is discontinued because a forecasted transaction is expected not to occur, the company continues to carry the derivative on the Consolidated balance sheets at its fair value, and gains and losses that were accumulated in OCI are recognized immediately in the same line item as they relate to in the Consolidated statements of income.

Foreign currency differences arising upon retranslation of financial instruments designated as a hedge of a net investment in a foreign operation are recognized directly in the currency translation differences reserve through OCI, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognized in the Consolidated statements of income.

Accounting estimates and judgments

Financial assets are subject to impairment assessment, which involves estimating expected credit losses. Refer to [Other financial assets](#) for accounting policies on impairment of financial assets.

Philips is exposed to several types of financial risks which are further analyzed below. Philips does not purchase or hold derivative financial instruments for speculative purposes. Information regarding financial instruments is included in [Fair value of financial assets and liabilities](#).

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk for the group is monitored through the Treasury liquidity committee, which tracks the development of the actual cash flow position for the group and uses input from a number of sources in order to forecast the overall liquidity position on both short and longer term basis. Philips invests surplus cash in short-term deposits with appropriate maturities and money market funds to ensure sufficient liquidity is available to meet liabilities when due and in money market funds.

The rating of the company's debt by major rating agencies may improve or deteriorate. As a result, Philips' future borrowing capacity may be influenced and its financing costs may fluctuate. Philips has various sources to mitigate the liquidity risk for the group. As of December 31, 2024 Philips had EUR 2,401 million in cash and cash equivalents (2023: EUR 1,869 million), which includes short-term deposits of EUR 1,946 million (2023: EUR 1,399 million). Cash and cash equivalents include all cash balances, money market funds and short-term highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash. Philips pools cash from subsidiaries to the extent legally and economically feasible; cash not pooled remains available for the company's operational or investment needs.

Philips faces cross-border foreign exchange controls and/or other legal restrictions in a few countries that could limit its ability to make these balances available on short notice for general use by the group.

Philips has a USD 2.5 billion Commercial Paper Program and a EUR 1 billion committed standby revolving credit facility that can be used for general group purposes. As of December 31, 2024, Philips did not have any loans outstanding under either facility. These facilities do not have a material adverse change clause, have no financial covenants and have no credit-rating-related acceleration possibilities.

Philips established a Euro Medium-Term Note (EMTN) program, a framework that facilitates the issuance of notes for a total amount up to EUR 10 billion. In 2024, Philips issued EUR 700 million fixed rate notes due 2032 under the EMTN program for general corporate purposes, including the repayment of the 2025 EUR Bonds and floating rate debt. As of December 31, 2024, Philips has EUR 3.7 billion (2023: EUR 3.3 billion) fixed rates notes outstanding under the EMTN program. For a description of Philips' credit facilities, refer to [Debt](#).

In addition to cash and cash equivalents, as of December 31, 2024, Philips also held EUR 4 million (2023: EUR 14 million) of listed (level 1) equity investments at fair value (classified as other non-current financial assets).

The following table presents a summary of the Group's fixed contractual cash obligations and commitments as of December 31, 2024. These amounts are an estimate of future payments which could change as a result of various factors such as a change in interest rates, foreign exchange, and contractual provisions, as well as changes in business strategy and needs. Therefore, the actual payments made in future periods may vary from those presented in the following table:

Philips Group

Contractual cash obligations^{1,2} in millions of EUR

	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
Long-term debt	7,168		2,006	1,338	3,824
Short-term debt	525	525			
Interest on debt	1,792	197	368	325	902
Derivative liabilities	72	64	8		
Purchase obligations ³	1,161	300	307	210	344
Trade and other payables	1,830	1,830			
Contractual cash obligations	12,548	2,916	2,689	1,873	5,070

¹ Amounts in this table are undiscounted.

² This table excludes post-employment benefit plan contribution commitments and income tax liabilities in respect of tax risks because it is not possible to make a reasonably reliable estimate of the actual period of cash settlement.

³ Purchase obligations are agreements to purchase goods or services that are enforceable and legally binding for the Group. They specify all significant terms, including fixed or minimum quantities to be purchased, fixed, minimum or variable price provisions and the approximate timing of the transaction. They do not include open purchase orders or other commitments which do not specify all significant terms.

Philips has contracts with investment funds where it committed itself to make, under certain conditions, capital contributions to these funds of an aggregated remaining amount of EUR 130 million (2023: EUR 153 million). As of December 31, 2024, capital contributions already made to these investment funds are recorded as non-current financial assets.

Philips offers voluntary supply chain finance programs for certain US Dollar, Euro and Swedish Krona third parties which provide participating suppliers the opportunity to factor their trade receivables at the sole discretion of both the suppliers and the third parties. Philips continues to recognize these liabilities as trade payables and settles them accordingly on the invoice maturity date based on the terms and conditions of those arrangements. As of December 31, 2024, approximately EUR 97 million (2023: EUR 114 million) of the Philips account payable were transferred under these arrangements.

Philips Group

Carrying amount of financial liabilities¹ in millions of EUR

	2024
Presented in accounts payables:	97
- of which suppliers have received payment from finance provider	85

Philips Group

Range of payment due dates

	2024
Liabilities that are part of the arrangements	30 -135 days
Comparable trade payables that are not part of the arrangements	0 -135 days

¹ There were no material business combinations or foreign exchange differences during the year.

With respect to the Respironics field action, please refer to [Contingencies](#). The management continues to monitor the risks associated with such potential claims and its impact on liquidity position, if any.

Currency risk

Currency risk is the risk that reported financial performance or the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Philips operates in many countries and currencies and therefore currency fluctuations may impact Philips' financial results. Philips is exposed to currency risk in the following areas:

- transaction exposures, related to anticipated sales and purchases and on-balance-sheet receivables/payables resulting from such transactions
- translation exposure of foreign-currency intercompany and external debt and deposits
- translation exposure of net income in foreign entities
- translation exposure of foreign-currency-denominated equity invested in consolidated companies
- translation exposure to equity interests in non-functional-currency investments in associates and other non-current financial assets

It is Philips' policy to reduce the potential year-on-year volatility caused by foreign-currency movements on its net earnings by hedging the anticipated net exposure of foreign currencies resulting from foreign-currency sales and purchases. In general, net anticipated exposures for the Group are hedged during a period of 15 months in layers of 20% up to a maximum hedge of 80%. Philips' policy requires significant committed foreign currency exposures to be fully hedged, generally using forwards. However, not every foreign currency can or shall be hedged as there may be regulatory barriers or prohibitive hedging cost preventing Philips from effectively and/or efficiently hedging its currency exposures. As a result, hedging activities cannot and will not eliminate all currency risks for anticipated and committed transaction exposures.

The following table outlines the estimated nominal value in millions of EUR for committed and anticipated transaction exposure and related hedges for Philips' most significant currency exposures consolidated as of December 31, 2024:

Philips Group

Estimated transaction exposure and related hedges in millions of EUR

	Sales/Receivables		Purchases/Payable	
	Exposure	Hedges	Exposure	Hedges
Balance as of December 31, 2024				
Exposure currency				
USD	2,071	(1,669)	(1,163)	1,049
JPY	527	(300)	(7)	7
GBP	259	(161)	(15)	14
CNY	442	(312)	(209)	209
PLN	95	(62)	(1)	1
CAD	236	(134)		
AUD	177	(104)		
CHF	144	(85)		
KRW	126	(83)		
ILS	12	(8)	(204)	121
EUR	160	(158)	(121)	121
Others	169	(113)	(23)	23
Total 2024	4,420	(3,188)	(1,743)	1,543
Total 2023	4,287	(3,185)	(1,346)	1,173

Philips uses foreign exchange spot and forward contracts, as well as zero cost collars in hedging the exposure. The derivatives related to transactions are, for hedge accounting purposes, split into hedges of on-balance-sheet accounts receivable/payable and forecasted sales and purchases. Changes in the value of on-balance-sheet foreign-currency accounts receivable/payable, as well as the changes in the fair value of the hedges related to these exposures, are reported in the income statement under costs of sales. Hedges related to forecasted transactions, where hedge accounting is applied, are accounted for as cash flow hedges. The results from such hedges are deferred in other comprehensive income within equity to the extent that the hedge is effective. As of December 31, 2024, a gain of EUR 1 million was deferred in equity as a result of these hedges (2023: EUR 6 million gain). The result deferred in equity will be released to earnings mostly during 2025 at the time when the related hedged transactions affect the income statement. During 2024, nil (2023 nil) was recorded in the Consolidated statement of income as a result of ineffectiveness on certain anticipated cash flow hedges. Ineffectiveness arises when anticipated exposures are no longer expected to be highly probable. During 2024, a gain of EUR 29 million (2023 EUR 19 million gain) included in the cash flow hedges reserve in equity pertaining to changes in fair value of foreign exchange forward and option contracts was released to income statement.

The total net fair value of hedges related to transaction exposure as of December 31, 2024, was an unrealized loss of EUR 2 million. The estimated impact of a 10% increase of value of the EUR is estimated to be EUR 122 million. The following table contains an overview of the instantaneous 10% increase in the value of EUR against major currencies.

Estimated impact of 10% increase of value of the EUR on the fair value of hedges in millions of EUR

	2023	2024
USD	64	63
JPY	15	13
GBP	16	13
CHF	5	7
PLN	1	1
RUB	-	1

The EUR 122 million increase includes a gain of EUR 34 million that would impact the income statement, which would largely offset the opposite revaluation effect on the underlying accounts receivable and payable, and the remaining gain of EUR 88 million would be recognized in equity to the extent that the cash flow hedges were effective.

Foreign exchange exposure also arises as a result of inter-company loans and deposits. Where the company enters into such arrangements, the financing is generally provided in the functional currency of the subsidiary entity. The currency of the company's external funding and liquid assets is matched with the required financing of subsidiaries, either directly through external foreign currency loans and deposits, or synthetically by using foreign exchange derivatives, including cross currency interest rate swaps and foreign exchange forward contracts. In certain cases where group companies may also have external foreign currency debt or liquid assets, these exposures are also hedged through the use of foreign exchange derivatives. Changes in the fair value of hedges related to this exposure are recognized within financial income and expenses in the statements of income. When such loans would be considered part of the net investment in the subsidiary, net investment hedging would be applied.

Translation exposure of foreign-currency equity invested in consolidated entities is generally not hedged. If a hedge is entered into, it is accounted for as a net investment hedge. Net current-period change, before tax, of the currency translation reserve of positive EUR 768 million mainly relates to the development of the USD versus the EUR. As of December 31, 2024, a weakening of USD by 10% versus the EUR would result in a decrease in the currency translation reserve in equity of approximately EUR 1,275 million, while a strengthening of USD by 10% versus the EUR would result in an increase in the currency translation reserve in equity of approximately EUR 1,558 million. Refer to the country risk paragraph for countries with significant foreign currency denominated equity invested.

As of December 31, 2024, external bond funding for a nominal value of USD 1,466 million (liability at book value: EUR 1,408 million) was designated as a net investment hedge of financing investments in foreign operations for an equal amount. During 2024, no ineffectiveness was recognized in the income statement on net investment hedges arising from counterparty and own credit risk.

As of December 31, 2024, an instantaneous 10% increase in the value of the EUR against all currencies would lead to a decrease of EUR 106 million in the value of the derivatives, including a EUR 50 million decrease related to the USD.

As of December 31, 2023, external bond funding for a nominal value of USD 1,474 million (liability at book value: EUR 1,325 million) were designated as a net investment hedge of financing investments in foreign operations for an equal amount. During 2023 a total loss of EUR 2 million was recognized in the income statement as ineffectiveness on net investment hedges, arising from counterparty and own credit risk.

As of December 31, 2023, an instantaneous 10% increase in the value of the EUR against all currencies would lead to a decrease of EUR 52 million in the value of the derivatives, including a EUR 11 million increase related to the USD.

Generally Philips does not hedge the foreign exchange exposure arising from equity interests in non-functional-currency investments in associates and other non-current financial assets.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of December 31, 2024, Philips had outstanding debt of EUR 7,639 million (2023: EUR 7,689 million), which constitutes an inherent interest rate risk with potential negative impact on financial results. As of December 31, 2024, Philips held EUR 2,401 million in cash and cash equivalents (2023: EUR 1,869 million), and had total long-term debt of EUR 7,113 million (2023: EUR 7,035 million) and total short-term debt of EUR 526 million (2023: EUR 654 million). As of December 31, 2024, Philips had a ratio of fixed-rate long-term debt to total outstanding debt of approximately 93% compared to 89% one year earlier. Philips debt has a long maturity profile with an average tenor of long-term debt of 5.9 years with maturities up to 2042.

The following table provides the impact of a 1% increase/decrease of interest rates on the fair value of the debt and the annualized net interest expenses.

Philips Group
Interest rate sensitivity in millions of EUR

	2023	2024
Impact 1% interest rate increase on fair value of fixed-rate long-term debt ^{1 2}	(283)	(304)
Impact 1% interest rate decrease on fair value of fixed-rate long-term debt ^{1 2}	284	304
Impact 1% interest rate increase on annualized net interest expense ³	15	23

¹ The sensitivity analysis conducted shows that if long-term interest rates were to increase/decrease instantaneously by 1% from their level of December 31, 2024, with all other variables (including foreign exchange rates) held constant.

² Fixed-rate long-term debt is excluding forward contracts.

³ The impact is based on the outstanding net floating-rate position as of December 31, 2024.

Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in equity prices.

Philips is a shareholder in some publicly listed companies and as a result is exposed to potential financial loss through movements in their share prices. The aggregate equity price exposure in such financial assets amounted to approximately EUR 4 million as of December 31, 2024 (2023: EUR 14 million). Philips does not hold derivatives in the above-mentioned listed companies. Philips also has shareholdings in several privately-owned companies amounting to EUR 220 million, mainly consisting of minority stakes in companies in various industries. As a result, Philips is exposed to potential value adjustments.

Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commodity prices.

Philips is a purchaser of certain base metals, precious metals and energy. Philips may hedge certain commodity price risks using derivative instruments to minimize significant, unanticipated earnings fluctuations caused by commodity price volatility. As of December 31, 2024 Philips had financial commodity derivatives outstanding to the value of EUR 6 million (2023: nil).

Credit risk

Credit risk represents the loss that would be recognized at the reporting date, if counterparties failed completely to perform their payment obligations as contracted. Credit risk is present within Philips trade receivables and contract assets. To have better insights into the credit exposures, Philips performs ongoing evaluations of the financial and non-financial condition of its customers and adjusts credit limits when appropriate. In instances where the creditworthiness of a customer is determined not to be sufficient to grant the credit limit required, there are a number of mitigation tools that can be utilized to close the gap, including reducing payment terms, cash on delivery, pre-payments and pledges on assets.

Philips invests available cash and cash equivalents with various financial institutions and is exposed to credit risk with these counterparties. Philips is also exposed to credit risks in the event of non-performance by financial institutions with respect to financial derivative instruments. Philips actively manages concentration risk and on a daily basis measures the potential loss under certain stress scenarios, should a financial institution default. These worst-case scenario losses are monitored and limited by the company.

The company does not enter into any financial derivative instruments to protect against default by financial institutions. However, where possible the company requires all financial institutions with which it deals in derivative transactions to complete legally enforceable netting agreements under an International Swap Dealers Association master agreement or otherwise prior to trading, and whenever possible, to have a strong credit rating. Philips also regularly monitors the development of the credit risk of its financial counterparties. Wherever possible, cash is invested and financial transactions are concluded with financial institutions with strong credit ratings or with governments or government-backed institutions.

The following table shows the number of financial institutions with credit rating A- and above with which Philips has cash at hand and short-term deposits above EUR 10 million as of December 31, 2024.

	10-100 million	100-500 million	500 million and above
AAA rated bank counterparties		2	
AA- rated bank counterparties	1		
A+ rated bank counterparties	1	4	
A rated bank counterparties	2	2	
A- rated bank counterparties	2	2	
Total	6	10	

For an overview of the overall maximum credit exposure related to debt instruments, derivatives and loans and receivables, refer to [Fair value of financial assets and liabilities](#).

Country risk

Country risk is the risk that political, legal, or economic developments in a single country could adversely impact performance. The country risk per country is defined as the sum of the equity of all subsidiaries and associated companies in country cross-border transactions, such as intercompany loans, accounts receivable from third parties and intercompany accounts receivable. The country risk is monitored on a regular basis.

As of December 31, 2024, the company had country risk exposure of EUR 13.6 billion in the United States, EUR 2.3 billion in the Netherlands, EUR 872 million in China (including Hong Kong). Other countries higher than EUR 500 million are United Kingdom EUR 787 million, Japan EUR 635 million and Germany EUR 625 million. Other countries with significant exposure are: Israel EUR 301 million, Singapore EUR 221 million, and India EUR 226 million. The degree of risk of a country is taken into account when new investments are considered. The company does not, however, use financial derivative instruments to hedge country risk.

The impact of hyperinflation is also routinely assessed and was not material for the periods presented.

Other insurable risks

Philips is insured for a broad range of losses by global insurance policies in the areas of property damage/business interruption, general and product liability, transport, directors' and officers' liability, employment practice liability, crime and cybersecurity. The counterparty risk related to the insurance companies participating in the above-mentioned global insurance policies is actively managed. As a rule, Philips only selects insurance companies with a financial strength of at least A-. Throughout the year the counterparty risk is monitored on a regular basis.

To lower exposures and to avoid potential losses, Philips has a global Risk Engineering program in place. The main focus of this program is on property damage and business interruption risks including company interdependencies. Regular on-site assessments take place at Philips locations and business-critical suppliers by risk engineers of the insurer in order to provide an accurate assessment of the potential loss and its impact. The results of these assessments are shared across the company's stakeholders. On-site assessments are carried out against the predefined Risk Engineering standards, which are agreed between Philips and the insurers. Recommendations are made in a Risk Improvement report and are monitored centrally. This is the basis for decision-making by the local management of the business as to which recommendations will be implemented.

For all policies, deductibles are in place, which vary from EUR 0 million to EUR 10 million per occurrence, and this variance is designed to differentiate between the existing risk categories within Philips. Above a first layer of working deductibles, Philips operates its own re-insurance captive, which during 2024 retained EUR 25 million per claim and EUR 50 million in the annual aggregate for general, product, professional liability, and marine cargo claims and EUR 15 million aggregate for cyber.

New contracts were signed effective December 31, 2024, for the coming year, whereby the re-insurance captive retention remained the same.

30 Subsequent events

On January 28, 2025, Philips announced that it has signed an agreement to sell its Emergency Care Business Unit, which is part of the Connected Care segment, to Bridgefield Capital. The transaction is subject to the satisfaction of certain closing conditions and receipt of regulatory approval, and is expected to be completed in the second half of 2025.

10 Further information

10.1 Corporate governance report

10.1.1 Introduction

Management and oversight responsibilities and accountability within our company are ultimately guided by the corporate governance of the parent company of the Philips group, Koninklijke Philips N.V. (Royal Philips). Royal Philips is a company organized under Dutch law and its shares have been listed on the Amsterdam stock exchange (Euronext Amsterdam) since 1912. Furthermore, its shares have been traded in the United States since 1962 and have been listed on the New York Stock Exchange since 1987.

Royal Philips has a two-tier board structure consisting of a Board of Management and a Supervisory Board, each of which is accountable to the General Meeting of Shareholders for the fulfillment of its respective duties. The members of the Board of Management, supported by the other members of the Executive Committee drive the company's management agenda and share responsibility for the continuity of the Philips group, focusing on sustainable long-term value creation. Our independent Supervisory Board supervises the Board of Management and the Executive Committee and advises them on general policies related to the activities of the company, including setting and executing the strategy of the Philips group. These responsibilities include the oversight of the Environmental, Social and Governance (ESG) dimensions and their integration into the company's overarching strategy, which is a responsibility of the Supervisory Board as a whole because of their significance.

The company is governed by Dutch corporate and securities laws, its Articles of Association, and the Rules of Procedure of the Board of Management and the Executive Committee and of the Supervisory Board, respectively. Its corporate governance framework is also based on the Dutch Corporate Governance Code (dated December 20, 2022) and US laws and regulations applicable to Foreign Private Issuers.

In this Corporate governance report, the company addresses the main elements of its corporate governance structure, reports on how it applies the principles and best practices of the Dutch Corporate Governance Code, and provides the information required by the Dutch governmental Decree on Corporate Governance (*Besluit inhoud bestuursverslag*) and governmental Decree on Article 10 Takeover Directive (*Besluit artikel 10 overnamerichtlijn*). When deemed necessary in the interests of the company, the company may deviate from aspects of the company's corporate governance structure, and any such deviations will be disclosed in the company's Corporate governance report.

In compliance with the Dutch Corporate Governance Code, other parts of the management report (within the meaning of article 2:391 of the Dutch Civil Code) included in the Annual Report address the strategy and culture of Philips aimed at sustainable long-term value creation. As described in more detail in [Strategic focus](#), Philips' strategy is driven by our purpose: to improve people's health and well-being through meaningful innovation. The [Message from the CEO](#) explains how this strategy was executed in 2024; refer also to [Financial performance](#). Furthermore, reference is made to the [Philips integrated operating model](#), which, among others, includes standards for behaviors, quality, and integrity within Philips.

10.1.2 Board of Management and Executive Committee

Introduction

The Board of Management is entrusted with the management of the company. Certain key officers have been appointed to support the Board of Management in the fulfillment of its managerial duties. The members of the Board of Management and these key officers together constitute the Executive Committee, which currently consists of 13 members. In this Corporate governance report, wherever the Executive Committee is mentioned, this also includes the members of the Board of Management, unless the context requires otherwise. Please refer to [Board of Management and Executive Committee](#) for an overview of the current members.

Under the chairmanship of the President/Chief Executive Officer (CEO), and supported by the other members of the Executive Committee, the members of the Board of Management drive the company's management agenda and share responsibility for the continuity of the Philips group. Please refer to the Rules of Procedure of the Board of Management and the Executive Committee, which are published on the company's website, for a description of further responsibilities and tasks, as well as procedures for meetings, resolutions, and minutes.

In fulfilling their duties, the members of the Board of Management and Executive Committee are guided by the interests of the company and its affiliated enterprise, taking into account the interests of its stakeholders. The Board of Management and the Executive Committee have adopted a division of responsibilities based on the Functions and Businesses, each of which is monitored and reviewed by the individual members. The Board of Management is accountable for the actions and decisions of the Executive Committee and has ultimate responsibility for the company's external reporting (including reporting to the shareholders of the company).

The Board of Management and the Executive Committee are supervised by the Supervisory Board. Members of the Board of Management and the Executive Committee will be present in the meetings of the Supervisory Board, if so invited. In addition, the CEO and other members of the Board of Management (and if needed, the other members of the Executive Committee) meet on a regular basis with the Chairman and other members of the Supervisory Board. The Board of Management and the Executive Committee are required to keep the Supervisory Board informed of all facts and developments concerning Philips that the Supervisory Board may need to be aware of in order to function as required and to properly carry out its duties.

Certain important decisions of the Board of Management require Supervisory Board approval, including decisions concerning: the operational and financial objectives of the company and the strategy designed to achieve these objectives; the issue, repurchase or cancellation of shares; and major acquisitions or divestments.

Appointment and composition

Members of the Board of Management, including the CEO, are appointed by the General Meeting of Shareholders upon a binding recommendation drawn up by the Supervisory Board after consultation with the CEO. This binding recommendation may be overruled by a resolution of the General Meeting of Shareholders adopted by a simple majority of the votes cast and representing at least one-third of the issued share capital. If a simple majority of the votes cast is in favor of the resolution to overrule the binding recommendation, but such majority does not represent at least one-third of the issued share capital, a new meeting may be convened, at which the resolution may be passed by a simple majority of the votes cast, regardless of the portion of the issued share capital represented by such majority. In the event that a binding recommendation has been overruled, a new binding recommendation shall be submitted to the General Meeting of Shareholders. If such second binding recommendation has been overruled, the General Meeting of Shareholders shall be free to appoint a board member.

The CEO and the other members of the Board of Management are appointed for a (maximum) term of four years, it being understood that this term expires at the closing of the General Meeting of Shareholders to be held in the fourth calendar year after the year of their appointment or, if applicable, at a later retirement date or other contractual termination date in the fourth year, unless the General Meeting of Shareholders resolves otherwise. The same applies in the case of re-appointment, which is possible for consecutive terms of (a maximum of) four years. A (re-)appointment schedule for the Board of Management is published on the company's website.

Pursuant to Dutch law, the members of the Board of Management are engaged by means of a services agreement (*overeenkomst van opdracht*). 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. In the event of termination of the services agreement by the company, severance payment is limited to a maximum of one year's base salary. The services agreements provide no additional termination benefits.

Members of the Board of Management may be suspended by the Supervisory Board and by the General Meeting of Shareholders, and members of the Board of Management may be dismissed by the General Meeting of Shareholders (in each case in accordance with the Articles of Association). A shareholders' resolution to suspend or dismiss a member of the Board of Management, other than a resolution proposed by the Board of Management or the Supervisory Board, may only be adopted by a simple majority of the votes cast, representing at least one-third of the issued share capital. The other members of the Executive Committee are appointed, suspended and dismissed by the CEO, subject to approval by the Supervisory Board.

10.1.3 Supervisory Board

Introduction

The Supervisory Board oversees the policies, management and general affairs of Philips, and assists the Board of Management and the Executive Committee with advice on general policies related to the activities of the company. In fulfilling their duties, the members of the Supervisory Board shall be guided by the interests of the company and its affiliated enterprise, taking into account the interests of its stakeholders.

In the two-tier corporate structure under Dutch law, the Supervisory Board is a separate body that is independent of the Board of Management and the company. Its independent character is also reflected in the requirement that members of the Supervisory Board can be neither a member of the Board of Management nor an employee of the company. Currently, the Supervisory Board as a whole is considered independent, as 10 out of 11 members are independent under the Dutch Corporate Governance Code, and for Mr Ribadeau-Dumas the independence exception of best practice provision 2.1.7(iii) of the Dutch Corporate Governance Code is deemed to apply. Furthermore, all members of its Audit Committee are independent under the rules of the US Securities and Exchange Commission, applicable to the Audit Committee.

The Supervisory Board must approve certain important decisions of the Board of Management, including decisions concerning the operational, business and financial objectives of the company and the strategy designed to achieve these objectives; the issue, repurchase or cancellation of shares; and major acquisitions or divestments. The Supervisory Board and its individual members each have a responsibility to request from the Board of Management, the Executive Committee and the external auditor all information that the Supervisory Board needs in order to be able to carry out its duties properly as a supervisory body.

Please refer to the Rules of Procedure of the Supervisory Board, which are published on the company's website, for a description of further responsibilities and tasks, as well as procedures for meetings, resolutions and minutes.

In its report (included in the company's Annual Report), the Supervisory Board describes the composition and functioning of the Supervisory Board and its committees, their activities in the financial year, the number of committee meetings held and the main items discussed. Please refer to [Supervisory Board report](#). Please also refer to [Members of the Supervisory Board](#) for an overview of the current members of the Supervisory Board.

Appointment and composition

Members of the Supervisory Board are appointed by the General Meeting of Shareholders upon a binding recommendation drawn up by the Supervisory Board. This binding recommendation may be overruled by a resolution of the General Meeting of Shareholders adopted by a simple majority of the votes cast and representing at least one-third of the issued share capital. If a simple majority of the votes cast is in favor of the resolution to overrule the binding recommendation, but such majority does not represent at least one-third of the issued share capital, a new meeting may be convened. At this new meeting the resolution may be passed by a simple majority of the votes cast, regardless of the portion of the issued share capital represented by such majority. In the event that a binding recommendation has been overruled, a new binding recommendation shall be submitted to the General Meeting of Shareholders. If such second binding recommendation has been overruled, the General Meeting of Shareholders shall be free to appoint a board member.

The term of appointment of members of the Supervisory Board expires at the closing of the General Meeting of Shareholders to be held after a period of four years following their appointment. There is no age limit requiring the retirement of board members.

In line with the Dutch Corporate Governance Code, members of the Supervisory Board are eligible for re-appointment for a fixed term of four years once, and may subsequently be re-appointed for a period of two years, which appointment may be extended by at most two years. The report of the Supervisory Board must state the reasons for any re-appointment beyond an eight-year period.

A (re-)appointment schedule for the Supervisory Board is published on the company's website.

Members of the Supervisory Board may be suspended or dismissed by the General Meeting of Shareholders in accordance with the Articles of Association. A resolution to suspend or dismiss a member of the Supervisory Board, other than a resolution proposed by the Supervisory Board, may only be adopted by a simple majority of the votes cast, representing at least one third of the issued share capital.

Candidates for appointment to the Supervisory Board are selected taking into account the company's Diversity Policy, which is published on the company's website. The Supervisory Board's composition furthermore follows the profile included in the Rules of Procedure of the Supervisory Board, and the size of the board may vary as it considers appropriate to support its profile. Please refer to [Supervisory Board report](#) by the [Members of the Supervisory Board](#). Typically, newly appointed members of the Supervisory Board follow an induction program and interact with Executive Committee members for deep-dives on matters such as strategy, finance and investor relations, quality, governance, legal, sustainability and digitization.

Effective 2022, Dutch law provides a mandatory gender quota, requiring that at least one-third of the Supervisory Board members are women and at least one-third men (for calculation purposes, a total number of board members that cannot be divided by three must be rounded up to the next number that can be divided by three). The quota is applicable to (i) the appointment of new Supervisory Board members, and (ii) the re-appointment of acting board members after eight years following their initial appointment. Except in certain exceptional circumstances, any appointment or re-appointment resulting in a Supervisory Board composition that does not meet (or no longer meets) the quota, will be invalid (null and void).

As announced on August 14, 2023, Philips and Exor N.V. entered into a Relationship Agreement on August 13, 2023, which has been published on the company's website. The relationship agreement includes Exor's commitment to be a long-term minority investor in Philips and its right to propose one member to the Supervisory Board. In this context, it is noted that, for as long as Exor has such nomination right pursuant to the relationship agreement, the independence exception of best practice provision 2.1.7(iii) of the Dutch Corporate Governance Code is deemed to apply to any Exor nominee that has been appointed upon such nomination in accordance with the Relationship Agreement.

Supervisory Board committees

The Supervisory Board, while retaining overall responsibility, has assigned certain tasks to four committees: the Corporate Governance and Nomination & Selection Committee, the Remuneration Committee, the Audit Committee, and the Quality & Regulatory Committee. Each committee reports to the full Supervisory Board. Please refer to the charters of the respective committees, which are published on the company's website as part of the Rules of Procedure of the Supervisory Board, for a description of their responsibilities, composition, meetings and working procedures.

The *Corporate Governance and Nomination & Selection Committee* is responsible for preparing selection criteria and appointment procedures for members of the Supervisory Board, the Board of Management and the Executive Committee. The Committee makes proposals to the Supervisory Board for the (re)appointment of such members, and periodically assesses their functioning. The Committee also periodically assesses the Executive Committee succession planning and the Diversity Policy, and supervises the policy of the Executive Committee on the selection criteria and appointment procedures for Philips executives. At least once a year, the Committee reviews the corporate governance principles applicable to the company, and advises the Supervisory Board on any changes to these principles that it deems appropriate.

The *Remuneration Committee* is responsible for preparing decisions of the Supervisory Board on the remuneration of individual members of the Board of Management and the Executive Committee. The Committee prepares an annual remuneration report, which is published on the company's website by the Supervisory Board ahead of the Annual General Meeting of Shareholders. In performing its duties and responsibilities, the Remuneration Committee is assisted by an external consultant and an in-house remuneration expert.

The *Audit Committee* assists the Supervisory Board in fulfilling its oversight responsibilities for: the integrity of the company's financial statements; the financial and non-financial (ESG) reporting processes; the effectiveness (also in respect of the reporting process) of the risk management and internal controls framework; the internal and external audit process; the internal and external auditor's qualifications, independence and performance; and the company's process for monitoring compliance with laws and regulations and the General Business Principles (including related manuals, training and tools). It reviews the company's annual and interim financial statements, including non-financial information, prior to publication and advises the Supervisory Board on the adequacy and appropriateness of internal control policies and internal audit programs and their findings. The Committee furthermore supervises the Internal Audit Function, maintains contact with and supervises the external auditor and prepares the nomination of the external auditor for appointment by the General Meeting of Shareholders.

The composition of the Audit Committee meets the relevant requirements under Dutch law and the applicable US rules. All of the members are considered to be independent and financially literate, and the Audit Committee as a whole has competence relevant to the sector in which the company is operating. In addition, Liz Doherty is designated as an Audit Committee financial expert, as defined under the regulations of the US Securities and Exchange Commission. The Supervisory Board considers the expertise and experience available in the Audit Committee, in conjunction with the possibility to take advice from internal and external experts and advisors, to be sufficient for the fulfillment of the tasks and responsibilities of the Audit Committee.

The *Quality & Regulatory Committee* has been established by the Supervisory Board in view of the central importance of the quality and (patient) safety of the company's products, systems, services and software, as well as the development, testing, manufacturing, marketing and servicing thereof, and the regulatory requirements relating thereto. The Quality & Regulatory Committee assists the Supervisory Board in fulfilling its oversight responsibilities in this area, while recognizing that the Audit Committee assists the Supervisory Board in its oversight of other areas of regulatory, compliance and legal matters.

10.1.4 Other Board-related matters

Remuneration and share ownership

The remuneration of the individual members of the Board of Management is determined by the Supervisory Board, taking into account the remuneration policy adopted by the General Meeting of Shareholders. The remuneration of the individual members of the Supervisory Board is determined by the General Meeting of Shareholders, also on the basis of a remuneration policy.

The current remuneration policies for the Board of Management and the Supervisory Board, respectively, were adopted in 2024 and are published on the company's website. Pursuant to Dutch law, the shareholders are entitled to vote on the adoption of the separate remuneration policies for the Board of Management and the Supervisory Board at the Annual General Meeting of Shareholders (at least) every four years. The adoption of a remuneration policy will require a special majority of three-quarters of the votes cast (as the Articles of Association do not provide for a lower majority).

A description of the composition of the remuneration paid and owed to the individual members of the Board of Management and the Supervisory Board is included in the annual remuneration report (as prepared by the Remuneration Committee, adopted by the Supervisory Board and published on the company's website). Shareholders have an advisory vote at each Annual General Meeting of Shareholders on the remuneration report relating to the preceding financial year.

Pursuant to Dutch law, the Supervisory Board is authorized to reduce or eliminate unpaid bonuses awarded to members of the Board of Management if payment or delivery of the bonus would be unacceptable according to the principles of reasonableness and fairness. The company, which in this respect may also be represented by the Supervisory Board or a special representative appointed for this purpose by the General Meeting of Shareholders, may also request return of bonuses already paid or delivered insofar as these have been granted on the basis of incorrect information on the fulfillment of the relevant performance criteria or other conditions. Bonuses are broadly defined as 'non-fixed' (variable) remuneration – either in cash or in the form of share-based compensation – that is conditional in whole or in part on the achievement of certain targets or the occurrence of certain circumstances. The explanatory notes to the balance sheet shall report on any moderation and/or claim for repayment of Board of Management remuneration. No such reduction of unpaid bonuses or requests for repayment occurred during the financial year 2024.

In compliance with the Dutch Corporate Governance Code, the company does not grant personal loans to, or guarantees on behalf of, members of the Board of Management or the Supervisory Board. No such loans were granted and no such guarantees were issued in 2024, nor were any loans or guarantees outstanding as of December 31, 2024.

Also in compliance with the Dutch Corporate Governance Code, the Articles of Association provide that shares or rights to shares shall not be granted to members of the Supervisory Board.

Members of the Board of Management and the Supervisory Board may only hold shares in the company for the purpose of long-term investment and must refrain from short-term transactions in Philips securities. According to Philips' internal rules of conduct with respect to inside information, members of the Board of Management and the Supervisory Board are only allowed to trade in Philips securities (including the exercise of stock options) during 'windows' of 20 business days following the publication of annual and quarterly results (provided further the person involved has no inside information regarding Philips at that time, unless an exemption is available). Furthermore, members of the Board of

Management and the Supervisory Board are prohibited from trading, directly or indirectly, in securities of any of the companies belonging to Philips' peer group (as determined by the Supervisory Board) during one week preceding the disclosure of Philips' annual or quarterly results.

Transactions in Philips shares carried out by members of the Board of Management and the Supervisory Board are reported to the Dutch Authority for the Financial Markets (AFM) in accordance with the EU Market Abuse Regulation and, if necessary, to other relevant authorities.

Indemnification

Unless Dutch law provides otherwise, the members of the Board of Management and of the Supervisory Board shall be reimbursed by the company for various costs and expenses, such as the reasonable costs of defending claims, as formalized in the Articles of Association. Under certain circumstances, described in the Articles of Association, such as an act or failure to act by a member of the Board of Management or a member of the Supervisory Board that can be characterized as intentional (*opzettelijk*), intentionally reckless (*bewust roekeloos*) or seriously culpable (*ernstig verwijtbaar*), there will be no entitlement to this reimbursement unless the law or the principles of reasonableness and fairness require otherwise. The company has also taken out liability insurance (D&O – Directors & Officers) for the persons concerned.

Diversity

The selection of candidates for appointment is always based on merit. Candidates for appointment to the Supervisory Board, the Board of Management and the Executive Committee are selected also taking into account the company's Diversity Policy for the Supervisory Board, the Board of Management and the Executive Committee. This Diversity Policy aims at a sufficient diversity of views and the expertise needed for a good understanding of current affairs and longer-term risks and opportunities related to the Company's business, and is published on the company's website. Effective 2022, Dutch law provides that (re-)appointments of members of the Supervisory Board must be in accordance with a mandatory gender quota, requiring that at least one-third of the Supervisory Board members are women (and at least one-third are men). There are certain exceptions where the gender quota does not apply, such as the re-appointments within eight years of the initial appointment and (re-)appointments made in exceptional circumstances.

For more details on the Diversity Policy for the Supervisory Board, the Board of Management and the Executive Committee, refer to [Report of the Corporate Governance and Nomination & Selection Committee](#); for more information on the profile and composition of the Supervisory Board refer to [Supervisory Board report](#).

Philips' commitment to Inclusion & Diversity is also reflected in the company-wide General Business Principles, the Inclusion & Diversity Policy and the Fair Employment Policy.

Conflicts of interest

Dutch law on conflicts of interest provides that members of the Board of Management or Supervisory Board may not participate in the adoption of resolutions if they have a direct or indirect personal conflict of interest with the company or related enterprise. If all members of the Board of Management have a conflict of interest, the resolution concerned will be considered by the Supervisory Board. If all members of the Supervisory Board have a conflict of interest, the resolution concerned must be considered by the General Meeting of Shareholders.

In compliance with the Dutch Corporate Governance Code, the company's corporate governance includes rules to specify situations in which a potential or actual conflict may exist, procedures to avoid such conflicts of interest as much as possible, and procedures to deal with such conflicts should they arise. Relevant matters relating to conflicts of interest, if any, must be mentioned in the Annual Report (specifically the management report) for the financial year in question. No decision to enter into any such material transaction in which there is a conflict of interest with a member of the Board of Management or the Supervisory Board, or with any major shareholder (holding at least 10% of the company's shares) was taken during the financial year 2024.

Outside directorships

In compliance with the Dutch Corporate Governance Code, members of the Board of Management require the approval of the Supervisory Board before they can accept a position as a member of a supervisory board or a position as a non-executive director on a one-tier board (Non-Executive Directorship) at another company. The Supervisory Board must be notified of other important positions (to be) held by a member of the Board of Management.

Dutch law provides for certain limitations on the number of Non-Executive Directorships a member of the Board of Management or Supervisory Board may hold. No member of the Board of Management shall hold more than two Non-Executive Directorships at 'large' companies (*naamloze vennootschappen* or *besloten vennootschappen*) or 'large' foundations (*stichtingen*), as defined under Dutch law, and no member of the Board of Management shall hold the position of chairman of another one-tier board or the position of chairman of another supervisory board. No member of the Supervisory Board shall hold more than five Non-Executive Directorships at such companies or foundations, with a position as chairman counting for two. During the financial year 2024 all members of the Board of Management and the Supervisory Board complied with the limitations described above in this paragraph.

10.1.5 General Meeting of Shareholders

Meetings

The Annual General Meeting of Shareholders shall be held no later than six months after the end of the financial year. The agenda for the meeting typically includes: an advisory vote on the remuneration report; discussion of the Annual Report; the adoption of the financial statements; policy on additions to reserves and dividends; any proposed dividends or other distributions; discharge of the members of the Board of Management and the Supervisory Board; and any other matters proposed by the Supervisory Board, the Board of Management or shareholders in accordance with Dutch law and the Articles of Association.

Shareholders' meetings are convened by public notice via the company's website, and registered shareholders are notified by letter or by electronic means of communication at least 42 days prior to the day of the relevant meeting. Shareholders who wish to exercise the rights attached to their shares in respect of a shareholders' meeting are required to register for such meeting. Shareholders may attend a meeting in person, vote by proxy (via an independent third party) or grant a power of attorney to a third party to attend the meeting and vote on their behalf. Details on registration for meetings, attendance and proxy voting will be included in the notice convening the relevant meeting.

Pursuant to Dutch law, the record date for the exercise of voting rights and rights relating to shareholders' meetings is set at the 28th day prior to the day of the relevant meeting. Shareholders registered on such date are entitled to attend the meeting and to exercise the other shareholder rights (at the relevant meeting) notwithstanding any subsequent sale of their shares after the record date.

In accordance with the Articles of Association and Dutch law, requests from shareholders for items to be included on the agenda will generally be honored, subject to the company's rights to refuse to include the requested agenda item under Dutch law, provided that such requests are made in writing at least 60 days before a General Meeting of Shareholders to the Board of Management and the Supervisory Board by shareholders representing at least 1% of the company's outstanding capital or, according to the official price list of Euronext Amsterdam, representing a value of at least EUR 50 million. Written requests may be submitted electronically and shall comply with the procedure stipulated by the Board of Management, which is posted on the company's website.

Pursuant to Dutch law, shareholders requesting an item to be included on the agenda of a meeting have an obligation to disclose their full economic interest (i.e., long position and short position) to the company. The company has the obligation to publish such disclosures on its website.

Main powers of the General Meeting of Shareholders

The main powers of the General Meeting of Shareholders are:

- to appoint, suspend and dismiss members of the Board of Management and the Supervisory Board
- to adopt remuneration policies for the Board of Management and the Supervisory Board, to determine the remuneration of the individual members of the Supervisory Board and to approve long-term incentive (equity-based) plans for the Board of Management
- to adopt the annual accounts, to declare dividends and to discharge the Board of Management and the Supervisory Board from any liability in respect of the performance of their respective duties for the previous financial year
- to appoint the company's external auditor
- to adopt amendments to the Articles of Association and proposals to dissolve or liquidate the company
- to issue shares or rights to shares
- to restrict or exclude pre-emptive rights of shareholders and to repurchase or cancel outstanding shares
- in accordance with Dutch law, to approve decisions of the Board of Management that are so far-reaching that they would greatly change the identity or nature of the company or the business

The company applies principle 4.1 of the Dutch Corporate Governance Code within the framework of the Articles of Association and Dutch law and in the manner described in this Corporate governance report. All issued and outstanding shares carry voting rights and each share confers the right to cast one vote in a shareholders' meeting. Pursuant to Dutch law, no votes may be cast at a General Meeting of Shareholders in respect of shares that are held by the company. There are no special statutory rights attached to the shares of the company, and no restrictions on the voting rights of the company's shares exist. Subject to certain exceptions provided by Dutch law and/or the Articles of Association, resolutions of the General Meeting of Shareholders are passed by an absolute majority of votes cast and do not require a quorum.

Share capital: issue and repurchase of (rights to) shares

The authorized share capital of the company amounts to EUR 800 million, divided into 2 billion common shares with a nominal value of 20 eurocents each and 2 billion preference shares also with a nominal value of 20 eurocents each. On December 31, 2024, the issued share capital amounted to EUR 187,987,876.80 divided into 939,939,384 common shares and no preference shares. All shares are fully paid-up. There are currently no limitations, either under Dutch law or the Articles of Association, to the transfer of the common shares.

Only Euroclear shares are traded on Euronext Amsterdam. Only New York Registry Shares are traded on the New York Stock Exchange. Pursuant to article 10:138(2) of the Dutch Civil Code, the laws of the State of New York are applicable to the proprietary regime with respect to the New York Registry Shares, which proprietary regime includes the requirements for a transfer of, or the creation of an *in rem* right in, such New York Registry Shares. Euroclear shares and New York Registry Shares may be exchanged for each other.

As per December 31, 2024, approximately 91% of the common shares were held through the system of Euroclear Nederland (Euroclear shares) and approximately 9% of the common shares were represented by New York Registry Shares issued in the name of approximately 765 holders of record. The latter include Cede & Co. Cede & Co acts as nominee for The Depository Trust Company, which holds the shares (indirectly) for individual investors as beneficiaries. Deutsche Bank Trust Company Americas is Philips' New York transfer agent, registrar and dividend disbursing agent. Since certain shares are held by brokers and other nominees, these numbers may not be representative of the actual number of US beneficial holders or the number of New York Registry Shares beneficially held by US residents.

At the 2024 Annual General Meeting of Shareholders, it was resolved to authorize the Board of Management, subject to the approval of the Supervisory Board, to issue shares or to grant rights to acquire shares in the company, as well as to restrict or exclude the pre-emption right accruing to shareholders up to and including November 6, 2025. This authorization is limited to a maximum of 10% of the number of shares issued as of May 7, 2024.

In addition, at the 2024 Annual General Meeting of Shareholders, it was resolved to authorize the Board of Management, subject to the approval of the Supervisory Board, to acquire shares in the company within the limits of the Articles of Association and within a certain price range up to and including November 6, 2025. The maximum number of shares the company may hold will not exceed 10% of the issued share capital as of May 7, 2024. The number of shares may be increased by 10% of the issued capital as of that same date in connection with the execution of share repurchase programs for capital reduction programs.

10.1.6 Annual financial statements and external audit

The annual financial statements are prepared by the Board of Management and reviewed by the Supervisory Board upon the advice of its Audit Committee, taking into account the report of the external auditor. Upon approval by the Supervisory Board, the accounts are signed by all members of both the Board of Management and the Supervisory Board and are published together with the opinion of the external auditor. The Board of Management is responsible, under the supervision of the Supervisory Board, for the quality and completeness of such publicly disclosed financial reports. The annual financial statements are presented for discussion and adoption at the Annual General Meeting of Shareholders, to be convened subsequently.

The external auditor is appointed by the General Meeting of Shareholders in accordance with the Articles of Association. Philips' external auditor, Ernst & Young Accountants LLP, an independent registered public accounting firm, was appointed by the General Meeting of Shareholders held on May 7, 2015, for a term of four years starting January 1, 2016, was re-appointed at the Annual General Meeting of Shareholders held on May 9, 2019, for a term of three years starting January 1, 2020, was re-appointed at the Annual General Meeting of Shareholders held on May 10, 2022, for a term of one year starting January 1, 2023, and was re-appointed at the Annual General Meeting of Shareholders held on May 9, 2023, for a term of one year starting January 1, 2024.

In 2023, following a competitive audit tender completed under the leadership of the Audit Committee in anticipation of the expiration of EY Accountants B.V.'s (the legal successor of Ernst & Young Accountants LLP) statutory audit mandate, the Supervisory Board, upon the recommendation of the Audit Committee, recommended the appointment of PricewaterhouseCoopers Accountants N.V. as the company's new external auditor to the General Meeting of Shareholders. PricewaterhouseCoopers Accountants N.V., an independent registered public accounting firm, was appointed at the Annual General Meeting of Shareholders held on May 9, 2023, as the company's new external auditor for a term of four years starting January 1, 2025. As a result, following completion of EY Accountants B.V.'s audit of our financial statements as of and for the year ended December 31, 2024, and the audit of the effectiveness of internal control over financial reporting as of December 31, 2024, PricewaterhouseCoopers Accountants N.V. will become Philips' external auditor.

EY Accountants B.V.'s reports on our consolidated financial statements for each of the years ended December 31, 2024 and 2023, did not contain an adverse opinion or disclaimer of opinion, nor was any report qualified or modified as to uncertainty, audit scope or accounting principles.

During our two most recent fiscal years and the subsequent interim period through February 21, 2025, there were no disagreements with EY Accountants B.V. (or its legal predecessor), whether or not resolved, on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreement, if not resolved to the satisfaction of EY Accountants B.V., would have caused EY Accountants B.V. to make a reference to the subject matter of the disagreement in connection with any reports it would have issued.

During our two most recent fiscal years and the subsequent interim period through February 21, 2025, there were no 'reportable events' as that term is defined in Item 16F(a)(1)(v) of Form 20-F.

We have provided EY Accountants B.V. with a copy of the foregoing disclosure, and we have requested that it furnish us with a letter addressed to the SEC stating whether or not it agrees with the above disclosures. A copy of this letter is filed as Exhibit 15(b) to this Form 20-F.

We did not consult PricewaterhouseCoopers Accountants N.V. during our two most recent fiscal years and the subsequent interim period through February 21, 2025 regarding (i) the application of accounting principles to a specific completed or contemplated transaction or the type of audit opinion that might be rendered on our financial statements; or (ii) any matter that was the subject of a disagreement as that term is used in Item 16F(a)(1)(iv) of Form 20-F or a 'reportable event' as described in Item 16F(a)(1)(v) of Form 20-F.

European and Dutch law requires the separation of audit and certain non-audit services. The external auditor may only provide audit and audit-related services and is prohibited from providing any other services. This is reflected in the Auditor Policy, which is published on the company's website. The policy is also in line with (and in some ways stricter than) applicable US rules, under which the appointed external auditor must be independent from the company both in fact and appearance.

The Auditor Policy specifies certain audit services and audit-related services (also known as assurance services) that will or may be provided by the external auditor, and includes rules for the pre-approval by the Audit Committee of such services. Audit services must be pre-approved on the basis of the annual audit services engagement agreed with the external auditor. Proposed audit-related services may be pre-approved at the beginning of the year by the Audit Committee (annual pre-approval) or may be pre-approved during the year by the Audit Committee with respect to a particular engagement (specific pre-approval). The annual pre-approval is based on a detailed, itemized list of services to be provided, which is designed to ensure that there is no management discretion in determining whether a service has been approved, and to ensure that the Audit Committee is informed of each of the services it is pre-approving. Unless pre-approval with respect to a specific service has been given at the beginning of the year, each proposed service requires specific pre-approval during the year. Any annually pre-approved services where the fee for the engagement is expected to exceed pre-approved cost levels or budgeted amounts will also require specific pre-approval. The term of any annual pre-approval is 12 months from the date of the pre-approval unless the Audit Committee states otherwise. During 2024, there were no services provided to the company by the external auditor that were not pre-approved by the Audit Committee.

10.1.7 Stichting Preferente Aandelen Philips

Stichting Preferente Aandelen Philips, a foundation (*stichting*) organized under Dutch law, has been granted the right to acquire preference shares in the capital of Royal Philips, as stated in the company's Articles of Association. In addition, the Foundation has the right to file a petition with the Enterprise Chamber of the Amsterdam Court of Appeal to commence an inquiry procedure within the meaning of article 2:344 of the Dutch Civil Code.

The object of the Foundation is to represent the interests of Royal Philips, the enterprises maintained by the company and its affiliated companies within the company's group, in such a way that the interests of the company, these enterprises and all parties involved with them are safeguarded as effectively as possible, and that they are afforded maximum protection against influences which, in conflict with those interests, may undermine the autonomy and identity of Philips and those enterprises, and also to do anything related to the above ends or conducive to them. The Foundation's object includes the protection of Philips against (an attempt at) an unsolicited takeover or other attempt to exert (de facto) control of the company. The arrangement will allow Philips to determine its position in relation to the relevant third party (or parties) and its (their) plans, to seek alternatives and to defend the company's interests and those of its stakeholders.

The mere notification that the Foundation exercises its right to acquire preference shares will result in such shares being effectively issued. The Foundation may exercise this right for as many preference shares as there are common shares in the company outstanding at that time. No preference shares have been issued as of December 31, 2024.

The members of the self-electing Board of the Foundation are Messrs J.P. de Kreij, J.V. Timmermans, J. van der Veer and P.N. Wakkie. No Philips Supervisory Board or Board of Management members or Philips officers are represented on the board of the Foundation.

Other protective measures

Other than the arrangements made with the Foundation referred to above, the company does not have any measures that exclusively or almost exclusively have the purpose of defending against unsolicited public offers for shares in the capital of the company. It should be noted that the Board of Management and the Supervisory Board remain under all circumstances authorized to exercise all powers vested in them to promote the interests of Philips.

The company has issued certain corporate bonds, the provisions of which contain a Change of Control Triggering Event or a Change of Control Put Event. Upon the occurrence of such events, the company might be required to offer to redeem or purchase any outstanding bonds at certain pre-determined prices. Please also refer to [Debt](#). Furthermore, the Relationship Agreement entered into between the company and its long-term minority investor Exor N.V. (published on the company's website) includes certain temporary lock-up obligations for Exor that fall away when any third party has 'Acquired' an 'Interest' of 50% or more in the company.

10.1.8 Major shareholders

The Dutch Act on Financial Supervision imposes an obligation on persons holding certain interests to disclose (*inter alia*) percentage holdings in the capital and/or voting rights in the company when such holdings reach, exceed or fall below 3, 5, 10, 15, 20, 25, 30, 40, 50, 60, 75 and 95 percent (as a result of an acquisition or disposal by a person, or as a result of a change in the company's total number of voting rights or capital issued). Certain derivatives (settled in kind or in cash) are also taken into account when calculating the capital interest. The statutory obligation to disclose capital interest relates not only to gross long positions, but also to gross short positions. Required disclosures must be made to the Dutch Authority for the Financial Markets (AFM) without delay. The AFM then notifies the company of such disclosures and includes them in a register, which is published on the AFM's website. Furthermore, an obligation to disclose (net) short positions is set out in the EU Regulation on Short Selling.

The AFM register shows the following notifications of substantial holdings and/or voting rights at or above the 3% threshold: Exor N.V.: substantial holding of 15.00% and 15.00% of the voting rights (August 13, 2023); Artisan Investments GP LLC: substantial holding of 10.01%

and 10.01% of the voting rights (June 28, 2024); BlackRock, Inc.: substantial holding of 4.38% and 5.56% of the voting rights (February 12, 2025); T. Rowe Price Group, Inc.: substantial holding of 3.05% and 3.04% of the voting rights (October 29, 2024), EdgePoint Investment Group Inc.: substantial holding of 0.00% and 3.10% of the voting rights (October 28, 2024).

Philips common shares are also listed on the New York Stock Exchange and registered under the Exchange Act. Pursuant to Sections 13(d) and 13(g) of the Exchange Act, any person or group of persons who, directly or indirectly, acquire or hold beneficial ownership of more than 5% of a covered class of equity securities of a listed issuer is required to publicly report their beneficial ownership by filing a Schedule 13D or 13G with the SEC. For the purposes of US reporting obligations, 'beneficial ownership' of an equity security means that a person has or shares the power, directly or indirectly, to vote or direct the voting of a security or dispose of or direct the disposition of a security.

On January 28, 2022, BlackRock, Inc. filed a Schedule 13G with the SEC indicating that, as of December 31, 2021, it beneficially owned 7.2% (63,499,693 shares) of the company's common shares.

On January 25, 2023, BlackRock, Inc. filed a Schedule 13G with the SEC indicating that, as of December 31, 2022, it beneficially owned 8.8% (78,533,730 shares) of the company's common shares.

On August 23, 2023, Exor N.V. and Giovanni Agnelli B.V. (which has a controlling equity interest in Exor) jointly filed a Schedule 13D with the SEC indicating that, as of August 14, 2023, they jointly beneficially owned 15.0% (139,297,503 shares) of the company's common shares. On February 6, 2024, BlackRock, Inc. filed a Schedule 13G/A with the SEC indicating that, as of December 31, 2023, it beneficially owned 7.0% (64,219,051 shares) of the company's common shares. On May 16, 2024, Exor N.V. and Giovanni Agnelli B.V. jointly filed a Schedule 13D/A with the SEC indicating that, as of May 14, 2024, they jointly beneficially owned 16.1% (145,567,520 shares) of the company's common shares. On June 25, 2024, Exor N.V. and Giovanni Agnelli B.V. jointly filed a Schedule 13D/A with the SEC indicating that, as of June 21, 2024, they jointly beneficially owned 17.51% (163,717,857 shares) of the company's common shares.

10.1.9 Corporate information

The company began as a limited partnership with the name Philips & Co in Eindhoven, the Netherlands, in 1891, and was converted into the company with limited liability N.V. Philips Gloeilampenfabrieken on September 11, 1912. The company's name was changed to Philips Electronics N.V. on May 6, 1994, to Koninklijke Philips Electronics N.V. on April 1, 1998, and to Koninklijke Philips N.V. on May 15, 2013.

The majority of the shares in Royal Philips are held through the system maintained by the Dutch Central Securities Depository (Euroclear Nederland). In the past, Philips has also issued (physical) bearer share certificates ('Share Certificates'). A limited number of Share Certificates have not been surrendered yet, though the holders of Share Certificates are still entitled to a corresponding number of shares in Royal Philips. It is noted that, as a result of Dutch legislation that became effective in July 2019, the relevant shares were registered in the name of Royal Philips by operation of law per January 1, 2021. Owners of Share Certificates will continue to be entitled to a corresponding number of shares, but may not exercise the rights attached to such shares until they surrender their Share Certificates. Owners of Share Certificates may come forward to do so and to receive a corresponding number of shares until January 1, 2026, at the latest. As per January 2, 2026, entitlements attached to the Share Certificates not surrendered will expire by operation of law. For more information, please contact the Investor Relations department by email, investor.relations@philips.com, or telephone, +31-20-59 77222.

The statutory seat of the company is Eindhoven, the Netherlands, and the statutory list of all subsidiaries and affiliated companies, prepared in accordance with the relevant legal requirements (Dutch Civil Code, Book 2, articles 379 and 414), forms part of the notes to the financial statements and is deposited at the office of the Commercial Register in Eindhoven, the Netherlands (file no. 17001910). The executive offices of the company are located at the Philips Center, Amstelplein 2, 1096 BC Amsterdam, the Netherlands, telephone +31-20-59 77777.

10.1.10 Additional information

Articles of association

Set forth below is a summary of certain provisions of the Articles of Association of the company, applicable Dutch law and related company policies. This summary does not constitute legal advice regarding those matters and should not be regarded as such.

Object and purpose

The objects of the company are to establish, participate in, administer and finance legal entities, companies and other legal forms for the purpose of the manufacture and trading of electrical, electronic, mechanical or chemical products, the development and exploitation of technical and other expertise, including software, or for the purpose of other activities, and to do everything pertaining thereto or connected therewith, including the provision of security in particular for commitments of business undertakings which belong to its group, all this in the widest sense, as may also be conducive to the proper continuity of the collectivity of business undertakings, in the Netherlands and abroad, which are carried on by the company and the companies in which it directly or indirectly participates. These objects can be found in Article 2 of the Articles of Association.

Share capital

On December 31, 2024, the issued share capital amounted to EUR 187,987,876.80 divided into 939,939,384 common shares and no preference shares.

Voting rights

All issued and outstanding shares carry voting rights and each share confers the right to cast one vote in a shareholders' meeting. Pursuant to Dutch law, no votes may be cast at a General Meeting of Shareholders in respect of shares which are held by the company. There are no special statutory rights attached to the shares of the company and no restrictions on the voting rights of the company's shares exist. Major shareholders do not have different voting rights than other shareholders.

Dividends

A dividend will first be declared on preference shares out of net income. The Board of Management has the power to determine what portion of the net income shall be retained by way of reserve, subject to the approval of the Supervisory Board. The remainder of the net income, after reservations made, shall be available for distribution to holders of common shares subject to shareholder approval after year-end.

Liquidation rights

In the event of the dissolution and liquidation of the company, the assets remaining after payment of all debts and liquidation expenses are to be distributed in the following order of priority: to the holders of preference shares, the amount paid thereon, and the remainder to the holders of the common shares.

Preemptive rights

Shareholders have a *pro rata* preferential right of subscription to any common share issuance unless the right is restricted or excluded. If designated by the General Meeting of Shareholders, the Board of Management has the power to restrict or exclude the preferential subscription rights. A designation of the Board of Management will be effective for a specified period of up to five years and may be renewed. Currently, the Board of Management has been granted the power to restrict or exclude the preferential right of subscription up to and including November 6, 2025. If the Board of Management has not been designated, the General Meeting of Shareholders has the power to restrict or exclude such rights, upon the proposal of the Board of Management, which proposal must be approved by the Supervisory Board. Resolutions by the General Meeting of Shareholders referred to in this paragraph require approval of at least two-thirds of the votes cast if less than half of the issued share capital is represented at the meeting.

The foregoing provisions also apply to the issuance of rights to subscribe for shares.

General Meeting of Shareholders

The Annual General Meeting of Shareholders shall be held each year not later than June 30 and, at the Board of Management's option, in Eindhoven, Amsterdam, The Hague, Rotterdam, Utrecht or Haarlemmermeer (including Schiphol airport); the notice convening the meeting shall inform the shareholders accordingly. Without prejudice to applicable laws and regulations, the Board of Management may resolve to give notice to holders of its listed and traded via a stock exchange shares via the company's website and/or by other electronic means representing a public announcement, which announcement remains directly and permanently accessible until the General Meeting of Shareholders. Holders of registered shares shall be notified by letter, unless the Board of Management resolves to give notice to holders of registered shares by electronic means of communication by sending a legible and reproducible message to the address indicated by the shareholder to the company for such purpose provided the relevant shareholder has agreed hereto.

In principle, all shareholders are entitled to attend a General Meeting of Shareholders, to address the meeting and to vote, except for shares held in treasury by the company. They may exercise the aforementioned rights at a meeting only for the common shares which on the record date are registered in their name. The record date is published in the above announcement and is, pursuant to Dutch law, set as the 28th day prior to the day of the relevant meeting. Holders of registered shares must advise the company in writing of their intention to attend the General Meeting of Shareholders. Holders of shares listed and traded via a stock exchange who either in person or by proxy wish to attend the General Meeting of Shareholders, should notify ABN AMRO Bank N.V., which is acting as agent for the company. They must submit a confirmation by a participating institution, in which administration they are registered as holders of the shares, that such shares are registered and will remain registered in its administration up to and including the record date, whereupon the holder will receive an admission ticket for the General Meeting of Shareholders. Holders of shares who wish to attend by proxy have to submit the proxy at the same time. A participating institution is a bank or broker which, according to the Dutch Securities Depository Act (*Wet giraal effectenverkeer*), is an intermediary (*intermediair*) of the Dutch Central Securities Depository (Euroclear Nederland).

In connection with the General Meeting of Shareholders, the company does not solicit proxies within the United States.

The Articles of Association of the company provide that there are no quorum requirements to hold a General Meeting of Shareholders. Subject to certain exceptions provided by Dutch law and/or the Articles of Association, resolutions of the General Meeting of Shareholders are passed by an absolute majority of votes cast and do not require a quorum.

Limitations on right to hold or vote Common Shares

There are no limitations imposed by Dutch law or by the Articles of Association on the right of non-resident owners to hold or vote the Common Shares.

Exchange controls

Cash dividends paid in euros on Dutch registered shares and bearer shares may be officially transferred from the Netherlands and converted into any other currency without Dutch legal restrictions, except that for statistical purposes such payments and transactions must be reported to the Dutch Central Bank. Furthermore, no payments, including dividend payments, may be made to jurisdictions subject to sanctions adopted by the government of the Netherlands and implementing resolutions of the Security Council of the United Nations.

The Articles of Association of the company provide that cash distributions on New York Registry Shares shall be paid in US dollars, converted at the rate of exchange on the stock market of Euronext Amsterdam at the close of business on the day fixed and announced for that purpose by the Board of Management.

Significant differences in corporate governance practices

The corporate governance rules established by the New York Stock Exchange (NYSE) allow Foreign Private Issuers, such as Royal Philips, to follow home country practices on most corporate governance matters instead of those that apply to US domestic issuers, provided that they disclose any significant ways in which their corporate governance practices differ from those applying to listed US domestic issuers under the NYSE listing standards. The following paragraphs summarize what we believe to be the significant differences between certain Dutch practices on corporate governance matters and the corporate governance provisions applicable to US domestic issuers under the NYSE listing standards.

Dutch corporate governance code

The company is a company organized under Dutch law, with its Common Shares listed on Euronext Amsterdam, and is subject to the Dutch Corporate Governance Code of December 20, 2022 (the Dutch Corporate Governance Code). Philips' New York Registry Shares, representing Common Shares of the company, are listed on the NYSE.

Board structure

The NYSE listing standards prescribe regularly scheduled executive sessions of non-executive directors. The company has a two-tier corporate structure consisting of a Board of Management consisting of executive directors under the supervision of a Supervisory Board consisting exclusively of non-executive directors. Members of the Board of Management and other officers and employees cannot simultaneously act as member of the Supervisory Board. The Supervisory Board must approve specified decisions of the Board of Management.

Independence of members of our Supervisory Board

The Dutch Corporate Governance Code sets forth certain best practices limiting the number of non-independent members of the Supervisory Board, and its committees. The Supervisory Board considers all its members to be independent under the Dutch Corporate Governance Code, except for Mr Ribadeau-Dumas to whom the independence exception of best practice provision 2.1.7(iii) of the Dutch Corporate Governance Code is deemed to apply. The definitions of independence under the Dutch Corporate Governance Code, however, differ in their details from the definitions of independence under the NYSE listing standards. In some cases the Dutch requirements are stricter than the NYSE listing standards, and in other cases the NYSE listing standards are the stricter of the two. The members of the Audit Committee of the Supervisory Board are also independent under the NYSE listing standards.

Committees of our Supervisory Board

The company has established four committees, consisting of members of the Supervisory Board only: the Audit Committee, the Remuneration Committee, the Corporate Governance and Nomination & Selection Committee and the Quality & Regulatory Committee. The roles, responsibilities and composition of these committees reflect the requirements of the Dutch Corporate Governance Code, the company's Articles of Association and Dutch law, which differ from the NYSE listing standards in these respects. The role of each committee is to advise the Supervisory Board and to prepare the decision-making of the Supervisory Board. In principle, the entire Supervisory Board remains responsible for its decisions even if such decisions were prepared by one of the Supervisory Board's committees.

The NYSE requires that, when an audit committee member of a listed US domestic issuer serves on four or more audit committees of public companies, the listed company should disclose (either on its website or in its Annual Report on Form 10-K) that the board of directors has determined that this simultaneous service would not impair the director's service to the listed company. Dutch law does not require the company to make such a determination.

In accordance with the procedures laid down in the Philips Auditor Policy and as mandatorily required by Dutch law, the external auditor of the company is appointed by the General Meeting of Shareholders on the proposal of the Supervisory Board, after the latter has been advised by the Audit Committee and the Board of Management.

Equity compensation plans

The company complies with Dutch legal requirements regarding shareholder approval of equity compensation plans for the members of the Board of Management. Dutch law does not require shareholder approval of certain equity compensation plans for which the NYSE listing standards would require such approval. The company is subject to a Dutch requirement to seek shareholder approval for equity compensation plans for its members of the Board of Management.

Code of business conduct

The listing standards of the NYSE prescribe certain parameters for listed company codes of business conduct and ethics. The company has implemented the Philips General Business Principles, which are applicable to all employees, and a Financial Code of Ethics, which is applicable to all employees performing an accounting or financial function. Waivers granted to Senior (Financial) Officers (as defined in our Financial Code of Ethics) must be disclosed. In 2024 the company did not grant any waivers of the Financial Code of Ethics.

Related party transactions

The NYSE listing standards require certain transactions with related parties to be reviewed by a company's audit committee or another independent body of the board of directors for potential conflicts of interest, and for the audit committee or other independent body to prohibit such a transaction if it determines it to be inconsistent with the interests of the company and its shareholders. However, Foreign Private Issuers can rely on home country practice with respect to review and approval of related party transactions. Philips has internal procedures in place to confirm that related party transactions are entered into at arm's length and, if and to the extent required under Dutch law, to enable the Supervisory Board to assess the terms of significant related party transactions.

New York Registry Shares

Certain common shares of the company are registered in the register maintained by Deutsche Bank Trust Company Americas, as the New York transfer agent, registrar and dividend disbursing agent (the 'New York Transfer Agent'), pursuant to a Transfer Agent Agreement, dated July 16, 2018, between the New York Transfer Agent and the company (such common shares, 'New York Registry Shares'). As soon as practicable after receipt from the company, the New York Transfer Agent will provide holders of New York Registry Shares with a notice of any meeting or solicitation of consents or proxies with a notice prepared by the company stating (i) such information as is contained in such notice of meeting and any solicitation materials (or a summary thereof in English provided by the company), (ii) that each registered holder at the close of business on the record date set by the company therefore will be entitled, subject to any applicable provisions of Dutch law and the Articles of Association, to exercise the voting rights pertaining to the New York Registry Shares, and (iii) the manner in which such voting rights may be exercised. The New York Transfer Agent may, to the extent not prohibited by applicable law or by the requirements of the New York Stock Exchange, in lieu of distribution of the materials provided to it in connection with any meeting of, or solicitation of consents or proxies from, holders of common shares, distribute to the registered holders of New York Registry Shares a notice that provides such holders with, or otherwise publicizes to such holders, instructions on how to retrieve such materials or receive such materials upon request (i.e., by reference to a website containing the materials for retrieval or a contact for requesting copies of the materials).

10.2 Risk factors

Philips believes the risks set out below are the material risks affecting Philips and its securities. These risk factors may not, however, include all the risks that ultimately may affect Philips. Some risks not yet known to Philips, or currently believed not to be material, may ultimately have a major impact on Philips' business, revenue, income, assets, liquidity, capital resources, reputation and/or ability to achieve its business and ESG objectives. Please note that this section is not intended to describe risks that have materialized, as these are addressed in other sections and referenced where relevant. Philips defines risks in four main categories: Strategic, Operational, Financial and reporting, and Compliance. Philips presents the risk factors within each category in order of current view of their expected significance. Compared to the previous year we have further prioritized risk factors relating to geopolitics and macro-economics and to artificial intelligence. We have continued high prioritization of risk factors related to patient safety and quality, supply chain, and the simplification of how we work. Although still relevant, we have de-emphasized risk factors related to global inflation. This does not mean that a lower-listed risk factor may not have a material and adverse impact on Philips' business, revenue, income, assets, liquidity, capital resources, reputation, and/or ability to achieve its business and ESG objectives. Furthermore, other risk factors not listed below may ultimately prove to have more significant adverse consequences than the listed risk factors.

We aim to manage risk within our risk appetite. Pursuing strategic opportunities within the dynamics of the health technology industry typically requires a higher appetite towards the corresponding strategic risks. We may accept considerable strategic risks in a responsible way given the necessity to invest in research and development and to manage the portfolio of businesses to ensure we continually revitalize our offerings. For selected options with very high strategic impact, we may occasionally take a risk seeking approach subject to careful evaluation. Toward operational risks, we overall take a balanced-to-prudent approach, aiming to optimize productivity and minimize downside risks considering the need for continuity of the delivery of our products, services and sustainability commitments; efficient execution; and reliable and secure IT systems. Where operational risks may impact the quality of our products and services and the safety of patients, we take an averse approach. Regarding financial and reporting risks, we adopt a prudent-to-balanced approach aiming at the financial sustainability of the company, investor commitment and stakeholder trust. We manage these risks with the intention of retaining our current strong investment-grade credit rating. As Philips is committed to act with integrity always, we take an averse-to-prudent approach to any risk that would result in breach of compliance with our General Business Principles and mandatory laws and regulations.

10.2.1 Strategic risks

Philips' global operations are exposed to geopolitical and macro-economic changes

Philips' business and operations can be adversely impacted by unfavorable macro-economic conditions and geopolitical instability in global and individual markets. In 2024, Mature geographies accounted for 73% of Philips' revenues, while Growth geographies accounted for the remaining 27%. While Mature geographies are currently the main source of Philips' revenues, Growth geographies (excluding China) are an increasing source of revenues. Philips produces, sources, and designs its products and services mainly from the United States (US), the European Union (EU) – primarily the Netherlands, and China, and most of Philips' assets are located in these geographies. Changes in politics and monetary, trade, tax policies and sanction laws in the US, the EU and China may trigger reactions and countermeasures and may also have an adverse impact on other markets in which Philips is active. Philips continues to expect global market conditions to remain highly uncertain and volatile due to geopolitical and macro-economic factors.

Philips observes an increasing trend of geopolitical tensions and deglobalization which intensifies protectionism. Examples of protectionism measures are trade policies, tariffs, custom duties, taxation, import or export controls and sanctions, local value creation and production requirements, technology and data storage and movement restrictions, talent mobility restrictions, nationalization of assets, and restrictions on repatriation of returns from foreign investments. Tariffs and other restrictions on imports announced and proposed by US President Donald Trump and his administration, and retaliatory trade measures in response thereto, have the potential to impact international trade relations and supply chains, with notable consequences for the EU. In addition, protectionism may increase general uncertainty on the development of local regulations that may result in proliferation of and changes to such regulations, causing the company to comply with disparate, evolving standards. Philips observes this trend in the major markets in which it operates and has a particular concern on the development of the US-China relationship and China's drive to expand its global political footprint and become self-sufficient in critical technologies, including health-related ones. China's anti-corruption campaign may also negatively impact demand within the medical industry. If this trend continues, geopolitical relations deteriorate and economies decouple, then it is expected that existing global trade and investment restrictions will remain or increase. Further regulatory and compliance challenges for doing business globally may emerge and deteriorate, resulting in continued pressure on market growth and investments.

Uncertainty and challenges regarding various global macro-economic factors continue to persist. Examples of general factors potentially affecting Philips are an overall weakening economic growth and the trend of declining growth of the Chinese economy in particular, reduced government spending, declining customer and consumer confidence and spending, high inflation and interest rates, and the emergence of economic impacts related to the climate crisis. Although the ability to manage pandemics (for example, resurgences of COVID-19 or mutations thereof) has improved, pandemics may continue to affect Philips' operations in the future. Examples of healthcare-specific potential factors include rising uncertainty over the future direction of public healthcare policy and the risk of declining public investment in healthcare ecosystems. These factors could affect customer demand and sales as well as our manufacturing costs, operating expenses (including wages), and other expenses. We may not be able to compensate for loss of sales through overall sales growth or manage increased costs by improving productivity and increasing our prices to offset increased costs in a timely manner, if at all, which could have a material impact on our revenue, gross margins, profitability and cash flows.

The Russia-Ukraine war has increased global economic and political uncertainty. Governments in the US, the UK, the EU, Canada, and Japan have each imposed export controls on certain products and sanctions on certain industry sectors and institutions in Russia, and additional controls and sanctions could be enacted in the future. Similarly, conflicts in Israel and the Middle East may further increase economic and political uncertainty and may affect the company's results of operations, financial position and cash flows. Philips is present in Israel with several subsidiaries, mainly in Diagnosis & Treatment and Connected Care, that are primarily involved in manufacturing and research and development activities. The outcome of the recent elections in the US and the upcoming elections in certain member states of the EU could also have an impact on the course of these conflicts. The ongoing conflicts may heighten the impact of other risks factors described herein, including but not limited to: volatility in prices for transportation, energy, commodities and other raw materials; disruptions in the global supply chain; decreased customer and consumer confidence and spending; increased cyberattacks; intensified protectionism; political and social instability; increased exposure to foreign currency fluctuations; rising inflation and interest rates; and constraints, volatility or disruptions in the credit and capital markets. It is possible that the conflicts in Ukraine and Russia and the Middle East may escalate or expand and current or future sanctions and resulting geopolitical and macro-economic disruptions could be significant. We cannot predict the impact that conflicts may have on the global economy in the future.

Changes in geopolitical and macro-economic conditions are difficult to predict, and the factors described above, or other factors, may lead to adverse impacts on global trade levels and flows, economic growth, and financial markets and political stability, all of which could adversely affect the demand for, and supply of, Philips products and services. This may result in a material adverse impact on Philips' business, financial condition, and operating results. These factors could also make it more difficult to budget and to make reliable financial forecasts, or could have a negative impact on Philips' access to funding.

Philips may be unable to keep pace with the changing health technology environment

With Philips' focus on health technology, our business model is transforming from transactional, product-focused business models to customer- and patient-centric, outcome-oriented business models, with multi-year customer partnerships enabled by a portfolio of innovative devices, solutions, platforms, insights and value-added services. If this transformation is not targeted at successful products and services or is made too slowly or is not successful, Philips may not meet the expectations of customers, patients or other stakeholders in the health technology business environment. We may face a loss of customer relevance, fail to capture growth, and lose market share. In addition, because of our health

technology focus, Philips may have a reduced ability to offset potential negative impacts (including, but not limited to, impacts on sales, operating results, liabilities, compliance, and financing) on its health technology business by other businesses through a more diversified portfolio. As a result of its focus on health technology, Philips is deepening customer engagement and entering into long-term solutions and services business arrangements, becoming more dependent on a number of key customers for long-term recurring revenues, thus increasing the risk that the loss of, or a significant reduction in, orders from one or more of our key customers could cause a significant decline in our revenues. As Philips looks to increase our use of indirect sales channels, Philips will increasingly rely on successfully leveraging new and existing partners to support customers and patients. Any of these factors may have a material adverse impact on Philips' brand value and reputation, business, financial condition, and operating results. More specific health technology risks and their potential impacts are included in the Operational, Financial and Compliance risk sections below as well as in the note [Contingencies](#).

[Philips may be unable to gain leadership in health informatics and artificial intelligence](#)

New digital technologies and ways of conducting business are fundamentally changing the health technology industry, and thus our competitive business environment. A key industry trend is the shift toward cloud-based Software-as-a-Service (SaaS) business models and remotely upgradable, serviceable systems. These new types of offerings are enabled by hybrid cloud/on-premise digital platforms. Another trend is the application of (generative) artificial intelligence (AI) and machine learning technologies to drive quality and efficiency in clinical and operational workflows. Customers are seeking solutions that convert data from our imaging and monitoring systems into actionable insights within workflows.

Philips is expanding the use of AI in the development of its technologies and is increasingly incorporating AI capabilities in its products and services to improve customer experiences and drive efficiencies. The development of AI technologies is complex and Philips may fall behind established and new digital competitors if Philips does not develop the requisite capabilities to innovate its portfolio of AI-enabled products and services, adjust its business models and find ways to globally commercialize new products and services at scale and in a timely, competitive and ethically and legally compliant manner. This could result in an inability to satisfy customer and patient needs, thereby missing out on revenue and margin growth opportunities, which may have a material adverse impact on Philips' business, financial condition and operating results.

[Acquisitions could fail to deliver on Philips' business plans and value creation expectations, and we may not be able to successfully integrate acquired operations](#)

Although Philips focuses on organic growth to deliver patient- and people-driven innovation at scale, selected acquisitions remain part of Philips' growth strategy. We may not be able to integrate acquisitions successfully or efficiently with our existing operations, culture and systems, which may expose Philips to risks in areas such as sales and service, logistics, quality, regulatory compliance, legal claims, information technology, and finance. Integration challenges may adversely impact the realization of value creation expectations. Transactions may incur significant costs, result in unforeseen operating difficulties, divert management attention from other business priorities, and may ultimately be unsuccessful. Cost savings expected to be implemented, or other assumptions underlying the business case relating to a particular acquisition, may not be realized. If we are unable to successfully define, or accomplish any of our objectives in respect of any of our new acquisitions, we may not realize the anticipated benefits of such acquisitions and we may experience lower than anticipated profits, or even incur losses. Acquisitions may also lead to a substantial increase in long-lived assets, including goodwill, which may later be subject to write-down or impairment if an acquired business does not perform as expected, which may have a material adverse effect on Philips' earnings.

[Philips may be unable to meet internal or external aims or expectations with respect to ESG-related matters](#)

Environmental, Social and Governance (ESG) factors may directly and indirectly impact Philips Businesses or the business environment in which Philips operates. For instance, customers may choose products or services based on sustainability or other ESG criteria. At the same time, also ESG adverse sentiments exist among certain stakeholders, and we may face scrutiny, reputational risk, product boycotts, lawsuits or market access restrictions from these parties regarding our ESG-related initiatives. Philips may, from time to time, disclose ESG-related initiatives or aims in connection with the conduct of its business and operations. For example, Philips has adopted initiatives with respect to reducing greenhouse gas emissions in its supply chain. However, there is no guarantee that Philips will be able to implement such initiatives or meet such aims within anticipated timeframes, considering, for example, the technological limitations in the research and development process. Philips is also increasingly focused on products and services incorporating AI, and the development and use of our products and services incorporating AI may require more energy than similar products or services not incorporating AI. In addition, there is an increasing focus on ESG matters (both "pro-ESG" and "anti-ESG") from Philips stakeholders – including customers, consumers, employees, regulators, and investors, and those stakeholders may also have ESG-related expectations with respect to Philips' business and operations. For example, customers may focus on ESG-related criteria in buying our products e.g., through green procurement standards.

Any inability by Philips to address concerns or meet expectations about ESG-related matters could negatively impact sentiment toward Philips, our products, and our brand. Improper or incorrect sustainability claims and low ESG scores could also potentially impact Philips' reputation and affect sales. There are an increasing number of regulatory and legislative initiatives in the EU and other jurisdictions to address ESG issues, which will (once implemented) require Philips to significantly increase the scope of mandatory ESG disclosures, and will introduce or extend a duty of care, requiring Philips to identify and act on adverse environmental and human rights impacts across the organization and operations, and potentially the entire value chain, beyond or different from our current efforts.

These regulatory and legislative initiatives, in turn, could also affect how customers or other stakeholders perceive our products or business operations. If our products or business operations do not meet the criteria for sustainability according to, for example, the EU Taxonomy Regulation (including the related delegated regulations) or any other similar regulations, this may negatively affect how customers or other stakeholders view Philips. Philips may fail to fulfill internal or external ESG-related initiatives, aims, goals, targets or expectations, or be perceived

to do so, or we may fail to report performance or developments adequately or accurately with respect to such initiatives, aims, goals, targets or expectations. In addition, Philips could be criticized or held responsible if the scope of its initiatives, aims, goals or targets regarding ESG matters is deemed insufficient. Any of these factors may have an adverse impact on Philips' reputation and brand value, competitiveness, or on Philips' business, financial condition and operating results.

Philips may be unable to secure and maintain intellectual property rights for its products and services or may infringe others' intellectual property rights

Philips is dependent on its ability to obtain and maintain licenses and other intellectual property (IP) rights covering its products and services and its design and manufacturing processes. The IP portfolio is the result of an extensive IP generation process that could be influenced by a number of factors, including innovation and acquisitions. The value of the IP portfolio is dependent on the successful promotion and market acceptance of standards (co-)developed by Philips. This is particularly applicable to the segment 'Other', where licenses from Philips to third parties generate IP royalties and contribute to Philips' results of operations. The timing of licenses from Philips to third parties and associated revenues from IP royalties are uncertain and may vary significantly from period to period. Additionally, royalties are often based on sales by third parties, creating an exposure to macro-economic effects and continuity of these third parties. A loss or impairment in connection with such licenses to third parties could have a material adverse impact on Philips' financial condition and operating results. The use of artificial Intelligence AI in the development of our products and services could also cause loss of IP. The legal landscape and subsequent legal protection for the use of AI remains uncertain, and development of the law in this area could impact our ability to enforce our proprietary rights or protect against infringing uses. Philips is also exposed to the risk that a third party may claim to own IP rights to technology applied in Philips products and services. The use or adoption of AI technologies into our products and services may heighten the risk of exposure to claims of copyright infringement or other IP misappropriation. If any such claims of infringement of these IP rights are successful, Philips may be required to pay damages to such third parties or may incur other costs or losses.

10.2.2 Operational risks

Products and services may fail quality or security standards, which could adversely affect patient safety or customer operations

As a health technology company and innovator, our products and services must comply with the rules and regulations that govern our operations, processes, and ways of working. Risks associated with non-compliance to patient safety, quality, regulatory, or security standards can occur throughout the lifecycle of our products or services, inclusive of pre-market activities (such as product design, production and supplier quality activities) and post-market activities. As we increase the adoption of artificial intelligence (AI) to support our customers, we may become more exposed to the risks associated with the use of such technologies, such as lack of transparency, cybersecurity and data provenance, toxicity, bias and deficient or inaccurate outputs and other unintended consequences that are not easily detectable or are inconsistent with our policies and values. Consequences of identified risks include patient harm, negatively impacting customers' operations and healthcare professionals' ability to provide care, and unauthorized access to confidential data, including patient records and medical devices. In turn, these may result in damage to our brand, reputation, competitive disadvantage, legal liability and regulatory enforcement, all of which may have a material adverse impact on Philips' business, reputation, financial condition, and operating results.

Philips may be unable to ensure a resilient supply chain

Most of Philips' operations are conducted internationally, which exposes Philips to supply chain challenges and uncertainties. Philips produces and procures products and parts in various countries globally. The production and shipping of products and parts, whether from Philips or from third parties, could be interrupted and may face increasing costs by various external factors, such as regional conflicts (e.g., the Middle East), sanctions, tariffs or other trade measures, natural disasters, extreme weather events (the effects of which may be exacerbated by climate change), and geopolitical developments.

While macro trends around materials availability have improved in 2024, Philips medical systems stay in production for longer periods than the life cycle of their semi-conductors and require continuous rejuvenation of their electronic components. Philips may fail to timely obtain or replace such components from existing supplies, and alternative sources of components could involve significant costs and regulatory challenges and may not be available to us on reasonable terms, adversely affecting our business and financial performance.

Our suppliers and our third-party service providers may also be exposed to labor shortages and potentially worsening macro-economic and geopolitical trends, as well as both acute and chronic physical climate risks. These factors may cause business interruptions, property damage, and inventory loss, increasing lead times and adversely impacting our production capacity, which may negatively affect the delivery of products and services to customers, for example the postponement of equipment installations in hospitals. If Philips is not able to respond swiftly to those factors, this may result in an inability to deliver on customer needs, ultimately resulting in loss of revenue and margin.

Philips purchases raw materials, including rare-earth metals, copper, steel, aluminum, noble gases and oil-related products. Philips' business depends on the availability of raw materials and energy, and there is no assurance that such raw materials and energy will be available for purchase in the future or available at current costs. Particularly, the introduction of more stringent regulatory or legislative measures to internalize negative externalities, such as the Carbon Border Adjustment Mechanism (CBAM), can be expected in response to the threats posed by climate change and environmental degradation. In this context, reference is also made to the EU Corporate Sustainability Due Diligence Directive (CSDDD) introducing or extending a duty of care, requiring Philips to identify and act on adverse environmental and human rights impacts across its supply chain. These initiatives have the potential to affect market dynamics (e.g., green premiums) and the availability of sustainable resources, which may, in turn, increase Philips' costs associated with purchasing materials and components. The rise in global climate commitments and new

regulations on Energy Attribute Certificates (EACs) and Power Purchasing Agreements (PPAs) may also drive fluctuations in energy costs and affect the availability of EACs and PPAs.

Some commodities have been subject to volatile markets, and such volatility is expected to continue and costs to increase. Costs may also increase as a result of stricter climate-change-related laws and regulations. Such legislation could require investments in technology to reduce energy use and greenhouse gas emissions, beyond what we expect in our existing plans, or could result in additional and increased pricing for negative externalities (e.g., carbon pricing). If Philips is not able to compensate for increased costs of energy, (sub-)components, (raw) materials, and transportation – either by reducing reliance thereon or passing on increased costs to customers – then price increases could have a material adverse impact on Philips’ business, financial condition, and operating results.

Philips may increase its dependency on a concentration of external suppliers, as a result of the continuing process of creating a leaner supply base and launching initiatives to replace internal capabilities with outsourced products and services. These initiatives also need to be balanced with local-market value-creation requirements, including those relating to local manufacturing and data storage.

Although Philips works closely with its suppliers to avoid supply discontinuities, there can be no assurance that Philips will not encounter future supply issues, causing disruptions or unfavorable conditions. Furthermore, while the materials supply has improved in 2024, the challenges in our capability for the planning and synchronization of supply with demand continue, which, combined with a drive for inventory reduction and cash flow improvements, can lead to further materials running out of stock. That could have a material adverse impact on Philips’ business, financial condition and operating results.

Philips may face challenges in simplifying the organization and the ways of working

Having an integrated operating model promoting agility with clear accountability is a priority to improve the execution of our strategy. If we do not effectively simplify the organization and our ways of working, which include, but are not limited to, changes in structure and governance, policies, processes, IT systems and data, we may be limited in our ability to fully realize our business ambitions and to create with sustainable impact, meeting critical patient and customer needs, delivering integral value propositions, growing the business, and/or maintaining business continuity. Philips may need to undertake further changes and related restructuring in the future if the operating model ultimately proves to be wholly or partly unsuccessful.

To simplify ways of working and improve performance, Philips continuously seeks to create a more open, standardized, and cost-effective IT landscape. Approaches include outsourcing, off-shoring, integration, and consolidation of IT systems. These changes may elevate third-party dependency risks regarding the delivery of IT services, the availability of IT systems, and the functionality offered by IT systems. Although Philips has sought to strengthen security measures and quality controls related to these systems, these measures may prove to be insufficient or unsuccessful, which may lead to a material adverse impact on Philips’ business, financial condition, and operating results.

Philips is dependent on its people for leadership and specialized skills and may be unable to attract and retain personnel

The attraction and retention of talented employees is critical to Philips’ success, and the loss of employees with specialized skills could result in business interruptions, especially given the strong competition for talent in key capability segments. Philips is competing with other companies for the best talent and most sought-after skills, and there is no assurance of succeeding in attracting and retaining the highly qualified employees needed in the future. Wage inflation is increasing the competition for talent, as well as the cost of labor. This may negatively impact our ability to realize our plan for creating value with sustainable impact, and if we are unable to offset the increased costs of labor through higher selling prices and increased productivity, then rising costs could also have a material adverse impact on Philips’ business, financial condition and operating results.

Philips could be exposed to a significant enterprise cybersecurity breach

Philips relies on information technology to operate and manage its businesses, as well as store and process confidential data (relating to patients, employees, customers, intellectual property, suppliers and other partners). Philips products, solutions and services increasingly contain sophisticated and complex information technology, and the use of artificial intelligence (AI) capabilities may further heighten the risks related to cybersecurity attacks and other disruptions to information systems. The healthcare industry is subject to strict privacy, security and safety regulations. At the same time, geopolitical conflicts and criminal activity continue to drive increases in the number, and sophistication of, cyberattacks globally. Considering the general increase in cybercrime, our customers and other stakeholders are becoming more demanding regarding the cybersecurity of our products and services. As a global health technology company, Philips is inherently and increasingly exposed to the risk of cyberattacks and potential impact of attacks on (our) suppliers. Information systems may be damaged, disrupted (including the provision of services to customers), or shut down due to cyberattacks. In addition, breaches in the security of our systems (or the systems of our customers, suppliers, or other partners) could result in the misappropriation, destruction, or unauthorized disclosure of confidential information (including intellectual property) or personal data belonging to us or our employees, customers, suppliers or other partners. These risks are particularly significant with respect to the safety and medical records of patients. Cyberattacks may result in substantial costs and other negative consequences, which may include, but are not limited to, lost revenues, reputational damage, remediation and enhancement costs, penalties, and other liabilities to regulators, customers and other partners. Philips has not encountered any material breaches or other major cybersecurity incidents in 2024. While Philips deals with the operational threat of cybercrime on a continuous basis and has so far been able to prevent significant damage or significant monetary cost in taking corrective action, there can be no assurance that future cyberattacks will not result in material or other consequences than as described above, which may result in a material adverse impact on Philips’ business, financial condition and operating results.

Philips may face challenges to drive excellence and speed in bringing innovations to market

It is important that Philips delivers its innovations in close collaboration with its customers on a timely basis and at scale. The emergence of new low-cost competitors, particularly in Asia, the emergence of healthcare solutions with low-carbon environmental footprint, the continuously and rapidly changing field of artificial intelligence (AI) and data-driven solutions, and the increasing importance of product security and cybersecurity, further underlines the importance of improvements in the innovation process. Success in launching innovations depends on a number of factors, including development of value propositions, architecture and platform creation, product development, market acceptance, production, and delivery ramp-up. It is also dependent on addressing potential quality issues or other defects in the early stages of introduction, and on attracting and retaining skilled employees. Costs of developing new products and solutions may partially be reflected on Philips' balance sheet and may be subject to write-down or impairment depending on the performance of such products or services. The significance and timing of such write-downs or impairments are uncertain, as is the ultimate commercial success of new product introductions. Accordingly, Philips cannot determine in advance the ultimate effect that innovations will have on its financial condition and operating results. If Philips fails to create and commercialize its innovations timely and at scale, it may lose market share and competitiveness, which could have a material adverse effect on its financial condition and operating results.

10.2.3 Financial and reporting risks

Philips is exposed to a variety of treasury and financing risks, including liquidity, currency, credit and country risk

Negative developments impacting the liquidity of global capital markets could affect Philips' ability to raise or re-finance debt in the capital markets or could lead to significant increases in the cost of such borrowing in the future. If the markets expect a downgrade by the rating agencies, or if such a downgrade has actually taken place, this could increase the cost of borrowing, reduce our potential investor base and adversely affect our business.

Philips' financing and liquidity position may also impact its ability to implement or complete any share-buyback program, or to distribute any dividends in accordance with its dividend policy or at all. Any announced share-buyback program or dividend policy may also be amended, suspended or terminated at any time, including at Philips' discretion or as a result of applicable law, regulation or regulatory guidance, and any such amendment, suspension or termination could negatively affect the trading price of, increase trading price volatility of, or reduce the market liquidity of Philips shares or other securities. Additionally, any share-buyback program or distribution of dividend could diminish Philips' cash or other reserves, which may impact its ability to finance future growth and to pursue potential future strategic opportunities. Any share-buyback program or dividend payment will depend on factors such as availability of financing, liquidity position, business outlook, cash flow requirements and financial performance, the state of the market and the general economic climate, and other factors, including tax and other regulatory considerations. Philips and its subsidiaries may also be subject to limitations on the distribution of shareholders' equity under applicable law.

Philips operates in over 100 countries and its reported earnings and equity are therefore inevitably exposed to fluctuations in the exchange rates of foreign currencies against the euro. Philips' sales and net investments in its foreign subsidiaries are sensitive in particular to movements in the US dollar, Japanese yen, Chinese renminbi, and a wide range of other currencies from developed and emerging economies. Philips' sourcing and manufacturing spend is concentrated in the EU, the US and China. Income from operations is particularly sensitive to movements in currencies of countries where Philips has no or very small-scale manufacturing/local sourcing activities but significant sales of its products or services, such as Japan, Canada, Australia, the United Kingdom, and a range of emerging markets, such as Indonesia, India and Brazil.

In view of the long lifecycle of health technology solution sales and long-term strategic partnerships, the financial risk of counterparties with outstanding payment obligations creates exposure risks for Philips, particularly in relation to accounts receivable from customers, liquid assets, and the fair value of derivatives and insurance contracts with financial counterparties. A default by counterparties in such transactions can have a material adverse effect on Philips' financial condition and operating results.

Contingent liabilities may have a significant impact on the company's consolidated financial position, results of operations and cash flows. For an overview of current cases please refer to the note [Contingencies](#).

Philips is exposed to tax risks which could have a significant adverse financial impact

Philips is exposed to tax risks that could result in double taxation, penalties and interest payments. The source of the risks could originate from local tax laws and regulations as well as international and EU regulatory frameworks. These tax risks include transfer pricing risks on internal cross-border deliveries of goods and services, as well as tax risks relating to changes in the transfer pricing model. Examples of initiatives that may result in changing tax rules include, but are not limited to, the OECD/G20 Inclusive Framework to address the allocation of income to user markets (Pillar One) and a 15% minimum corporate income tax rate (Pillar Two). For Pillar One, it is too early to assess the potential impact as all regulations have not been released yet.

The formal adoption of the Council Directive (EU) 2022/2523 (the Pillar Two Directive) in December 2022 aims to achieve a coordinated implementation of Pillar Two in EU member states. The Dutch government adopted the Minimum Tax Rate Act 2024 (MTR Act) in December 2023 and the Pillar Two legislation has been applicable in local law with effect from 2024 in the Netherlands, the EU and multiple other countries around the world. However, US President Trump's January 2025 Executive Order to withdraw from the OECD Pillar agreements brings uncertainty and potential risk of retaliatory tax measures.

As Philips maintains substance in the form of relevant assets and personnel in the countries in which it operates which is shown in our Country Activity and Tax Report, Philips meets the transitional safe harbor rules enacted by OECD in most countries and therefore exposure to taxation Pillar Two is currently limited. However, this is increasing Philips' tax compliance burden significantly globally.

Furthermore, Philips is exposed to tax risks related to acquisition and divestment, permanent establishments, tax loss, interest and tax credits carried forward, and potential changes in tax law that could result in higher tax expenses and payments. The risks may have a significant impact on local financial tax results, which could adversely affect Philips' financial condition and operating results. The value of the deferred tax assets, such as tax losses carried forward, is subject to the availability of sufficient taxable income within the tax loss-carry-forward period. Accordingly, there can be no absolute assurance that all deferred tax assets, such as (net) tax losses and credits carried forward, will be realized.

Potential tariffs and other restrictions on imports proposed by US President Trump and his administration, and retaliatory trade measures in response thereto, have the potential to impact international trade relations and supply chains, with notable consequences in the countries where we are present in. In addition, protectionism may increase general uncertainty on the development of local regulations in response to those measures. These uncertainties expose Philips to financial risk linked to increased trade defense measures resulting in additional tariffs and customs duties. Significant changes in import duties levied on the import of products could materially impact Philips.

Flaws in internal controls could adversely affect our financial reporting and management process

Accurate disclosures provide investors and other market professionals with significant information for a better understanding of Philips' Businesses. Failures in internal controls or other issues with respect to Philips' public disclosures, including disclosures with respect to cybersecurity risks and incidents, could create market uncertainty regarding the reliability of the information (including financial data) presented. This could have a negative impact on the price of Philips securities. In addition, the reliability of revenue and expenditure data is key for steering the Businesses and for managing top-line and bottom-line growth. The long life cycle of health technology solution sales, from order acceptance to accepted installation and servicing, together with the complexity of the accounting rules recognizing revenue in the accounts, presents a challenge in terms of ensuring consistent and correct application of the accounting rules throughout Philips' global business. Significant changes in the way of working, such as the changes made to our operating model, restructuring, and shifting processes to remote Global Business Services locations, may have an adverse impact on the environment under which controls are executed, monitored, reviewed, and tested. Any flaws in internal controls, or regulatory or investor actions in connection with flaws in internal controls, could have a material adverse effect on Philips' business, financial condition, operation results, reputation and brand.

10.2.4 Compliance risks

Philips products and services may be exposed to the risk of non-compliance with various regulations and standards involving quality, safety, and security

Our reputation and license to operate depend on our compliance with global regulations and standards. Operating in a highly regulated health-technology industry, our products and services, including parts and materials from suppliers, are subject to regulation by various government and regulatory agencies e.g., FDA (US), EMA (Europe), NMPA (China), MHRA (UK), ASNM (France), BfArM (Germany), and IGZ (the Netherlands). In the EU, the Medical Device Regulation (EU MDR) became effective in May 2021 and imposes significant additional pre-market and post-market requirements. The current EU MDR transitional provisions allow medical devices that were CE marked under the previous directives (MDD and AIMDD) to continue being placed on the market or put into service until 2027 or 2028 dependent upon the risk class of the equipment. Examples of other product-related regulations are the EU's Waste from Electrical and Electronic Equipment (WEEE), Restriction of Hazardous Substances (RoHS), Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) and Energy-using Products (EuP) regulations. We are subject to various domestic and foreign environmental laws and regulations, which are continuing to develop. Any failure to comply with such laws and regulations could jeopardize product quality, safety, and security or expose us to lawsuits, administrative penalties, and civil remedies, all of which may have a material adverse impact on Philips' business, financial condition, and operating results.

Philips has observed an increase in safety and security requirements in new and upcoming legislation dealing with market access of consumer goods, medical devices, information and communication technology products, cloud services, and specific areas such as data protection, cybersecurity, AI, and supply chain.

The legal and regulatory environment relating to artificial intelligence (AI) is uncertain and rapidly evolving due to concerns about bias, discrimination, transparency, and security. Despite training and risk management efforts, AI models, particularly generative AI models, we use may produce output or take action that is incorrect, that reflects biases included in the data on which they are trained, that results in the release of private, confidential, or proprietary information, or that is otherwise harmful. The complexity of AI models may make it difficult to understand why they are generating particular outputs, increasing the challenges associated with assessing the proper operation of AI models, understanding and monitoring the capabilities of the AI models, reducing erroneous output, eliminating bias, and complying with regulations that require documentation or explanation of the basis on which decisions are made. Further, we may rely on AI models developed by third parties, and, to that extent, would be dependent in part on the manner in which those third parties develop and train their models, including risks arising from the inclusion of any unauthorized material in the training data for their models and the effectiveness of the steps these third parties have taken to limit the risks associated with the output of their models, matters over which we may have limited visibility. Any of these risks could expose us to liability or adverse legal or regulatory consequences, and harm our reputation and the public perception of our business or the effectiveness of our security measures.

Both regulators and customers require us to demonstrate legal compliance and adequate security management using national and international standards and associated certifications. Non-compliance with conditions imposed by regulatory authorities could result in product recalls, temporary product unavailability, stoppages at production facilities, remediation costs, fines, disgorgement of profits, and/or claims for damages. Product safety incidents or user concerns could jeopardize patient safety and/or trigger inspections by the FDA or other regulatory agencies, which, depending on the results of such inspections, could trigger the impacts described above, as well as other consequences. These issues could adversely impact Philips' financial condition or operating results through lost revenue and cost of any required remedial actions, penalties or claims for damages. They could also negatively impact Philips' reputation, brand, relationship with customers and market share. Philips is exposed to the ongoing impact of the Respiroics voluntary recall/field action and related matters. Please refer to the section [Patient safety, quality and regulatory](#) and the note [Contingencies](#).

[Philips is exposed to the risks of non-compliance with business conduct rules and regulations, including privacy and upcoming ESG disclosure and due diligence requirements](#)

In the execution of its strategy, Philips could be exposed to the risk of non-compliance with business conduct rules and regulations and our General Business Principles, including, but not limited to, patient safety, quality, anti-bribery, anti-money laundering, sanctions, healthcare compliance, transparency, accountability and fairness in the development and use of artificial intelligence (AI) tools, privacy and data protection, as well as existing and upcoming ESG disclosure requirements and due diligence requirements. Examples of compliance risk areas include commission – and incentive payments to third parties and remuneration payments to agents, distributors, consultants and similar entities, as well as the acceptance of gifts, which may be considered in some markets to be normal local business practice. The use of AI and ongoing digitalization of Philips products and services, including its processing of personal data, increases the importance of compliance, and the risk of non-compliance, with privacy, data protection and similar laws. If we do not have sufficient rights to use the data on which AI relies or to the outputs produced by AI applications, we may incur liability through the violation of certain laws, third-party privacy or other rights or contracts to which we are a party. These risks could adversely affect Philips' financial condition, reputation and brand and trigger the additional risk of exposure to governmental investigations, inquiries and legal proceedings and fines. There are an increasing number of regulatory and legislative initiatives in the EU and other jurisdictions to address ESG issues, which will (once implemented) require Philips to significantly increase the scope of mandatory ESG disclosures. Examples of these initiatives are the EU Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS), the European Carbon Border Adjustment Mechanism (CBAM), and the EU Deforestation Regulation. Regulatory and legislative initiatives such as the EU Corporate Sustainability Due Diligence Directive (CSDDD) and case-law developed by courts will introduce or extend a duty of care, requiring Philips to identify and act on adverse environmental and human rights impacts across the organization and operations, and potentially the entire value chain, beyond or different from our current efforts. Failure to meet these requirements could trigger the additional risk of exposure to inquiries from supervisory bodies and adversely affect Philips' reputation or could adversely impact Philips' financial condition or operating results through lost revenue and cost of any required remedial actions, penalties or claims for damages.

In addition, we may also face potentially conflicting supervisory directives, for example, as certain US regulatory and non-US authorities have prioritized ESG-related issues, while others have signaled pursuing potentially conflicting priorities. These circumstances, among others, may result in pressure from investors, unfavorable reputational impacts, including inaccurate perceptions or a misrepresentation of our actual ESG-related practices and diversion of management's attention and resources. Any failure, or perceived failure, by us to adhere to our public statements, comply fully with developing interpretations of ESG-related laws and regulations (both "pro-ESG" and "anti-ESG"), or meet evolving and varied stakeholder expectations and standards could adversely affect Philips' reputation or could adversely impact Philips' financial condition or operating results through lost revenue and cost of any required remedial actions, penalties or claims for damages.

For further details, please refer to the sub-section Legal proceedings within the note [Contingencies](#).

10.3 How we create value

The overview below is based on the International Integrated Reporting Council framework and includes resource inputs, value outcomes and societal impact across various financial and Environmental, Social and Governance (ESG) dimensions. For further information, refer to the chapters [Financial performance](#), and [Environmental, Social and Governance](#).

Resource inputs

Human

- Employees 67,823, 120-plus nationalities
- Training 3,164,130 hours, 3,593,533 training completions
- 29,790 employees in Growth geographies

Intellectual

- Invested in R&D EUR 1.7 billion (Green/EcoDesigned Innovation 263 million)
- Employees in R&D 10,843

Financial

- Equity EUR 12 billion
- Net debt* EUR 5.2 billion

Manufacturing

- Employees in production 27,478
- Industrial sites 23, cost of materials used EUR 4.2 billion
- Total assets EUR 29 billion
- Capital expenditures on property, plant and equipment EUR 317 million

Natural

- Energy used in manufacturing 464,587 megawatt hours
- Water used 672,608 m³
- Closing the loop* on all our professional medical equipment by 2025

Social

- Philips Foundation
- Stakeholder engagement
- Volunteering policy

Value outcomes

Human

- Employee Engagement Index 78% favorable
- Sales per employee EUR 265,708
- Safety 151 Total Recordable Cases

Intellectual

- New patent filings 700
- Royalties EUR 466 million
- 137 design awards for the Philips brand

Financial

- Comparable sales growth* 1%
- Adjusted EBITA* as a % of sales 11.5%
- Free cash flow* EUR 906 million

Manufacturing

- EUR 12.2 billion revenues from goods sold

Natural

- 76.4% Green/EcoDesigned Revenues
- 24.4% revenues from circular propositions
- Net CO₂ emissions from own operations down to zero kilotonnes
- 94 kilotonnes (estimated) from products, parts and packaging used to put products on the market
- Waste 20,157 tonnes, of which 94% recirculated

Social

- Brand value USD 11.5 billion (Interbrand)
- Partnerships with UNICEF, Red Cross, Amref and Ashoka

Societal impact

Human

- Employee benefit expenses EUR 6,641 million, all staff paid at least a Living Wage
- Appointed 54% of our roles from internal sources
- 33% of leadership positions held by women

Intellectual

- Around 40% of revenues from new products and solutions introduced in the last three years
- Approximately 70% of sales from leadership positions

Financial

- Market capitalization EUR 23 billion at year-end
- Long-term credit rating BBB+¹, Baa1², BBB+^{3**}
- Dividend EUR 768 million

Manufacturing

- 100% electricity from renewable sources

Natural

- Environmental impact of Philips operations up to EUR 272 million
- All 23 industrial sites 'zero waste to landfill' at year-end 2024
- Full value chain CO₂ reductions approved by the Science Based Targets initiative

Social

- 1.96 billion lives improved, of which 242 million in underserved communities
- 936,000 employees impacted at suppliers participating in the 'Beyond Auditing' program
- Total tax contribution EUR 3,263 million (taxes paid/withheld)
- Corporate income tax paid EUR 186 million

* Non-IFRS financial measure. For the definition and reconciliation of the most directly comparable IFRS measure, refer to [Reconciliation of non-IFRS information](#).

** ¹ Fitch, ² Moody's, ³ S&P Global

10.4 Reconciliation of non-IFRS information

In this Annual Report Philips presents certain financial measures when discussing Philips' performance that are not measures of financial performance or liquidity under IFRS ('non-IFRS'). These non-IFRS measures (also known as non-GAAP or alternative performance measures) are presented because management considers them important supplemental measures of Philips' performance and believes that they are widely used in the industry in which Philips operates as a means of evaluating a company's operating performance and liquidity. Philips believes that an understanding of its sales performance, profitability, financial strength and funding requirements is enhanced by reporting the following non-IFRS measures:

- comparable sales growth
- EBITA
- Adjusted EBITA
- Adjusted EBITDA
- adjusted income from continuing operations attributable to shareholders
- adjusted income from continuing operations attributable to shareholders per common share (in EUR) - diluted (Adjusted EPS)
- free cash flow
- net debt : group equity ratio
- Organic Return on Invested Capital (ROIC)

Non-IFRS measures do not have standardized meanings under IFRS and not all companies calculate non-IFRS measures in the same manner or on a consistent basis. As a result, these measures may not be comparable to measures used by other companies that have the same or similar names. Accordingly, undue reliance should not be placed on the non-IFRS measures contained in this Annual Report and they should not be considered as substitutes for sales, net income, net cash provided by operating activities or other financial measures computed in accordance with IFRS.

This chapter contains the definitions of the non-IFRS measures used in this Annual Report as well as reconciliations from the most directly comparable IFRS measures. The non-IFRS measures discussed in this Annual Report are cross referenced to this chapter. These non-IFRS measures should not be viewed in isolation or as alternatives to equivalent IFRS measures and should be used in conjunction with the most directly comparable IFRS measures.

The non-IFRS financial measures presented are not measures of financial performance or liquidity under IFRS, but measures used by management to monitor the underlying performance of Philips' business and operations and, accordingly, they have not been audited or reviewed by Philips' external auditors.

Additionally, Philips provides forward-looking targets for comparable sales growth, adjusted EBITA margin improvement, free cash flow and organic ROIC, which are non-IFRS financial measures. Philips has not provided a quantitative reconciliation of these targets to the most directly comparable IFRS measures because certain information needed to reconcile these non-IFRS financial measures to the most comparable IFRS financial measures are dependent on specific items or impacts which are not yet determined, are subject to uncertainty and variability in timing and amount due to their nature, are outside of Philips' control, or cannot be predicted, including items and impacts such as currency exchange rates, acquisitions and disposals, legal and tax gains and losses and pension settlements, charges and costs such as impairments, restructuring and acquisition-related charges, amortization of intangible assets and net capital expenditures. Accordingly, reconciliations of these non-IFRS forward looking financial measures to the most directly comparable IFRS financial measures are not available without unreasonable effort. Such unavailable reconciling items could significantly impact the results of operations and financial condition.

Comparable sales growth

Comparable sales growth represents the period-on-period growth in sales excluding the effects of currency movements and changes in consolidation. As indicated in [General information to the Consolidated financial statements](#), foreign currency sales and costs are translated into Philips' presentation currency, the euro, at the exchange rates prevailing at the respective transaction dates. As a result of significant foreign currency sales and currency movements during the periods presented, the effects of translating foreign currency sales amounts into euros could have a material impact on the comparability of sales between periods. Therefore, these impacts are excluded when presenting comparable sales in euros by translating the foreign currency sales of the previous period and the current period into euros at the same average exchange rates. In addition, the years presented were affected by a number of acquisitions and divestments, as a result of which various activities were consolidated or deconsolidated. The effect of consolidation changes has also been excluded in arriving at the comparable sales. For the purpose of calculating comparable sales, when a previously consolidated entity is sold or control is lost, relevant sales of that entity for the corresponding prior year period are excluded. Similarly, when an entity is acquired and consolidated, relevant sales of that entity for the current year period are excluded.

Comparable sales growth is presented for the Philips group, operating segments and geographic area. Philips believes that the presentation of comparable sales growth is meaningful for investors to evaluate the performance of Philips' business activities over time. Comparable sales growth may be subject to limitations as an analytical tool for investors, because comparable sales growth figures are not adjusted for other effects, such as increases or decreases in prices or quantity/volume. In addition, interaction effects between currency movements and changes in consolidation are not taken into account.

Philips group

Sales growth composition by segment in %

	nominal growth	consolidation changes	currency effects	comparable growth
2024 versus 2023				
Diagnosis & Treatment	(0.4)	0.0	1.7	1.3
Connected Care	(0.1)	0.8	1.3	2.0
Personal Health	(3.2)	0.0	2.5	(0.7)
Philips Group	(0.8)	0.3	1.7	1.2
2023 versus 2022				
Diagnosis & Treatment	6.3	0.2	4.5	11.0
Connected Care	(2.5)	0.3	3.3	1.1
Personal Health	(0.7)	0.0	3.9	3.2
Philips Group	1.9	0.2	3.9	6.0
2022 versus 2021				
Diagnosis & Treatment	6.1	0.0	(6.7)	(0.6)
Connected Care	(1.9)	0.0	(7.2)	(9.1)
Personal Health	5.7	0.0	(5.7)	0.1
Philips Group	3.9	(0.3)	(6.4)	(2.8)

Philips Group

Sales growth composition by geographic area in %

	nominal growth	consolidation changes	currency effects	comparable growth
2024 versus 2023				
Western Europe	4.2	0.7	(0.4)	4.5
North America	1.2	0.4	0.5	2.2
Other mature geographies	(6.2)	0.1	5.0	(1.1)
Mature geographies	1.2	0.5	0.8	2.5
Growth geographies	(5.8)	(0.1)	3.8	(2.1)
Philips Group	(0.8)	0.3	1.7	1.2
2023 versus 2022				
Western Europe	6.0	0.3	0.3	6.6
North America	(0.3)	0.2	2.7	2.5
Other mature geographies	(1.0)	0.1	8.2	7.3
Mature geographies	1.4	0.2	2.7	4.2
Growth geographies	3.4	0.2	6.9	10.5
Philips Group	1.9	0.2	3.9	6.0
2022 versus 2021				
Western Europe	(1.2)	(1.3)	(0.4)	(2.8)
North America	11.9	0.2	(12.4)	(0.3)
Other mature geographies	(3.0)	0.0	2.5	(0.5)
Mature geographies	5.9	(0.3)	(6.7)	(1.1)
Growth geographies	(0.8)	(0.1)	(5.9)	(6.9)
Philips Group	3.9	(0.3)	(6.4)	(2.8)

EBITA and Adjusted EBITA

The term Adjusted EBITA is used to evaluate the performance of Philips and its segments. EBITA represents Income from operations excluding amortization and impairment of acquired intangible assets and impairment of goodwill. Adjusted EBITA represents EBITA excluding gains or losses from restructuring costs, acquisition-related charges and other items.

Restructuring costs are defined as the estimated costs of initiated reorganizations, the most significant of which have been approved by the Executive Committee, and which generally involve the realignment of certain parts of the industrial and commercial organization.

Acquisition-related charges are defined as costs that are directly triggered by the acquisition of a company, such as transaction costs, purchase accounting related costs and integration-related expenses.

Other items are defined as any individual item with an income statement impact (loss or gain) that is deemed by management to be both significant and incidental to normal business activity. This includes the following: litigation costs and settlements in favor of (or against) the company, gains (or losses) on sale of businesses or assets, remediation costs, impairment of assets, portfolio realignment charges, environmental charges and other items which are individually above an amount of EUR 20 million in a quarter, or an individual item which is above EUR 40 million across multiple quarters. Refer to Restructuring, acquisition-related charges and other items in the [Results of operations](#) section of [Financial performance](#).

Philips considers the use of Adjusted EBITA appropriate as Philips uses it as a measure of segment performance and as one of its strategic drivers to increase profitability through re-allocation of its resources towards opportunities offering more consistent and higher returns. This is done with the aim of making the underlying performance of the businesses more transparent.

EBITA excludes amortization and impairment of acquired intangible assets (which primarily relates to brand names, customer relationships and technology) and impairment of goodwill as Philips believes that such amounts are inconsistent in amount and frequency, are significantly impacted by the timing and/or size of acquisitions and do not factor into its decisions on allocation of its resources across segments. Although we exclude amortization and impairment of acquired intangible assets from the Adjusted EBITA measure, Philips believes that it is important for investors to understand that these acquired intangible assets contribute to revenue generation.

Philips believes Adjusted EBITA is useful to evaluate financial performance on a comparable basis over time by factoring out restructuring costs, acquisition-related charges and other incidental items which are not directly related to the operational performance of Philips Group or its segments.

Adjusted EBITA may be subject to limitations as an analytical tool for investors, as it excludes restructuring costs, acquisition-related charges and other incidental items and therefore does not reflect the expense associated with such items, which may be significant and have a significant effect on Philips' net income.

Adjusted EBITA margin refers to Adjusted EBITA divided by sales expressed as a percentage.

Adjusted EBITA is not a recognized measure of financial performance under IFRS. The reconciliation of Adjusted EBITA to the most directly comparable IFRS measure, Net income, for the years indicated is presented in the following table. Net income is not allocated to segments as certain income and expense line items are monitored on a centralized basis, resulting in them being shown on a Philips Group level only.

Adjusted EBITDA

Adjusted EBITDA is defined as Income from operations excluding amortization and impairment of intangible assets, impairment of goodwill, depreciation and impairment of property, plant and equipment, restructuring costs, acquisition-related charges and other items.

Philips understands that Adjusted EBITDA is broadly used by analysts, rating agencies and investors in their evaluation of different companies because it excludes certain items that can vary widely across different industries or among companies within the same industry. Philips considers Adjusted EBITDA useful when comparing its performance to other companies in the HealthTech industry. However, Adjusted EBITDA may be subject to limitations as an analytical tool because of the range of items excluded and their significance in a given reporting period. Furthermore, comparisons with other companies may be complicated due to the absence of a standardized meaning and calculation framework. Philips management compensates for the limitations of using Adjusted EBITDA by using this measure to supplement IFRS results to provide a more complete understanding of the factors and trends affecting the business rather than IFRS results alone. In addition to the limitations noted above, Adjusted EBITDA excludes items that may be recurring in nature and should not be disregarded in the evaluation of performance. However, we believe it is useful to exclude such items to provide a supplemental analysis of current results and trends compared to other periods. This is because certain excluded items can vary significantly depending on specific underlying transactions or events. Also, the variability of such items may not relate specifically to ongoing operating results or trends and certain excluded items, while potentially recurring in future periods and may not be indicative of future results. Net income, for the years indicated is included in the following table. Net income is not allocated to segments as certain income and expense line items are monitored on a centralized basis, resulting in them being shown on a Philips Group level only.

Reconciliation of Net income to Adjusted EBITA and Adjusted EBITDA in millions of EUR

	Philips Group	Diagnosis & Treatment	Connected Care	Personal Health	Other
2024					
Net Income	(698)				
Discontinued operations, net of income taxes	(142)				
Income tax expense (benefit)	963				
Investments in associates, net of income taxes	124				
Financial expenses	387				
Financial income	(105)				
Income from operations	529	592	(466)	544	(142)
Amortization and impairment of acquired intangible assets	392	225	141	15	12
EBITA	921	817	(324)	559	(130)
Restructuring and acquisition-related charges	326	157	53	25	92
Other items:	830	45	765	-	20
<i>Respironics litigation provision</i>	984		984		
<i>Respironics insurance income</i>	(538)		(538)		
<i>Respironics field-action running remediation costs</i>	133		133		-
<i>Respironics consent decree charges</i>	113		113		
<i>Quality remediation actions</i>	123	45	78		
<i>Remaining items</i>	16		(4)	-	20
Adjusted EBITA	2,077	1,018	494	584	(18)
Depreciation, amortization and impairment of fixed assets and other intangible assets	998	240	262	102	394
Adding back impairment of fixed assets included in Restructuring and acquisition-related charges and Other items	(93)	(39)	(8)	(7)	(39)
Adjusted EBITDA	2,982	1,219	747	679	337

Reconciliation of Net income to Adjusted EBITA and Adjusted EBITDA in millions of EUR

	Philips Group	Diagnosis & Treatment	Connected Care	Personal Health	Other
2023					
Net Income	(463)				
Discontinued operations, net of income taxes	10				
Income tax expense (benefit)	(73)				
Investments in associates, net of income taxes	98				
Financial expenses	376				
Financial income	(63)				
Income from operations	(115)	721	(1,199)	552	(190)
Amortization and impairment of acquired intangible assets	290	89	178	14	9
Impairment of goodwill	8	8	-	-	-
EBITA	183	818	(1,020)	567	(181)
Restructuring and acquisition-related charges	381	118	115	9	140
Other items:	1,358	92	1,275	22	(32)
<i>Respironics litigation provision</i>	575		575		
<i>Respironics field-action connected to the proposed consent decree</i>	363		363		
<i>Respironics field-action running remediation costs</i>	224		224		
<i>Quality remediation actions</i>	175	81	94		
<i>Provision for a legal matter</i>	31		31		
<i>Investment re-measurement loss</i>	23			23	
<i>Gain on divestment of business</i>	(35)				(35)
<i>Remaining items</i>	2	11	(12)	(1)	3
Adjusted EBITA	1,921	1,028	369	597	(73)
Depreciation, amortization and impairment of fixed assets and other intangible assets	971	217	267	101	385
Adding back impairment of fixed assets included in Restructuring and acquisition-related charges and Other items	(47)	(4)	(14)	-	(30)
Adjusted EBITDA	2,845	1,241	623	698	283

	Philips Group	Diagnosis & Treatment	Connected Care	Personal Health	Other
2022					
Net Income	(1,605)				
Discontinued operations, net of income taxes	(13)				
Income tax expense (benefit)	(113)				
Investments in associates, net of income taxes	2				
Financial expenses	258				
Financial income	(58)				
Income from operations	(1,529)	536	(2,347)	515	(233)
Amortization and impairment of acquired intangible assets	363	115	226	15	8
Impairment of goodwill	1,357		1,357		
EBITA	192	651	(764)	530	(225)
Restructuring and acquisition-related charges	202	3	125	11	62
Other items:	925	133	750	(4)	46
<i>Respironics field-action connected to the proposed consent decree</i>	250		250		
<i>Respironics field-action running remediation costs</i>	210		210		
<i>R&D project impairments</i>	134	73	59	3	
<i>Portfolio realignment charges</i>	109		109		
<i>Impairments of assets in S&RC</i>	39		39		
<i>Provision for public investigations tender irregularities</i>	60	60			
<i>Quality remediation actions</i>	59		59		
<i>Remaining items</i>	63	-	24	(6)	46
Adjusted EBITA	1,318	787	111	537	(117)
Depreciation, amortization and impairment of fixed assets and other intangible assets	1239	302	420	117	400
Adding back impairment of fixed assets included in Restructuring and acquisition-related charges and Other items	(252)	(83)	(136)	(3)	(30)
Adjusted EBITDA	2,305	1,006	394	652	253

Adjusted income from continuing operations attributable to shareholders

The term Adjusted income from continuing operations attributable to shareholders represents income from continuing operations less continuing operations non-controlling interests, amortization and impairment of acquired intangible assets, impairment of goodwill, excluding gains or losses from restructuring costs and acquisition-related charges, other items, adjustments to net finance expenses, adjustments to investments in associates and adjustments to tax expense. Shareholders refers to shareholders of Koninklijke Philips N.V.

Restructuring costs, acquisition-related charges and other items are all defined in the EBITA and Adjusted EBITA section above.

Net finance expenses are defined as either the financial income or expense component of an individual item already identified to be excluded as part of the Adjusted income from continuing operations, fair value movements of equity investments in limited life funds recognized at fair value through profit or loss or a financial income or expense component with an income statement impact (gain or loss) that is deemed by management to be both significant and incidental to normal business activity.

The adjustments to tax expense include the tax impact on adjustments to income from continuing operations, as well as tax-only adjusting items (such as the derecognition of deferred tax assets).

Philips considers the use of Adjusted income from continuing operations attributable to shareholders appropriate as Philips uses it as the basis for the Adjusted income from continuing operations attributable to shareholders per common share (in EUR) - diluted, a non-IFRS measure.

Adjusted income from continuing operations attributable to shareholders may be subject to limitations as an analytical tool for investors, as it excludes certain items and therefore does not reflect the expense associated with such items, which may be significant and have a significant effect on Philips' net income. Net income, for the years indicated is included in the following table. Net income is not allocated to segments as certain income and expense line items are monitored on a centralized basis, resulting in them being shown on a Philips Group level only.

Adjusted income from continuing operations attributable to shareholders is not a recognized measure of financial performance under IFRS. The reconciliation of Adjusted income from continuing operations attributable to shareholders to the most directly comparable IFRS measure, Net income, for the years indicated is included in the following table.

Adjusted income from continuing operations attributable to shareholders per common share (in EUR) - diluted (Adjusted EPS)

Adjusted income from continuing operations attributable to shareholders per common share (in EUR) - diluted is calculated by dividing the Adjusted income from continuing operations attributable to shareholders by the diluted weighted average number of shares (after deduction of treasury shares) outstanding during the period, as defined in [General information to the Consolidated financial statements](#), earnings per share section.

Philips considers the use of Adjusted income from continuing operations attributable to shareholders per common share (in EUR) - diluted appropriate as it is a measure that is useful when comparing its performance to other companies in the HealthTech industry. However, it may be subject to limitations as an analytical tool for investors, as it uses Adjusted income from continuing operations attributable to shareholders which has certain items excluded.

Adjusted income from continuing operations attributable to shareholders per common share (in EUR) - diluted is not a recognized measure of financial performance under IFRS. The most directly comparable IFRS measure, income from continuing operations attributable to shareholders per common share (in EUR) - diluted for the years indicated, is included in the following table.

Philips Group

Adjusted income from continuing operations attributable to shareholders¹ in millions of EUR unless otherwise stated

	2022	2023	2024
Net income	(1,605)	(463)	(698)
Discontinued operations, net of income taxes	(13)	10	(142)
Income from continuing operations	(1,618)	(454)	(840)
Income from continuing operations attributable to non-controlling interests	(3)	(2)	(3)
Income from continuing operations attributable to shareholders¹	(1,622)	(456)	(843)
Adjustments for:			
Amortization and impairment of acquired intangible assets	363	290	392
Impairment of goodwill	1,357	8	
Restructuring costs and acquisition-related charges	202	381	326
Other items:	925	1,358	830
<i>Respironics litigation provision</i>		575	984
<i>Respironics insurance income</i>			(538)
<i>Respironics consent decree charges</i>	250	363	113
<i>Respironics field-action running costs</i>	210	224	133
<i>Quality actions</i>	59	175	123
<i>R&D project impairments</i>	134		
<i>Portfolio realignment charges</i>	109		
<i>Impairment of assets in S&RC</i>	39		
<i>Provision for public investigations tender irregularities</i>	60		
<i>Provision for a legal matter</i>		31	
<i>Investment re-measurement loss</i>		23	
<i>Loss (gain) on divestment of business</i>		(35)	
<i>Remaining items</i>	63	2	16
Net finance income/expenses	(4)	18	23
Tax impact on adjusting items ²	(376)	(450)	(370)
Tax effect of derecognition of US deferred tax asset			941
Adjusted Income from continuing operations attributable to shareholders¹	845	1,148	1,300
Earnings per common share:			
Income from continuing operations attributable to shareholders ¹ per common share (in EUR) - diluted	(1.70)	(0.48)	(0.90)
Adjusted income from continuing operations attributable to shareholders ¹ per common share (in EUR) - diluted	0.89	1.21	1.39

¹ Shareholders refers to shareholders of Koninklijke Philips N.V. Per share calculations have been adjusted retrospectively for all periods presented to reflect the issuance of shares for the share dividend in respect of 2023.

² Includes deferred tax assets derecognized in the line below.

Free cash flow

Free cash flow is defined as net cash flows from operating activities minus net capital expenditures. Net capital expenditures are comprised of the purchase of intangible assets, expenditures on development assets, capital expenditures on property, plant and equipment and proceeds from sales of property, plant and equipment.

Philips discloses free cash flow as a supplemental non-IFRS financial measure, as Philips believes it is a meaningful measure to evaluate the performance of its business activities over time. Philips understands that free cash flow is broadly used by analysts, rating agencies and investors in assessing its performance. Philips also believes that the presentation of free cash flow provides useful information to investors regarding the cash generated by the Philips operations after deducting cash outflows for purchases of intangible assets, capitalization of product development, expenditures on development assets, capital expenditures on property, plant and equipment and proceeds from disposal of property, plant and equipment. Therefore, the measure gives an indication of the long-term cash generating ability of the business. In addition, because free cash flow is not impacted by purchases or sales of businesses and investments, it is generally less volatile than the total of net cash provided by (used for) operating activities and net cash provided by (used for) investing activities.

Free cash flow may be subject to limitations as an analytical tool for investors, as free cash flow is not a measure of cash generated by operations available exclusively for discretionary expenditures and Philips requires funds in addition to those required for capital expenditures for a wide variety of non-discretionary expenditures, such as payments on outstanding debt, dividend payments or other investing and financing activities. In addition, free cash flow does not reflect cash payments that may be required in future for costs already incurred, such as restructuring costs.

Philips Group

Composition of free cash flow in millions of EUR

	2022	2023	2024
Net cash flows provided by operating activities	(173)	2,136	1,569
Net capital expenditures:	(788)	(554)	(663)
<i>Purchase of intangible assets</i>	(105)	(96)	(118)
<i>Expenditures on development assets</i>	(257)	(203)	(241)
<i>Capital expenditures on property, plant and equipment</i>	(444)	(345)	(317)
<i>Proceeds from disposals of property, plant and equipment</i>	18	90	13
Free cash flow	(961)	1,582	906

Net debt : group equity ratio

Net debt : group equity ratio is presented to express the financial strength of Philips. Net debt is defined as the sum of long- and short-term debt minus cash and cash equivalents. Group equity is defined as the sum of shareholders' equity and non-controlling interests. This measure is used by Philips Treasury management and investment analysts to evaluate financial strength and funding requirements. This measure may be subject to limitations because cash and cash equivalents are used for various purposes, not only debt repayment. The net debt calculation deducts all cash and cash equivalents whereas these items are not necessarily available exclusively for debt repayment at any given time.

Philips Group

Composition of net debt to group equity in millions of EUR unless otherwise stated

	2022	2023	2024
Long-term debt	7,270	7,035	7,113
Short-term debt	931	654	526
Total debt	8,201	7,689	7,639
Cash and cash equivalents	1,172	1,869	2,401
Net debt	7,028	5,820	5,238
Shareholders' equity	13,249	12,028	12,006
Non-controlling interests	34	33	37
Group equity	13,283	12,061	12,043
Net debt : group equity ratio	35:65	33:67	30:70

Organic Return on Invested Capital

Organic Return on Invested Capital (ROIC) is defined as organic return which includes income from operations for the year excluding the impact of: income or loss from operations of businesses acquired in the five year period prior to the measurement date; the related tax effects on such income or loss; certain other items; the tax impact on adjusting items and certain tax-only adjusting items determined by management to be material in nature and require separate disclosure, divided by average of the net operating capital at the end of each of the five quarters ending on the relevant measurement date excluding the average net operating capital at the end of each of the five quarters ending on the relevant measurement date of the businesses acquired in the five year period prior to the measurement date, expressed as a percentage.

Net operating capital is defined as tangible fixed assets, intangible fixed assets, including goodwill, inventories and receivable balances, minus payable balances and provisions, all as further defined below. Net operating capital is adjusted to exclude assets and liabilities of businesses acquired in the five year period prior to the relevant measurement date, and adjustments determined by management to be necessary for comparability.

Other items are defined as material in nature and require separate disclosure and have the same nature as the items excluded from Adjusted EBITA. In the years 2020-2022 these other items included legal provisions, pension settlements, results of divestments, remediation costs, impairment of assets and portfolio realignment charges. Refer to Restructuring, acquisition-related charges and other items Net income, Income from operations (EBIT) and Adjusted EBITA within the **Results of operations** section of **Financial performance**. Organic ROIC is calculated after taxes.

The term Organic Return on Invested Capital (ROIC) is used by management to evaluate Philips' efficiency at allocating the capital under its control to profitable investments and how well the company uses capital to generate returns. Philips believes that Organic ROIC provides useful information to investors because it excludes the impact of recently acquired businesses, giving a more accurate representation of how the Philips integrated operating model is leveraged to drive operational excellence and removes irregularity caused by various operating models of recently acquired businesses. Philips also believes that excluding certain items determined by management to be material in nature and requiring separate disclosure enhances comparability across several periods. Organic ROIC may be subject to limitations as an analytical tool for investors, as it excludes Income or Loss from operations of acquired businesses, the related tax effects on such income or loss, the tax impact on adjusting items and certain tax-only adjusting items, which may have a significant effect on ROIC. Organic ROIC is not a recognized measure of financial performance under IFRS.

The most comparable IFRS measure to Organic ROIC is Return on total assets, calculated as Income from operations for the year divided by total assets as of the end of the year.

Philips Group
Return on total assets in millions of EUR unless otherwise stated

	2022	2023	2024
Income from operations	(1,529)	(115)	529
Total assets	30,688	29,406	28,976
Return on total assets (%)	(5.0%)	(0.4%)	1.8%

The reconciliation of Average Net operating capital and the reconciliation of Net income to Organic ROIC for the years ended December 31, 2022, 2023 and 2024 are included in the following tables.

Philips Group
Reconciliation of Average Net operating capital¹ in millions of EUR

	2022	2023	2024
Tangible fixed assets	2,715	2,553	2,467
Intangible assets (including goodwill)	14,684	13,475	13,175
Inventories	3,999	3,984	3,499
Receivable balances ²	5,043	4,981	4,761
Payable balances ³	(7,129)	(6,810)	(6,440)
Provisions ⁴	(2,313)	(2,420)	(2,909)
Group Average Net operating capital	16,999	15,763	14,554
Net operating capital of businesses acquired	(5,739)	(4,081)	(3,579)
Average Net operating capital	11,260	11,681	10,974

¹ All line items represent the average of each of the five quarters ending before the relevant measurement date.

² Receivable balances consists of (Non-)Current receivables, Other (non-)current assets, (Non-)Current derivative financial assets and Income tax receivable.

³ Payable balances consist of Accounts payable, Accrued liabilities, (Non-)Current contract liabilities, Other (Non-)current liabilities, (Non-) current derivative financial liabilities and (Non-)Current tax liabilities.

⁴ Provisions consist of Long-term and Short-term provisions.

	2022	2023	2024
Net Income	(1,605)	(463)	(698)
Discontinued operations, net of income taxes	(13)	10	(142)
Income tax expense (benefit)	(113)	(73)	963
Investments in associates, net of income taxes	2	98	124
Financial expenses	258	376	387
Financial income	(58)	(63)	(105)
Income from operations	(1,529)	(115)	529
Income tax (expense) benefit	113	73	(963)
Loss from operations of businesses acquired	178	253	174
Tax effects on loss from operations of businesses acquired	(45)	(56)	(41)
Goodwill impairment	1,357	8	-
Impairment of acquired intangible asset			132
Other items:	802	1,181	691
<i>Respironics litigation provision</i>		575	984
<i>Respironics insurance income</i>			(538)
<i>Respironics consent decree charges</i>	250	363	113
<i>Respironics field-action running costs</i>	210	224	133
<i>R&D project impairments</i>	134		
<i>Portfolio realignment charges</i>	109		
<i>Impairment of assets in S&RC</i>	39		
<i>Provision for specified legal matters</i>	60	31	
<i>Investment re-measurement loss</i>		23	
<i>Loss (gain) on divestment of business</i>		(35)	
Tax impact on adjusting item ¹	(169)	(140)	(165)
Tax effect of derecognition of US deferred tax asset			941
Organic return	707	1,204	1,299
Average Net operating capital	11,260	11,681	10,974
Organic ROIC (%)	6.3%	10.3%	11.8%

¹ Includes deferred tax assets derecognized in the line below.

10.5 Other Key Performance Indicators

In addition to monitoring the IFRS and non-IFRS financial measures discussed under **Financial performance**, Philips management also uses the following other key performance indicators to monitor the performance of the business and to manage the business.

	2022	2023	2024
Lives improved, in billions	1.81	1.88	1.96
Operational carbon footprint, in kilotonnes CO ₂ -equivalent	438	418	474
Circular revenue	18.1%	20.0%	24.4%
Waste to landfill	0.0%	0.0%	0.0%
Closing the Loop	35.3%	20.5%	19.5%
Comparable order intake	(3%)	(6%)	1%

Lives Improved

The purpose of Philips is to improve people's health and well-being through meaningful innovation and 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. We use Lives Improved as a measurement of our societal impact. In the course of 2021 we changed the definition of 'lives improved' (effective January 2021) to align more closely with our purpose. The new definition includes only products or solutions that contribute to people's health and well-being, and no longer includes the contribution from our Green Products and Solutions that support a healthy ecosystem. Additionally, as we discontinued our Domestic Appliances business, we have removed the impact of this business from the Lives Improved results. The combined impact of these changes resulted in an overall drop of 223 million lives improved in 2021. We calculate Lives Improved as the number of

individual interactions for each product sold (based on market intelligence and statistical data) and multiply by the number of those products delivered in a year (eliminating double counting for multiple different product touches per individual). See [Improving people's lives](#) for more information on Lives Improved.

Operational Carbon Footprint

We aim to minimize our environmental impact and we use the Operational Carbon Footprint as one of the measurements of our impact. We define Operational Carbon Footprint as the total greenhouse gas emissions caused by an organization, event, product or person, expressed in kilotonnes CO₂-equivalent. We calculate our Operational Carbon Footprint on a monthly basis and include industrial sites (manufacturing and assembly sites), non-industrial sites (offices, warehouses, IT centers and R&D facilities), business travel (lease and rental cars and airplane travel) and logistics (air, sea and road transport) See [Climate change](#) for more information on our Operational Carbon Footprint.

Circular Revenues

Propositions that qualify for circular revenues must comply with the requirements for at least one of the circular revenue categories. These include, among others, products with low weight or containing a minimum threshold of recycled or bio-based plastics, as-a-service models, software running on cloud, telehealth, upgrades, lifetime extensions, and refurbished equipment.

Waste to Landfill

At Philips, as a responsible company, we strive to reduce our environmental impact. We define Waste to Landfill as total waste that is delivered for landfill and exclude one-time-only waste and waste delivered to landfill due to regulatory requirements. We calculate Waste to Landfill in kilotonnes per year. See [Resource Use and circular economy](#) for more information on Waste to Landfill.

Closing the Loop

Closing the loop means we are embedding a policy to responsibly take back all professional medical equipment sold directly to customers as part of a trade-in offer or as a service at customer request. As part of the policy, we will ensure that equipment coming back to us is, where feasible, made available for refurbishment and/or parts recovery, or locally recycled in a certified way to ensure it does not end up in landfill. We monitor the impact of our policies by measuring the amount of equipment that we collect from our customers. We report on this as 'reclaimed equipment'.

Philips believes that the five other key performance indicators described above (Lives Improved, Operational Carbon Footprint, Circular Revenues, Waste to Landfill and Closing the Loop) provide important information to investors and are important to understanding the long-term performance and prospects of the business. In addition, these other key performance indicators are also used for management compensation purposes. Members of the Board of Management are eligible for grants of performance shares under the Long-Term Incentive (LTI) Plan, and the vesting of the performance shares is subject to performance over a period of 3 years and based on certain criteria, including a 10% weighting for Sustainability Objectives, which Philips defines as the five other key performance indicators described above: Lives Improved, Carbon Footprint, Circular Revenues, Waste to Landfill and Closing the Loop. Philips believes that including these other key performance indicators in our remuneration policy encourages management to act responsibly and sustainably, supporting the company's overall performance and enhancing the long-term value of the company. See [Remuneration of the Board of Management in 2024](#) for more information on the Philips Long-Term Incentive (LTI) Plan.

Philips currently intends to propose a 2025 Remuneration Policy for the Board of Management which would, among other things, provide for the vesting of performance shares subject to performance over a period of 3 years and based on certain criteria, including a 20% weighting for Sustainability Objectives, which would be defined under that plan as: Lives Improved, Carbon Footprint, Circular Revenues and Employee Engagement Index. The 2025 Remuneration Policy is subject to the approval of Philips shareholders at the 2025 AGM. See [Remuneration of the Board of Management in 2024](#). For more information on the Philips Long-Term Incentive (LTI) Plans under the 2020 Remuneration Policy and the currently proposed 2025 Remuneration Policy.

Comparable order intake

Comparable order intake represents the period-on-period growth, expressed as a percentage, in order intake excluding the effects of currency movements and changes in consolidation. Comparable order intake is reported for equipment and software in the Diagnoses & Treatment and Connected Care segments, and is defined as the total contractually committed value of equipment and software to be delivered within a specified timeframe, and is an approximation of expected future revenue growth in the respective Businesses. Comparable order intake does not derive from the financial statements and a quantitative reconciliation is thus not provided. In 2023, comparable order book was tracked for Businesses that represented approximately 40% of 2023 sales.

Effective in the first quarter of 2024, Philips revised the order intake policy to reflect the full contract value for software contracts that start generating revenue within an 18-month horizon, instead of only the next 18-months-to-revenue horizon. This change has been implemented to better align with the specific business model of our software businesses, simplify the order intake process, and better align with peers. Prior-period comparable order intake percentages have been restated accordingly. This revision did not result in any material changes to the order intake percentages for the periods presented. Philips believes this policy eliminates major variances in order intake growth and better reflects expected revenue in the short term from order intake booked in the reporting period.

Philips uses comparable order intake as an indicator of business activity and performance. Comparable order intake is not an alternative to revenue and may be subject to limitations as an analytical tool due to differences in amount and timing between booking orders and revenue recognition. Due to divergence in practice, other companies may calculate this or a similar measure (such as order backlog) differently and therefore comparisons between companies may be complicated.

Comparable order intake increased to 1% in 2024, compared to a 6% decline in 2023. Comparable order intake is presented when discussing Philips' group performance.

10.6 Taxation

Dutch taxation

The statements below are only a general summary of certain material Dutch tax consequences for holders of common shares that are non-residents of the Netherlands based on Dutch tax laws, presently in force, and the Tax Convention of December 18, 1992, as amended by the protocol that entered into force on December 28, 2004, between the United States of America and the Kingdom of the Netherlands (the US Tax Treaty) and are not to be read as extending by implication to matters not specifically referred to herein. For entity qualification rules, reference is made to the last paragraph of this statement. As to individual tax consequences, investors in common shares should consult their own professional tax advisor.

With respect to a holder of common shares that is an individual who receives income or derives capital gains from common shares and this income received or capital gains derived are attributable to past, present or future employment activities of such holder, the income of which is taxable in the Netherlands, the Dutch tax position is not discussed in this summary.

Dividend withholding tax

In general, a distribution to shareholders by a company resident in the Netherlands (such as the company) is subject to a withholding tax imposed by the Netherlands at a rate of 15%, which is withheld on the gross amount of the dividend. The term "dividends" for Dutch dividend withholding tax purposes includes, but is not limited to:

- distributions in cash or in kind, deemed and constructive distributions and repayments of paid-in capital not recognized for Dutch dividend withholding tax purposes
- liquidation proceeds, proceeds of redemption of ordinary shares, or, generally, consideration for the repurchase of ordinary shares in excess of the average paid-in capital of those ordinary shares recognized for Dutch dividend withholding tax purposes
- the nominal value of ordinary shares issued to a holder or an increase of the nominal value of ordinary shares, as the case may be, to the extent that it does not appear that a contribution to the capital recognized for Dutch dividend withholding tax purposes was made or will be made
- partial repayment of paid-in capital, recognized for Dutch dividend withholding tax purposes, if and to the extent that there are net profits (zuivere winst), within the meaning of the Dutch Dividend Withholding Tax Act 1965 (Wet op de Dividendbelasting 1965), unless the general meeting of shareholders has resolved in advance to make such payment and provided that the nominal value of the ordinary shares concerned has been reduced by a corresponding amount by way of an amendment of the article of association of the company

Relief at source is available to certain qualifying corporate holders of common shares if such common shares are attributable to a business carried out in the Netherlands, provided that such holder demonstrates that it is the beneficial owner of the dividend. Relief at source is available for dividend distributions to certain qualifying corporate holders of common shares resident in EU/EEA member states, and to certain qualifying corporate holders of common shares resident in non-EU/EEA states with which the Netherlands has concluded a tax treaty that includes a dividend article, provided that such holder demonstrates that it is the beneficial owner of the dividend unless such holder holds the common shares of the company with the primary aim or one of the primary aims to avoid the levy of Dutch dividend withholding tax from another person and the shareholding is put in place without valid commercial reasons that reflect economic reality.

Upon request and under certain conditions, certain qualifying non-resident individual and corporate holders of common shares resident in EU/EEA member states or in a qualifying non-EU/EEA state may be eligible for a refund of Dutch dividend withholding tax to the extent that the withholding tax levied is higher than the personal and corporate income tax which would have been due if they were resident in the Netherlands. However, this refund is not applicable when, based on the US Tax Treaty, the Dutch dividend withholding tax can be fully credited in the United States by the US holder.

Pursuant to the provisions of the US Tax Treaty, a reduced rate may be applicable in respect of dividends paid by the company to a beneficial owner holding directly 10% or more of the voting power of the company, if such owner is a company resident in the United States (as defined in the US Tax Treaty) and entitled to the benefits of the US Tax Treaty.

Pursuant to Dutch anti-dividend stripping legislation, a holder of common shares who is the recipient of dividends will in any case not be considered the beneficial owner of the dividends if (i) as a consequence of a combination of transactions, a person other than the recipient benefits, in full or in part, directly or indirectly, from the dividends; (ii) whereby such other person retains, directly or indirectly, an interest similar to that in the common shares on which the dividends were paid; and (iii) that other person is entitled to a credit, reduction or refund of dividend withholding tax that is less than that of the recipient.

Dividends paid to qualifying exempt US pension trusts and qualifying exempt US organizations are, under certain conditions, exempt from Dutch withholding tax under the US Tax Treaty. Qualifying exempt US pension trusts normally remain subject to withholding at the rate of 15% and are required to file for a refund of the tax withheld. Only if certain conditions are fulfilled, such pension trusts may be eligible for relief at source upon payment of the dividend. However, for qualifying exempt US organizations no relief at source upon payment of the dividend is currently available; such exempt US organizations should apply for a refund of the 15% withholding tax withheld. Further, under certain circumstances, certain exempt organizations (e.g. pension funds) may be eligible for a refund of Dutch withholding tax upon their request pursuant to Dutch tax law.

From 1 January 2024 onwards, , provided certain conditions are met, such (US) organizations may be eligible for relief at source upon request.

The company may, with respect to certain dividends received from qualifying non-Dutch subsidiaries, credit taxes withheld from those dividends against the Dutch withholding tax imposed on certain qualifying dividends that are redistributed by the company, up to a maximum of the lesser of:

- 3% of the amount of qualifying dividends redistributed by the company
- 3% of the gross amount of certain qualifying dividends received by the company

The reduction is applied to the Dutch dividend withholding tax that the company must pay to the Dutch tax authorities and not to the Dutch dividend withholding tax that the Company must withhold.

From 1 January 2024 onwards, in addition to Dutch dividend withholding tax, Dutch conditional withholding tax may apply at a statutory rate of 25.8% on dividends to certain corporate holders in low-tax jurisdictions or in abuse situations, that are affiliated (geleerd) to the company for the purpose of the Dutch Withholding Tax Act 2021 (Wet bronbelasting 2021). The term "dividends" for the conditional withholding tax is equal to the term "dividends" for dividend withholding tax purposes. Specific rules apply with respect to payment to hybrid entities.

Corporate holders subject to the conditional withholding tax on dividends are those that:

- are judged on circumstances or according to local regulations are established in a low-tax jurisdiction; if the benefit beneficiary is also established in a high-tax jurisdiction and certain conditions have been met, they will not be subject to tax
- are not established in a low-tax jurisdiction, but the benefits are allocated to a permanent establishment in that jurisdiction
- from a Dutch perspective are transparent and from the perspective of the country of the underlying participant are non-transparent (hybrid entity)
- from a Dutch perspective are non-transparent and from the perspective of the country of establishment are transparent (reverse hybrid entity)
- are not established in the Netherlands or a low-tax jurisdiction but there is an abuse situation. For there to be abuse, both the subjective test and the objective test must be met. The subjective test means that the main objective or one of the main objectives of the arrangement is to avoid withholding tax being imposed at another party. The objective test is met if there is an artificial arrangement or transaction (the arrangement is not set up based on valid business reasons that reflect economic reality).

As per January 1, 2025, a corporate shareholder is generally considered to be affiliated to the company i) if the corporate shareholder alone or together with other entities that belong to a qualifying unit hold a qualifying interest in the company, or ii) if the company alone or together with other entities that belong to qualifying unit hold a qualifying interest in the shareholder. There is a qualifying unit if the entities act jointly with the main purpose or one of the main purposes to avoid the levying of withholding. For the purpose of the Dutch Withholding Tax Act 2021 a qualifying interest is an interest in an entity with which the decisions can be influenced in such a way that the activities of an entity can be determined.

Income and capital gains

Income and capital gains derived from the common shares by a non-resident individual or non-resident corporate shareholder are generally not subject to Dutch income or corporation tax, unless (i) such income and gains are attributable to a (deemed) permanent establishment or (deemed) permanent representative of the shareholder in the Netherlands; or (ii) the shareholder is entitled to a share in the profits of an enterprise or (in the case of a non-resident corporate shareholder only) a co-entitlement to the net worth of an enterprise that is effectively managed in the Netherlands (other than by way of securities) and to which enterprise the common shares are attributable; or (iii) such income and capital gains are derived from a direct, indirect or deemed substantial participation in the share capital of the company, and, in the case of a non-resident individual shareholder, such substantial participation not being a business asset, and, in the case of a non-resident corporate shareholder only, it is being held with the primary aim or one of the primary aims to avoid the levy of income tax from another person and is put in place without valid commercial reasons that reflect economic reality; or (iv) in the case of a non-resident corporate shareholder, such shareholder is a resident of

Aruba, Curacao or Saint Martin with a permanent establishment or permanent representative in Bonaire, Eustatius or Saba to which the common shares are attributable and certain conditions are met; or (v) in the case of a non-resident individual, such individual derives income or capital gains from the common shares that are taxable as benefits from 'miscellaneous activities' in the Netherlands (resultaat uit overige werkzaamheden, as defined in the Dutch Income Tax Act 2001), which includes the performance of activities with respect to the common shares that exceed regular portfolio management.

In general, a holder of common shares has a substantial participation if he holds either directly or indirectly and either independently or jointly with his partner (as defined in the Dutch Income Tax Act 2001), the ownership of, or certain other rights over, at least 5% of the total issued share capital or total issued particular class of shares of the company or rights to acquire direct or indirect shares, whether or not already issued, that represent at any time 5% or more of the total issued capital (or the total issued particular class of shares) or the ownership of certain profit

participating certificates that relate to 5% or more of the annual profit or to 5% or more of the liquidation proceeds. A shareholder will also have a substantial participation in the company if one or more of certain relatives of the shareholder hold a substantial participation in the company. A deemed substantial participation amongst others exists if (part of) a substantial participation has been disposed of, or is deemed to have been disposed of, on a nonrecognition basis.

Estate and gift taxes

No estate, inheritance or gift taxes are imposed by the Netherlands on the transfer or deemed transfer of common shares by way of gift by or on the death of a shareholder if, at the time of the death of the shareholder or the gift of the common shares (as the case may be), such shareholder is not a (deemed) resident of the Netherlands.

Inheritance or gift taxes (as the case may be) are due, however, if:

- such shareholder has Dutch nationality and has been a resident of the Netherlands at any time during the 10 years preceding the time of their death or gift
- such shareholder does not have Dutch nationality but has been a resident of the Netherlands at any time during the 12 months preceding the time of the gift (for Netherlands gift taxes only)
- in case of a gift of the shares under a condition precedent (*opschortende voorwaarde*) by an individual who at the time of the gift was not a (deemed) resident of the Netherlands, but such individual as (deemed) resident of the Netherlands at the time of fulfillment of the condition

Other taxes and duties

No Netherlands VAT and Netherlands registration tax, customs duty, stamp duty or other similar documentary tax or duty will be payable by a holder of common shares in connection with the holding or the disposal of the ordinary shares.

As from 1 January 2025 a new qualification form for foreign legal forms will take effect, which may be relevant for the qualification of holder of shares as a transparent vehicle or as an entity from a Dutch tax perspective. This new qualification policy consists of i) the discontinuation of the Netherlands open limited partnership (*open commanditaire vennootschap*), ii) changes to the definition of a mutual fund (*fonds voor gemene rekening*), iii) the enshrinement in law of the legal comparison method, iv) a new Decree on the Comparison of Foreign Legal Forms, and v) the introduction of a fixed and symmetrical qualification method for non-comparable legal forms.

United States federal taxation

This section describes the material United States federal income tax consequences to a US holder (as defined below) of owning common shares. It applies only if the common shares are held as capital assets for United States federal income tax purposes. This discussion addresses only United States federal income taxation and does not discuss all of the tax consequences that may be relevant to a US holder in light of its individual circumstances, including foreign, state or local tax consequences, estate and gift tax consequences, and tax consequences arising under the Medicare contribution tax on net investment income or the alternative minimum tax. This section does not apply to a member of a special class of holders subject to special rules, including:

- a dealer in securities
- a trader in securities that elects to use a mark-to-market method of accounting for securities holdings
- a tax-exempt organization
- a life insurance company
- a person that actually or constructively owns 10% or more of the combined voting power of our voting stock or of the total value of our stock
- a person that holds common shares as part of a straddle or a hedging or conversion transaction
- a person that purchases or sells common shares as part of a wash sale for tax purposes
- a person whose functional currency is not the US dollar

This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations, published rulings and court decisions, all as currently in effect, as well as on the US Tax Treaty. These authorities are subject to change, possibly on a retroactive basis.

If an entity or arrangement that is treated as a partnership for United States federal income tax purposes holds the common shares, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the common shares should consult its tax advisor with regard to the United States federal income tax treatment of an investment in the common shares.

A US holder is defined as a beneficial owner of common shares that is, for US federal income tax purposes:

- a citizen or resident of the US
- a domestic corporation
- an estate whose income is subject to US federal income tax regardless of its source
- a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust

A US holder should consult its own tax advisor regarding the United States federal, state and local tax consequences of owning and disposing of common shares in its particular circumstances.

The tax treatment of common shares will depend in part on whether or not we are classified as a passive foreign investment company, or PFIC, for US federal income tax purposes. Except as discussed below under “—PFIC Rules”, this discussion assumes that we are not classified as a PFIC for US federal income tax purposes.

Taxation of distributions

Under the United States federal income tax laws, the gross amount of any distribution paid in stock or cash out of our current or accumulated earnings and profits (as determined for United States federal income tax purposes), other than certain pro-rata distributions of our common shares, will be treated as a dividend that is subject to United States federal income taxation. For a non-corporate US holder, dividends paid that constitute qualified dividend income will be taxable at the preferential rates applicable to long-term capital gains, provided that the non-corporate US holder holds the common shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and provided it meets other holding period requirements. Dividends paid with respect to the common shares generally will be qualified dividend income provided that, in the year in which the dividend is received, the common shares are readily tradable on an established securities market in the United States. Our common shares are listed on the New York Stock Exchange and we therefore expect that dividends will be qualified dividend income. A US holder must include any Dutch tax withheld from the dividend payment in this gross amount even though it does not in fact receive it. The dividend is taxable to a US holder when it receives the dividend, actually or constructively. The dividend will not be eligible for the dividends-received deduction generally allowed to United States corporations in respect of dividends received from other United States corporations. For dividend payments made in euro, the amount of the dividend distribution that a US holder must include in its income will be the US dollar value of the euro payments made, determined at the spot euro/US dollar rate on the date the dividend is distributed, regardless of whether the payment is in fact converted into US dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend is distributed to the date a US holder converts the payment into US dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes. Distributions in excess of current and accumulated earnings and profits, as determined for United States federal income tax purposes, will be treated as a non-taxable return of capital to the extent of a US holder's basis in the common shares and thereafter as capital gain. However, we do not expect to calculate earnings and profits in accordance with United States federal income tax principles. Accordingly, US holders should expect to generally treat distributions we make as dividends.

Subject to certain limitations (including, but not limited to, those described in this paragraph), the Dutch tax withheld in accordance with the US Tax Treaty and paid over to the Netherlands will be creditable or deductible against a US holder's United States federal income tax liability. However, the Dutch withholding tax may not be creditable or deductible to the extent that we reduce (as described above under “Dutch taxation - Dividend withholding tax”) the amount of withholding tax paid over to the Netherlands by crediting taxes withheld from certain dividends received by us. In addition, special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to the preferential tax rates. To the extent reduction or refund of the tax withheld is available under Dutch law, or under the US Tax Treaty, the amount of tax withheld that could have been reduced or that is refundable will not be eligible for credit against United States federal income tax liability. Dividends will generally be income from sources outside the United States, and will generally be “passive” income for purposes of computing the foreign tax credit allowable to the holder. In addition, to the extent an amount of Dutch tax withheld is contingent on the availability of a credit against the amount of income tax owed to another country, that amount of Dutch tax withheld will not be eligible for a credit against the US holder's United States federal income tax liability.

Taxation of capital gains

A US holder that sells or otherwise disposes of its common shares will recognize capital gain or loss for United States federal income tax purposes equal to the difference between the US dollar value of the amount that it realizes and its tax basis, determined in US dollars, in its common shares. Capital gain of a non-corporate US holder is generally taxed at preferential rates where the property is held more than one year. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

Passive Foreign Investment Company Rules

We believe that the common shares should currently not be treated as stock of a PFIC for United States federal income tax purposes, and we do not expect to become a PFIC in the foreseeable future. However, this conclusion is a factual determination that is made annually and thus may be subject to change. It is therefore possible that we could become a PFIC in a future taxable year. If we are treated as a PFIC, gain realized on the sale or other disposition of the common shares would in general not be treated as capital gain. Instead, unless a US holder elects to be taxed annually on a mark-to-market basis with respect to the common shares, a US holder would generally be treated as if it had realized such gain and certain “excess distributions” ratably over the holding period for the common shares and would be taxed at the highest tax rate in effect for each such year to which the gain was allocated, in addition to which an interest charge in respect of the tax attributable to each such year would apply. Any dividends received by a US holder will not be eligible for the special tax rates applicable to qualified dividend income if we are treated as a PFIC with respect to such US holder either in the taxable year of the distribution or the preceding taxable year, but instead will be taxable at rates applicable to ordinary income and subject to the excess distribution regime described above.

10.7 Investor information

10.7.1 Share information

Philips Group

Share information at year-end 2024

Share listings	Euronext Amsterdam, New York Stock Exchange
Ticker code	PHIA, PHG
No. of shares issued	940 million
No. of shares issued and outstanding	925 million
Market capitalization	EUR 23 billion
Industry classification	
MSCI: Health Care Equipment	35101010
ICB: Medical Equipment	4535
Members of indices	AEX, NYSE, STOXX Europe 600 Healthcare, MSCI Europe Health Care

The following information is based on a shareholder base analysis carried out for investor relations purposes by an independent provider in December 2024.

Philips Group

Shareholders by region at year-end¹

	2024
United States	40%
Netherlands	18%
United Kingdom	11%
Switzerland	3%
Rest of Europe	9%
Retail and Other ²	19%

¹ Approximate split based on shareholders identified.

² No geography identified for Retail and Other.

Philips Group

Shareholders by style at year-end¹

	2024
Value	50%
Index	14%
GARP	11%
Growth	7%
Retail	9%
Other	7%
Hedge Fund	2%

¹ Approximate split based on shareholders identified.

10.7.2 Financial calendar

The financial calendar for the current year, which contains the publication dates of significant financial communications, is published on the company's website <https://www.philips.com/a-w/about/investor-relations/events>.

2025 Annual General Meeting of Shareholders

The Agenda and the explanatory notes to the Agenda for the Annual General Meeting of Shareholders on May 8, 2025, will be published on the company's website.

For the 2025 Annual General Meeting of Shareholders, a record date of April 10, 2025 will apply. Those persons who, on that date, hold shares in the company, and are registered as such in one of the registers designated by the Board of Management for the Annual General Meeting of Shareholders, will be entitled to participate in, and vote at, the meeting.

10.7.3 Investor contact

Shareholder services

Shareholders and other interested parties can make inquiries about the Annual Report 2024 to:

Royal Philips
Annual Report Office
Philips Center
Amstelplein 2
1096 BC Amsterdam, The Netherlands
Email: annual.report@philips.com

The Annual Report on Form 20-F is filed electronically with the US Securities and Exchange Commission.

Holders of shares listed on Euronext Amsterdam

Communications concerning share transfers, share certificates, dividends and change of address should be directed to:

ABN AMRO Bank N.V.
Department Equity Capital Markets/Corporate Broking and Issuer Services HQ7212
Gustav Mahlerlaan 10,
1082 PP Amsterdam, The Netherlands
Telephone: +31-20-628-6070
Email: corporate.broking@nl.abnamro.com

Holders of New York Registry shares

Communications concerning share transfers, share certificates, dividends and change of address should be directed to:

Deutsche Bank Trust Company Americas
C/O Equiniti Trust Company LLC
Peck Slip Station, PO Box 2050, New York NY 10272-2050
Telephone (toll-free US): +1-866-706-8374
Telephone (outside of US): +1-718-921-8137
Website: www.equiniti.com/us/ast-access
Email: adr@equiniti.com

International direct investment program

Royal Philips offers a Dividend Reinvestment and Direct Stock Purchase Plan designed for the US market. This program provides existing shareholders and interested investors with an economical and convenient way to purchase and sell Philips New York Registry shares (listed at the New York Stock Exchange) and to reinvest cash dividends. Deutsche Bank (the registrar of Philips NY Registry shares) has been authorized to implement and administer both plans for registered shareholders of and new investors in Philips NY Registry shares. Philips does not administer or sponsor the Program and assumes no obligation or liability for the operation of the plan. For further information on this program and for enrollment forms, contact:

Deutsche Bank Trust Company Americas
C/O Equiniti Trust Company LLC
PO Box 10027, Newark NJ 07101
Telephone (toll free US): +1-866-706-8374
Telephone (outside of US): +1-718-921-8137
Website: www.equiniti.com/us/ast-access
Email: adr@equiniti.com

Analysts' coverage

Royal Philips is covered by approximately 20 analysts. For a list of our current analysts, please refer to: www.philips.com/a-w/about/investor/stock-info/analyst-coverage.html

How to reach us

Investor Relations contact

Royal Philips
Philips Center
Amstelplein 2
1096 BC Amsterdam, The Netherlands
Telephone: +31-20-59 77222
Website: www.philips.com/investor
Email: investor.relations@philips.com

Leandro Mazzoni
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Telephone: +31-20-59 77222

Dorin Danu
Investor Relations Director
Telephone: +31-20-59 77055

Shav Sharipov
Investor Relations Director
Telephone: +31-20-59 77055

Sustainability contact

Royal Philips
High Tech Campus 34, 4th floor
5656 AE Eindhoven, The Netherlands
Website: www.philips.com/sustainability
Email: philips.sustainability@philips.com

Press Office contact

Royal Philips
Philips Center
Amstelplein 2
1096 BC Amsterdam, The Netherlands
Email: group.communications@philips.com
For media contacts please refer to:
<https://www.philips.com/a-w/about/news-and-insights/media-contacts.html>

Registered address

High Tech Campus 52, 5656 AG Eindhoven, The Netherlands

10.7.4 New York Registry Shares

Fees and Charges Payable by a Holder of New York Registry Shares

Deutsche Bank Trust Company Americas ("Deutsche Bank"), as the US registrar, transfer, dividend disbursement and shareholder servicing agent ("Agent") under Philips' New York Registry Share program (the "Program"), collects fees for the issuance, cancellation and/or transfer of New York Registry Shares directly from investors depositing ordinary shares or surrendering New York Registry Shares for the purpose of withdrawal or from intermediaries acting for them. The Agent collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of the distributable property to pay the fees.

The Agent may charge shareholders a fee of up to USD 5.00 per 100 shares for the exchange of New York Registry shares for shares and vice versa, for certain free distributions of shares and for shares issued upon exercise of rights, as well as for certain taxes, fees and expenses incurred in connection with issuances and cancellations. The Agent is also permitted to charge a distribution fee of USD 0.05 per share to holders of New York Registry Shares in connection with a corporate action or event unless certain fees are otherwise charged to Philips.

Fees and Payments made by the Agent to Philips

The Agent has agreed to reimburse certain expenses of Philips related to the Program and incurred by Philips in connection with the Program. The Agent has also agreed to waive certain fees for standard costs associated with the administration of the program.

The Agent has reimbursed EUR 549,634 directly to Philips in the year ended December 31, 2024. The Agent paid a total amount of EUR 185,311 directly to third parties in the year ended December 31, 2024.

Category of Expense paid directly to third parties in EUR

	amount in the year ended December 31, 2024
Reimbursement of Proxy Process Expenses	58,846
Reimbursement of DTC lists	230
Reimbursement of Scrip Dividend Expenses	10,739
NYSE Listing Fee	115,496
Expense paid directly to third parties	185,311

Under certain circumstances, including removal of the Agent or termination of the Program by Philips, Philips is required to repay the Agent certain amounts reimbursed and/or expenses paid to or on behalf of Philips.

10.8 Definitions and abbreviations

Actionable

In the context of the Respironics recall, actionable registrations are those that contain the necessary information needed to complete the remediation and are not awaiting further information, including from patient registrants.

Artificial Intelligence (AI)

While recognizing that Philips must abide by definitions of AI set by applicable regulations in different regions in the world, Philips applies the AI definition from the Organization for Economic Cooperation and Development (OECD): "An AI system is a machine-based system that, for explicit or implicit objectives, infers, from the input it receives, how to generate outputs such as predictions, content, recommendations, or decisions that can influence physical or virtual environments. Different AI systems vary in their levels of autonomy and adaptiveness after deployment."

Biodiversity and Ecosystem services (BES)

Biodiversity is the variability among living organisms from all sources including terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part. This includes diversity within species, between species and of ecosystems. Ecosystem services refers to the contributions of ecosystems to the benefits that are used in economic and other human activity.

Biome

Global-scale zones, generally defined by the type of plant life that they support in response to average rainfall and temperature patterns e.g. tundra, coral reefs or savannas.

Brominated flame retardants (BFR)

Brominated flame retardants are a group of chemicals that have an inhibitory effect on the ignition of combustible organic materials. Of the commercialized chemical flame retardants, the brominated variety are most widely used.

Business/Business Unit

In the Philips Operating Model, our three operating segments are made up of six Businesses, which are in turn comprised of 17 Business Units. See also the entry under Segment.

CO₂-equivalent

CO₂-equivalent or carbon dioxide equivalent is a quantity that describes, for a given mixture and amount of greenhouse gas, the amount of CO₂ that would have the same global warming potential (GWP), when measured over a specified timescale (generally 100 years).

Circular economy

A circular economy aims to decouple economic growth from the consumption of natural resources by optimizing their use, eliminating waste and pollution, and circulating products and materials for as long as possible, while giving natural systems the opportunity to regenerate themselves.

Circular innovation

Innovation with the objective to create a product, service or solution contributing to circular practices.

Circular Materials Management

Circular Materials Management is a KPI for promoting an increase in the proportion of waste treated using waste management hierarchy levels that are circular: prevention, re-use, and recycling. Circular Materials Management % is the proportion of materials managed circularly in comparison to the total used materials baseline. The total used materials baseline is the total of both circular and linear waste, excluding linear disposal of waste that is required by law. Circular Materials Management includes recycling, re-use, prevention and other recovery (e.g. repurposing). It excludes all linear disposal, which is classified as waste to energy, incineration and landfill.

Circular Revenues

Circular Revenues are revenues from Philips products, services and solutions that contribute to circular practices. Circular revenues can be expressed as percentage % of the total Philips revenues.

Closing the Loop / reclaimed equipment

Closing the loop means we are embedding a policy to responsibly take back all professional medical equipment sold directly to customers as part of a trade-in offer or as a service at customer request. As part of the policy, we will ensure that equipment coming back to us is, where feasible, made available for refurbishment and/or parts recovery, or locally recycled in a certified way to ensure it does not end up in landfill. We monitor the impact of our policies by measuring the amount of equipment that we collect from our customers. We report on this as 'reclaimed equipment'.

Dividend yield

The dividend yield is the annual dividend payment divided by Philips' market capitalization. All references to dividend yield are as of December 31 of the previous year.

EcoDesigned Innovation

Innovation with the objective to create a technology improving environmental impact or and EcoDesigned product, service or solution.

EcoDesigned Products

An EcoDesigned Product must comply with all applicable legal requirements, Philips policies, and all stated EcoDesigned Product requirements in our four focal areas: Energy, Substances, Circularity and Packaging.

EcoHero Product

An EcoHero product meets all EcoDesign requirements applicable to new product introductions and outperforms in at least one of the focal areas of EcoDesign (Energy, Packaging, Substances and Circularity) either compared to their predecessor or relevant benchmarks, or meeting a set threshold, supported by a sustainability claim.

EcoHero Revenues

The revenue of products, services and solutions that meet the EcoHero requirements. EcoHero revenues can be expressed as percentage % of the total Philips Hardware revenues.

Employee Engagement Index

The Employee Engagement Index (EEI), a value outcome measure as part of the International Integrated Reporting Council framework, is measured at Philips by the People Engagement Survey. This survey provides the single measure of the overall level of employee engagement at Philips, the People Engagement Score, which is a combination of perceptions and attitudes related to employee satisfaction, commitment and advocacy.

Energy-using Products (EuP)

An energy-using product is a product that uses, generates, transfers or measures energy (electricity, gas, fossil fuel). Examples include boilers, computers, televisions, transformers, industrial fans and industrial furnaces.

Functions

In the Philips Operating Model, Businesses are supported by lean Functions. The Functions deliver cost-effective services, ensure legal and regulatory requirements are deployed, and propose Enterprise policies, standards, guidance and infrastructure, as well as providing capabilities and expertise (e.g., via Centers of Excellence).

Full-time equivalent employee (FTE)

Full-time equivalent is a way to measure a worker's involvement in a project. An FTE of 1.0 means that the person is equivalent to a full-time worker, while an FTE of 0.5 signals that the worker works half-time.

Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) is a network-based organization that pioneered the world's most widely used sustainability reporting framework. GRI is committed to the framework's continuous improvement and application worldwide. GRI's core goals include the mainstreaming of disclosure on environmental, social and governance performance.

Green Innovation Spend

Green Innovation comprises all R&D activities directly contributing to the intended development and maintenance of EcoDesigned Innovation and Circular innovation.

Green Revenues

Green Revenues is revenues from EcoDesigned products, refurbished products, rentals, leases, as-a-service, upgrades and green services. Green revenue can be expressed as percentage % of the total Philips revenues.

Growth geographies

Growth geographies consists of the grouping 'Growth', which comprises the developing geographies Asia Pacific (excluding Japan, South Korea, Australia and New Zealand), Latin America, Central & Eastern Europe, Middle East & Turkey (excluding Israel) and Africa.

Hazardous substances

Hazardous substances are generally defined as substances posing imminent and substantial danger to public health and welfare or the environment.

Income from operations (EBIT)

Income from operations as reported on the IFRS consolidated statement of income. The term EBIT (earnings before interest and tax) has the same meaning as Income from operations.

Income from continuing operations

Income from continuing operations as reported on the IFRS consolidated statement of income, which is net income from continuing operations, or net income excluding discontinued operations.

Lean

The basic insight of Lean thinking is that if every person is trained to identify wasted time and effort in their own job and to better work together to improve processes by eliminating such waste, the resulting enterprise will deliver more value at less expense.

Lives improved by Philips

To calculate how many lives we are improving, market intelligence and statistical data on the number of people touched by the products contributing to the social or ecological dimension over the lifetime of a product are multiplied by the number of those products delivered in a year. After elimination of double counts – multiple different product touches per individual are only counted once – the number of lives improved by our innovative solutions is calculated.

Locate, Evaluate, Assess, and Prepare (LEAP)

Integrated approach for the assessment of nature related issues that involves four phases: Locate, Evaluate, Assess, and Prepare methodology to identify impact, dependencies, risks and opportunities on nature.

Long-term strategic partnership

Multi-year contractual agreement that represents a partnership to enable long-term collaboration.

Mature geographies

Mature geographies are the highly developed markets constituting three geographic areas: Western Europe, North America, and Other mature (including Japan, South Korea, Israel, Australia and New Zealand).

Natural capital

The stock of renewable and non-renewable natural resources (e.g. plants, animals, air, water, soils, minerals) that combine to yield a flow of benefits to people.

Nature

The natural world, with an emphasis on the diversity of living organisms (including people) and their interactions among themselves and with their environment.

Net Promoter Score

Net Promoter Score®, or NPS®, measures customer experience and predicts business growth. NPS is calculated by taking the answer to a key question on a 0-10 scale: How likely is it that you would recommend {brand} to a friend or colleague?

Respondents are grouped as follows:

- Promoters (score 9-10) are loyal enthusiasts who will keep buying and refer others, fueling growth.
- Passives (score 7-8) are satisfied but unenthusiastic customers who are vulnerable to competitive offerings.
- Detractors (score 0-6) are unhappy customers who can damage the brand and impede growth through negative word-of-mouth.

Subtracting the percentage of Detractors from the percentage of Promoters yields the Net Promoter Score, which can range from a low of -100 (if every customer is a Detractor) to a high of 100 (if every customer is a Promoter).

Operational carbon footprint

A carbon footprint is the total set of greenhouse gas emissions caused by an organization, event, product or person; usually expressed in kilotonnes CO₂-equivalent. Philips' operational carbon footprint is calculated on a monthly basis and includes industrial sites (manufacturing and assembly sites), non-industrial sites (offices, warehouses, IT centers and R&D facilities), business travel (lease and rental cars and airplane travel) and logistics (air, sea and road transport).

Philips Lighting/Signify

References to 'Signify' in this Annual Report relate to Philips' former Lighting segment (prior to deconsolidation as from the end of November 2017 and when reported as discontinued operations), Philips Lighting N.V. (before or after such deconsolidation) or Signify N.V. (after its renaming in May 2018), as the context requires.

Polyvinyl chloride (PVC)

Polyvinyl chloride, better known as PVC or vinyl, is an inexpensive plastic so versatile it has become completely pervasive in modern society.

REACH

Registration, Evaluation, Authorization and Restriction of Chemicals (REACH; Regulation (EC) No 1907/2006) is a EU regulation that addresses the production and use (e.g. in products) of chemical substances, and their potential impact on both human health and the environment. This regulation is covered in the Philips Regulated Substances List.

Regulated Substance List

Philips Regulated Substances List (RSL) combines legal, industry, and voluntary Philips requirements regarding chemical substances used in Philips products and their packaging, either on a homogenous material level or present in the product as such. The RSL contains restricted and declarable substances.

Respironics recall

The voluntary recall notification in the US and field safety notice outside the United States for certain sleep and respiratory care products initiated by Philips Respironics in 2021.

Responsible Business Alliance (RBA)

The Responsible Business Alliance (formerly known as The Electronic Industry Citizenship Coalition (EICC)) was established in 2004 to promote a common code of conduct for the electronics and information and communications technology (ICT) industry. EICC now includes more than 100 global companies and their suppliers.

Restriction on Hazardous Substances (RoHS)

The RoHS Directive prohibits all new electrical and electronic equipment placed on the market in the European Economic Area from containing lead, mercury, cadmium, hexavalent chromium, poly-brominated biphenyls (PBB) or polybrominated diphenyl ethers (PBDE) and four phthalates (DEHP, DBP, BBP and DiHP), except in certain specific applications, in concentrations greater than the values decided by the European Commission. These values have been established as 0.01% by weight per homogeneous material for cadmium and 0.1% for the other nine substances. This regulation is covered in the Philips Regulated Substances List.

Segment

The Philips Operating Model identifies three operating segments – Diagnosis & Treatment, Connected Care and Personal Health – comprised of six Businesses and 17 Business Units, as well as segment Other. Other includes Innovation & Strategy, IP Royalties, Central Costs, and other small items. See also the entry under Business/Business Unit.

Solution

A combination of Philips (and 3rd-party) systems, devices, software, consumables and services, configured and delivered in a way to solve customer (segment)-specific needs and challenges.

Sustainable Development Goals

The Sustainable Development Goals (SDGs) are a collection of 17 global goals set by the United Nations. The broad goals are interrelated though each has its own targets. The SDGs cover a broad range of social and economic development issues. These include poverty, hunger, health, education, climate change, water, sanitation, energy, environment and social justice.

Sustainable Innovation

Innovation with the objective to create a sustainable product, service, or solution.

Sustainable product

Products and solutions that contribute to public health or to lowering the environmental footprint. Philips has distinct categories of sustainable products: healthy products (care, healthy living), circular products, EcoDesigned products.

VOC

Volatile organic compounds (VOCs) are organic chemicals that have a high vapor pressure at ordinary room temperature. Their high vapor pressure results from a low boiling point, which causes large numbers of molecules to evaporate or sublime from the liquid or solid form of the compound and enter the surrounding air, a trait known as volatility.

Voluntary turnover

Voluntary turnover covers all employees who resigned of their own volition.

Waste Electrical and Electronic Equipment (WEEE)

The Waste Electrical and Electronic Equipment Directive (WEEE Directive) is the European Community directive on waste electrical and electronic equipment setting collection, recycling and recovery targets for all types of electrical goods. The directive imposes the responsibility for the disposal of waste electrical and electronic equipment on the manufacturers of such equipment.

Weighted Average Statutory Income Tax Rate (WASTR)

The reconciliation of the effective tax rate is based on the applicable statutory tax rate, which is a weighted average of all applicable jurisdictions. This weighted average statutory tax rate (WASTR) is the aggregation of the result before tax multiplied by the applicable statutory tax rate without adjustment for losses, divided by the group result before tax.

11 Exhibits

Index of Exhibits

Exhibit 1	English translation of the Articles of Association of the company (incorporated by reference to Exhibit 1 to the Annual Report on Form 20-F (File No. 001-05146-01) filed with the SEC on February 27, 2019)
Exhibit 2 (a)	Description of securities registered under Section 12 of the Exchange Act (Incorporated by reference to Exhibit 2 to the Annual Report on Form 20-F (File No. 001-05146-01) filed with the SEC on February 25, 2020)
Exhibit 2 (b)	Amended and Restated Trust Deed Related to a €10,000,000,000 Euro Medium Term Note Programme between the company and Citicorp Trustee Company Limited (as Trustee), dated March 8, 2024 Philips agrees by reference to Exhibit 2 to the Annual Report on Form 20-F (File No. 001-05146-01) filed with the SEC on February 25, 2020
Exhibit 4	
Exhibit 4 (a)	Services contract between the company and R.W.O. Jakobs (Incorporated by reference to Exhibit 4 (a) to the Annual Report on Form 20-F (File No. 001-05146-01) filed with the SEC on February 21, 2023)
Exhibit 4 (b)	Services contract between the company and C.M. Hanneman
Exhibit 4 (c)	Services contract between the company and M.J. van Ginneken (Incorporated by reference to Exhibit 4 (c) to the Annual Report on Form 20-F (File No. 001-05146-01) filed with the SEC on February 22, 2022)
Exhibit 4 (d)	Global Philips Performance Share Plan applicable to the Board of Management of Koninklijke Philips N.V. (Incorporated by reference to Exhibit 4(d) to the Annual Report on Form 20-F (File No. 001-05146-01) filed with the SEC on February 23, 2021)
Exhibit 4 (e)	Global Long-Term Incentive Plan for the Board of Management of Koninklijke Philips N.V. (2024) (Incorporated by reference to Exhibit 4.8 to the Post-Effective Amendment No. 4 to the Registration Statement on Form S-8 (File No. 333-186849) filed with the SEC on May 14, 2024)
Exhibit 4 (f)	Relationship Agreement between the company and Exor N.V.
Exhibit 4 (g)	Settlement agreement between Plaintiffs and Philips Defendants relating to US personal injury claims.*
Exhibit 8	List of Subsidiaries.
Exhibit 11	Rules of Conduct with respect to Trading in Royal Philips Securities
Exhibit 12 (a)	Certification of R.W.O. Jakobs filed pursuant to 17 CFR 240. 13a-14(a).
Exhibit 12 (b)	Certification of C.M. Hanneman filed pursuant to 17 CFR 240. 13a-14(a).
Exhibit 13 (a)	Certification of R.W.O. Jakobs furnished pursuant to 17 CFR 240. 13a-14(b).
Exhibit 13 (b)	Certification of C.M. Hanneman furnished pursuant to 17 CFR 240. 13a-14(b).
Exhibit 15 (a)	EY Consent of independent registered public accounting firm.
Exhibit 15 (b)	Acknowledgement letter from EY.
Exhibit 97	Clawback policy
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Portions of this exhibit have been omitted pursuant to Instructions as to Exhibits of Form 20-F because the omitted information is not material.

Signatures

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

KONINKLIJKE PHILIPS N.V.
(Registrant)

/s/ R.W.O. Jakobs
R.W.O. Jakobs
(Chief Executive Officer, Chairman of the Board of Management
and the Executive Committee)

/s/ C.M. Hanneman
C.M. Hanneman
(Chief Financial Officer, Member of the Board of Management
and the Executive Committee)

Date: 21 February 2025

Exhibit 2 (b)

KONINKLIJKE PHILIPS N.V.
AS ISSUER
AND
CITICORP TRUSTEE COMPANY LIMITED
AS TRUSTEE

AMENDED AND RESTATED
TRUST DEED
RELATING TO A
€10,000,000,000
EURO MEDIUM TERM NOTE PROGRAMME

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Schedule 4 Form of Authorised Officers' Certificate

THIS AMENDED AND RESTATED TRUST DEED is made on 8 March 2024

BETWEEN:

- (1) **KONINKLIJKE PHILIPS N.V.** (the "**Issuer**"); and
- (2) **CITICORP TRUSTEE COMPANY LIMITED** (the "**Trustee**", which expression includes, where the context admits, all persons for the time being the trustee or trustees of this Trust Deed).

WHEREAS

(A) The Issuer has established a programme (the "**Programme**") pursuant to which the Issuer may issue notes (the "**Notes**") from time to time as set out herein. Notes up to a maximum principal amount from time to time outstanding of €10,000,000,000 (subject to increase as provided in the Dealer Agreement (as defined below)) (the "**Authorised Amount**") may be issued pursuant to the Programme.

(B) In connection with the Programme, the Issuer and the Trustee entered into a trust deed dated 9 March 2020, as most recently amended and restated on 8 March 2022 (the "**Original Trust Deed**").

(C) The parties to this Trust Deed have agreed to make certain modifications to the Original Trust Deed.

(D) The Trustee has agreed to act as trustee under this Trust Deed on the following terms and conditions.

NOW THIS TRUST DEED WITNESSES AND IT IS HEREBY DECLARED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Trust Deed the following expressions have the following meanings:

"Agency Agreement" means, in relation to the Notes of any Series, the agreement appointing the initial Paying Agents in relation to such Series and any other agreement for the time being in force appointing Successor paying agents in relation to such Series, together with any agreement for the time being in force amending or modifying with the prior written approval of the Trustee any of the aforesaid agreements in relation to such Series;

"Agents" means, in relation to the Notes of any Series, the Principal Paying Agent, the other Paying Agents, the Calculation Agent or any of them;

"Appointee" means any delegate, agent, nominee or custodian appointed pursuant to the provisions of this Trust Deed;

"Auditors" means the independent auditors for the time being of the Issuer or, in the event of their being unable or unwilling promptly to carry out any action requested of them pursuant to the provisions of this Trust Deed, such other firm of accountants whose identity is approved in writing by the Trustee for the purposes of this Trust Deed;

"Authorised Signatory" means any Director of the Issuer or any other person or persons notified to the Trustee by any such Director as being an Authorised Signatory pursuant to Clause 6.19 (*Authorised Signatories*);

"Authority" means any competent regulatory, prosecuting, tax or governmental authority in any jurisdiction, domestic or foreign;

"Basic Terms Modification" means any proposal to:

(a) change the date of maturity of the Notes or any date for payment of interest thereon, reduce or cancel the amount of principal or interest payable or, where applicable, modify the method of calculating the amount payable (including interest) *provided, however* that, for the avoidance of doubt, any Benchmark Amendment or Benchmark Replacement Conforming Change and the selection of a Successor Rate, an Alternative Reference Rate or an Adjustment Spread (in each case in accordance with the provisions of Condition 5 (*Interest*)) shall be excluded;

(b) alter the currency in which payments under the Notes and Coupons are to be made;

(c) effect the exchange, conversion or substitution of the Notes for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed (other than as permitted under Clause 7.3 (*Substitution*)) of this Trust Deed;

(d) alter the quorum or majority required to pass an Extraordinary Resolution; and

(e) alter the definition of a Basic Terms Modification or the proviso to paragraph 5 of Schedule 3.

"CGN Global Note" means a CGN Permanent Global Note or a CGN Temporary Global Note.

"CGN Permanent Global Note" means a Permanent Global Note representing Notes for which the relevant Final Terms specify that the New Global Note form is not applicable;

"CGN Temporary Global Note" means a Temporary Global Note representing Notes for which the relevant Final Terms specify that the New Global Note form is not applicable;

"Clearstream, Luxembourg" means Clearstream Banking S.A.;

"Common Safekeeper" means an ICSD in its capacity as common safekeeper or a person nominated by the ICSDs to perform the role of common safekeeper;

"Conditions" means the terms and conditions to be endorsed on, or incorporated by reference in, the Notes of any Series, in the form set out in Schedule 1 or in such other form, having regard to the terms of the Notes of the relevant Series, as may be agreed between the Issuer, the Principal Paying Agent, the Trustee and the relevant Dealer(s) as completed by the Final Terms applicable to such Series, as any of the same may from time to time be modified in accordance with this Trust Deed and any reference in this Trust Deed to a particular numbered Condition shall be construed in relation to the Notes of such Series accordingly;

"Contractual Currency" means, in relation to any payment obligation of any Note, the currency in which that payment obligation is expressed and, in relation to Clause

11.1 (*Remuneration*), pounds sterling or such other currency as may be agreed between the Issuer and the Trustee from time to time;

"Couponholder" means the holder of a Coupon;

"Coupons" means any bearer interest coupons in or substantially in the form set out in Schedule 2Part D of Schedule 2 appertaining to the Notes of any Series and for the time being outstanding or, as the context may require, a specific number thereof and includes any replacement Coupons issued pursuant to Condition 12 (*Replacement of Notes and Coupons*) and, where the context so permits, the Talons appertaining to the Notes of such Series;

"Director" means any director of the Issuer from time to time;

"**Dealer Agreement**" means the agreement between the Issuer and the Dealers named therein concerning the purchase of Notes to be issued pursuant to the Programme as amended from time to time or any restatement thereof for the time being in force;

"**Dealers**" means any person appointed as a Dealer by the Dealer Agreement and any other person which the Issuer may appoint as a Dealer and notice of whose appointment has been given to the Principal Paying Agent and the Trustee by the Issuer in accordance with the provisions of the Dealer Agreement but excluding any entity whose appointment has been terminated in accordance with the terms of the Dealer Agreement and notice of whose termination has been given to the Principal Paying Agent and the Trustee by the Issuer in accordance with the provisions of the Dealer Agreement and references to the "**relevant Dealer(s)**" mean, in relation to any Note, the Dealer(s) with whom the Issuer has agreed the issue and purchase of such Note;

"**Electronic Consent**" has the meaning set out in Schedule 3;

"**euro**", "**€**" and "**EUR**" means the single currency introduced at the start of the third stage of European economic and monetary union and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended;

"**Euroclear**" means Euroclear Bank SA/NV;

"**Event of Default**" means any one of the circumstances described in Condition 10 (*Events of Default*), but in the case of any of the events described in paragraphs (b) to

(g) (other than (d)) only if such event is, pursuant to the provisions of Condition 10 (*Events of Default*) certified by the Trustee to be materially prejudicial to the interests of the Noteholders.;

"**Extraordinary Resolution**" has the meaning set out in Schedule 3;

"**Final Terms**" has the meaning ascribed to it in the Dealer Agreement;

"**Fixed Rate Note**" means a Note on which interest is calculated at a fixed rate payable in arrear on a fixed date or dates in each year and on redemption or on such other dates as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the relevant Final Terms);

"**Floating Rate Note**" means a Note on which interest is calculated at a floating rate payable on an Interest Payment Date (as defined in the Conditions) or Interest Payment Dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption (as indicated in the relevant Final Terms);

"**Global Note**" means a CGN Global Note or an NGN Global Note; "**ICSDs**" means Clearstream, Luxembourg and Euroclear;

"**Issue Date**" means, in relation to any Note, the date of issue of such Note pursuant to the Dealer Agreement or any other relevant agreement between the Issuer and the relevant Dealer(s);

"**Interest Commencement Date**" means, in relation to any interest-bearing Note, the date specified in the relevant Final Terms from which such Note bears interest or, if no such date is specified therein, the Issue Date;

"**Liabilities**" means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) including legal fees and expenses properly incurred on a full indemnity basis;

"**London Business Day**" means a day on which commercial banks are open for business in London.

"**Material Subsidiary**" means, at any time, a Subsidiary of the Issuer whose total assets represent at least 5 per cent. of the consolidated total assets of the Group or whose total net sales represent at least 7.5 per cent. of the consolidated net sales of the Group and in relation to which the Issuer has, directly or indirectly, the power to direct its management and policies whether through the ownership of voting capital, by contract or otherwise. For this purpose:

(a) in the case of each Subsidiary, the calculation shall be made by comparing the total assets or, as the case may be, total net sales of that Subsidiary individually (and not on a consolidated basis) to those of the Group;

(b) assets or sales which arise from transactions between members of the Group and which would be eliminated in the consolidated financial statements of the Group shall be excluded;

(c) the total assets or total net sales of a Subsidiary shall be calculated by reference to:

(i) the accounts of that Subsidiary used for the purpose of the latest audited consolidated financial statements of the Group; or

(ii) if the company became a Subsidiary after the end of the financial period to which the latest audited consolidated financial statements of the Group relate, its then latest audited accounts;

(d) the consolidated total assets or consolidated net sales of the Group shall be calculated by reference to the latest audited consolidated financial statements of the Group, adjusted as appropriate to reflect the total assets or total net sales of any company which has become or ceased to be a Subsidiary after the end of the financial period to which those accounts relate; and

(e) where a Material Subsidiary transfers all or substantially all of its assets to the Issuer or another Subsidiary, the transferor (if it is not the Holding Company of the transferee) shall cease to be a Material Subsidiary and (if the transferee is a Subsidiary but not a Material Subsidiary) the transferee shall become a Material Subsidiary.

For the purposes of this definition of Material Subsidiary, the term "**Group**" means the Issuer and its Subsidiaries, provided, however, that any reference to the financial statements of the Group shall be to the financial statements of the Issuer and its present and future subsidiaries, direct and indirect, within the meaning of Article 2:24 a of the Dutch Civil Code (*Burgerlijk Wetboek*); the term "Holding Company" of any other person means a company in respect of which that other person is a Subsidiary.

"NGN Global Note" means an NGN Permanent Global Note or an NGN Temporary Global Note.

"NGN Permanent Global Note" means a Permanent Global Note representing Notes for which the relevant Final Terms specify that the New Global Note form is applicable;

"NGN Temporary Global Note" means a Temporary Global Note representing Notes for which the relevant Final Terms specify that the New Global Note form is applicable;

"Noteholders" means the several persons who are for the time being bearers of Notes save that, in respect of the Notes of any Series, for so long as such Notes or any part thereof are represented by a Global Note deposited with a common depository (in the case of a CGN Global Note) or common safekeeper (in the case of a NGN Global Note) for Euroclear and Clearstream, Luxembourg or, in respect of Notes in definitive form held in an account with Euroclear or Clearstream, Luxembourg, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an accountholder of Euroclear and Euroclear, if Euroclear shall be an accountholder of Clearstream, Luxembourg) as the holder of a particular principal amount of the Notes of such Series (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Paying Agents and the Trustee as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such principal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer, any Paying Agent and the Trustee as the holder of such principal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **"holder"** and **"holder of Notes"** and related expressions shall be construed accordingly;

"Notes" means the bearer notes of each Series constituted in relation to or by this Trust Deed which shall be in or substantially in the form set out in Schedule 2 and, for the time being outstanding or, as the case may be, a specific number thereof and includes any replacement Notes of such Series issued pursuant to Condition 12 (*Replacement of Notes and Coupons*) and (except for the purposes of Clause 4.1 (*Global Notes*) and 4.3 (*Signature*)) each Global Note in respect of such Series for so long as it has not been exchanged in accordance with the terms thereof;

"outstanding" means, in relation to the Notes of any Series, all the Notes of such Series other than:

- (a) those which have been redeemed in accordance with this Trust Deed;
- (b) those in respect of which the date for redemption in accordance with the Conditions has occurred and for which the redemption moneys (including all interest accrued thereon to the date for such redemption) have been duly paid to the Trustee or the Principal Paying Agent in the manner provided for in the Agency Agreement (and, where appropriate, notice to that effect has been given to the Noteholders in accordance with Condition 13 (*Notices*)) and remain available for payment in accordance with the Conditions;
- (c) those which have been purchased and surrendered for cancellation as provided in Condition 7 (*Redemption and Purchase*);
- (d) those which have become void under Condition 9 (*Prescription*);
- (e) those mutilated or defaced Notes which have been surrendered or cancelled and in respect of which replacement Notes have been issued pursuant to Condition 12 (*Replacement of Notes and Coupons*);
- (f) (for the purpose only of ascertaining the aggregate principal amount of Notes outstanding and without prejudice to the status for any other purpose of the relevant Notes) those Notes which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 12 (*Replacement of Notes and Coupons*);

provided that for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of the holders of Notes of any Series and any direction or request by the holders of the Notes of any Series;
- (ii) the determination of how many and which Notes of any Series are for the time being outstanding for the purposes of Clauses 8.1 (*Legal Proceedings*) and 7.1 (*Waiver*), Conditions 10 (*Events of Default*) and 14 (*Meetings of Noteholders, Modification, Waiver, Authorisation and Determination, Substitution*) and Schedule 3; and
- (iii) any discretion, power or authority, whether contained in this Trust Deed or provided by law, which the Trustee is required to exercise in or by reference to the interests of the holders of the Notes of any Series or any of them;

those Notes (if any) of the relevant Series which are for the time being held by any person (including but not limited to the Issuer) for the benefit of the Issuer shall (unless and until ceasing to be so held) be deemed not to remain outstanding;

"Paying Agents" means, in relation to the Notes of any Series, the several institutions (including, where the context permits, the Principal Paying Agent) at their respective specified offices initially appointed pursuant to the relative Agency Agreement and/or, if applicable, any Successor paying agents in relation to such Series at their respective specified offices;

"Permanent Global Note" means, in relation to any Series, a Global Note to be issued pursuant to Clause 4.1 (*Global Notes*) in the form or substantially in the form set out in Part B of Schedule 2, with such modifications (if any) as may be agreed between the Issuer, the Paying Agent, the Trustee and the relevant Dealer(s);

"Potential Event of Default" means an event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 10 (*Events of Default*), become an Event of Default;

"Principal Paying Agent" means, in relation to the Notes of any Series, the institution at its Specified Office initially appointed as issuing and principal paying agent in relation to such Series pursuant to the relative Agency Agreement or, if applicable, any Successor principal paying agent in relation to such Series at its Specified Office;

"**repay**" includes "**redeem**" and *vice versa* and "**repaid**", "**repayable**", "**repayment**", "**redeemed**", "**redeemable**" and "**redemption**" shall be construed accordingly;

"**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes expressed to be consolidated and form a single series with the Notes of the original Tranche and the terms of which are identical (save for the Issue Date and/or the Interest Commencement Date but including as to whether or not the Notes are listed);

"**specified office**" means, in relation to any Agent in respect of any Series, either the office identified with its name in the Conditions of such Series or any other office notified to any relevant parties pursuant to the Agency Agreement;

"**Subsidiary**" has the meaning set out in Condition 1.1 (*Interpretation – Definitions*);

"**Successor**" means in relation to the Paying Agents, such other or further person as may from time to time be appointed pursuant to the Agency Agreement as a Paying Agent, notice of whose appointment has been given to the Noteholders pursuant to Clause 6.13 (*Notification of change in Principal Paying Agent*) in accordance with Condition 13 (*Notices*).

"**Talonholder**" means the holder of a Talon;

"**Talons**" means any bearer talons appertaining to the Notes of any Series or, as the context may require, a specific number thereof and includes any replacement Talons issued pursuant to Condition 12 (*Replacement of Notes and Coupons*);

"**Temporary Global Note**" means, in relation to any Series, a Global Note to be issued pursuant to Clause 4.1 (*Global Notes*) in the form or substantially in the form set out in Part A of Schedule 2, with such modifications (if any) as may be agreed between the Issuer, the Paying Agent, the Trustee and the relevant Dealer(s);

"**the Stock Exchange**" means, in relation to the Notes of any relevant series, the stock exchange or exchanges (if any) on which such Notes are for the time being quoted or listed;

"**this Trust Deed**" means this Trust Deed and the Schedules (as from time to time modified in accordance with the provisions contained herein) and (unless the context requires otherwise) includes any deed or other document executed in accordance with the provisions hereof (as from time to time modified as aforesaid) and expressed to be supplemental hereto;

"**Tranche**" means all Notes of the same Series with the same Issue Date and Interest Commencement Date;

"**Trustee Acts**" means both the Trustee Act 1925 and the Trustee Act 2000 of England and Wales;

"**VAT**" means any value added tax, goods and services tax, sales or use tax or similar tax, including, without limitation, such tax as may be chargeable under or pursuant to Council Directive 2006/112/EC.

"**Written Resolution**" has the meaning set out in Schedule 3; and

"**Zero Coupon Note**" means a Note that is in bearer form and that constitutes a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or other Notes which qualify as savings certificates as defined in the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*).

1.2 Principles of interpretation

In this Trust Deed:

1.2.1 *Statutory modification*: a provision of any statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment;

1.2.2 *Additional amounts*: all references in this Trust Deed to principal and/or interest in respect of the Notes or to any moneys payable by the Issuer under this Trust Deed shall be deemed to include, in the case of amounts of principal payable, a reference to any specific redemption price (as described in the Conditions) and, in any case, a reference to any additional amounts which may be payable under Condition 8 (*Taxation*) or, if applicable, under any undertaking or covenant given pursuant to Clause 3.1 (*Covenant to repay and to pay interest*);

1.2.3 *Relevant Currency*: "relevant currency" shall be construed as a reference to the currency in which payments in respect of the Notes and/or Coupons of the relevant Series are to be made as indicated in the relevant Final Terms;

1.2.4 *Enforcement of rights*: an action, remedy or method of judicial proceedings for the enforcement of rights of creditors shall include, in respect of any jurisdiction other than England, references to such action, remedy or method of judicial proceedings for the enforcement of rights of creditors available or appropriate in such jurisdictions as shall most nearly approximate thereto;

1.2.5 *Clauses and Schedules*: a Schedule or a Clause, sub-clause, paragraph or sub-paragraph is, unless otherwise stated, to a Schedule hereto or a clause, sub-clause, paragraph or sub-paragraph hereof respectively;

1.2.6 *Clearing systems*: Euroclear and/or Clearstream, Luxembourg shall, wherever the context so admits, be deemed to include references to any additional or alternative clearing system approved by the Issuer and the Trustee;

1.2.7 *Trust corporation*: a trust corporation denotes a corporation entitled by rules made under the Public Trustee Act 1906 to act as a custodian trustee or entitled pursuant to any other legislation applicable to a trustee in any jurisdiction other than England to act as trustee and carry on trust business under the laws of the country of its incorporation;

1.2.8 *Coupons*: in the case of any Notes which are Zero Coupon Notes references to Coupons and Couponholders in this Trust Deed are not applicable to such Notes;

1.2.9 *Interpretation*: words denoting individuals shall include companies, corporations and partnerships, words importing the singular number shall include the plural and, in each case, *vice versa*;

1.2.10 *Records*: any reference to the records of an ICSD shall be to the records that each of the ICSDs holds for its customers which reflect the amount of such customers' interests in the Notes (but excluding any interest in any Notes of one ICSD shown in the records of another ICSD).

1.3 The Conditions

In this Trust Deed, unless the context requires or the same are otherwise defined, words and expressions defined in the Conditions and not otherwise defined herein shall have the same meaning in this Trust Deed.

1.4 Headings

The headings and sub-headings are for ease of reference only and shall not affect the construction of this Trust Deed.

1.5 The Schedules

The Schedules are part of this Trust Deed and shall have effect accordingly.

1.6 Amendment and Restatement

Save in relation to all Series of Notes issued during the period up to and including the day last preceding the date of this Trust Deed and any Notes issued on or after the date of this Trust Deed so as to be consolidated and form a single Series with the Notes of any Series issued up to and including such last preceding day, with effect on and from the date of this Trust Deed.

(a) the Original Trust Deed is amended and restated on the terms of this Trust Deed; and

(b) the provisions of the Original Trust Deed insofar as the same still have effect and shall cease to have effect and in lieu thereof the provisions of this Trust Deed shall have effect.

2. AMOUNT AND ISSUE OF THE NOTES

2.1 Amount of the Notes

The Notes will be issued in Series in an aggregate principal amount from time to time outstanding not exceeding the Authorised Amount and for the purpose of determining such aggregate principal amount clause 14 (*Increase in Authorised Amount*) of the Dealer Agreement shall apply.

2.2 Prior to each Issue Date

By not later than 3.00 p.m. (London time) on the London Business Day (which for this purpose shall be a day on which commercial banks are open for business in London) preceding each proposed Issue Date, the Issuer shall:

(a) deliver or cause to be delivered to the Trustee a copy of the relevant Final Terms; and

(b) notify the Trustee in writing without delay of the Issue Date and the principal amount of the Notes of the relevant Tranche.

2.3 Constitution of Notes

Upon the issue of the Temporary Global Note, initially representing the Notes of any Tranche, such Notes shall become constituted by this Trust Deed without further formality.

2.4 Further legal opinions

Before the first issue of Notes occurring after each anniversary of this Trust Deed, on each occasion as the Trustee so requests (on the basis that the Trustee considers it reasonably necessary in view of a change (or proposed change) in applicable law affecting the Issuer or in English law affecting the Issuer, this Trust Deed or the Agency Agreement, the Issuer will procure at its cost that further legal opinions in such form and with such content as the Trustee may require from the legal advisers specified in the Dealer Agreement or in the relevant jurisdiction approved by the Trustee are delivered to the Trustee.

3. CONVENANT TO REPAY

3.1 Covenant to repay and to pay interest

The Issuer covenants with the Trustee that it shall, as and when the Notes of any Series or any of them become due to be redeemed or any principal on the Notes of any Series or any of them becomes due to be repaid in accordance with the Conditions, unconditionally pay or procure to be paid to or to the order of the Trustee in immediately available freely transferable funds in the relevant currency the principal amount of the Notes of such Series or any of them becoming due for payment on that date and shall (subject to the provisions of the Conditions and except in the case of Zero Coupon Notes), until all such payments (both before and after judgment or other order of any court of competent jurisdiction) are duly made, unconditionally pay or procure to be paid to or to the order of the Trustee as aforesaid on the dates provided for in the Conditions interest on the principal amount (or such other amount as may be specified in the Final Terms) of the Notes or any of them of such Series outstanding from time to time as set out in the Conditions (subject to Clause 3.3 (*Interest on Floating Rate Notes following Event of Default*)), **provided that**:

3.1.1 every payment of principal or interest in respect of such Notes or any of them made to or to the order of the Principal Paying Agent in the manner provided in the Agency Agreement shall satisfy, to the extent of such payment, the relevant covenant by the Issuer contained in this Clause 3 except to the extent that there is default in the subsequent payment thereof to the relevant Noteholders or Couponholders (as the case may be) in accordance with the Conditions;

3.1.2 if any payment of principal or interest in respect of such Notes or any of them is made after the due date, payment shall be deemed not to have been made until either the full amount is paid to the relevant Noteholders or Couponholders (as the case may be) or, if earlier, the seventh day after notice has been given to the relevant Noteholders in accordance with the Conditions that the full amount has been received by the Principal Paying Agent or the Trustee.

3.1.3 in any case where payment of the whole or any part of the principal amount due in respect of any Note is improperly withheld or refused upon due presentation of the relevant Note, interest shall accrue on the whole or such part of such principal amount (except in the case of Zero Coupon Notes, to which the provision of Condition 7 (*Redemption and Purchase*) shall apply) from the date of such withholding or refusal until the date either on which such principal amount due is paid to the relevant Noteholders or, if earlier, the seventh day after notice has been given to the relevant Noteholders in accordance with the Conditions that the full amount payable in respect of the said principal amount is available for collection by the relevant Noteholders **provided that** on further due presentation of the relevant Note such payment is in fact made.

The Trustee will hold the benefit of this covenant and the covenant in Clause 5 (*Covenant to comply with the Trust Deed*) on trust for the Noteholders in accordance with this Trust Deed

3.2 Following an Event of Default

At any time after any Event of Default or Potential Event of Default shall have occurred, the Trustee may:

3.2.1 by notice in writing to the Issuer, the Principal Paying Agent and the other Agents require the Principal Paying Agent and the other Agents or any of them:

(a) to act thereafter, until otherwise instructed by the Trustee, as Agents of the Trustee under the provisions of this Trust Deed on the terms provided in the Agency Agreement (with consequential amendments as necessary and save that the Trustee's liability under any provisions thereof for the indemnification, remuneration and payment of out-of-pocket expenses of the Agents shall be limited to amounts for the time being held by the Trustee on the trusts of this Trust Deed in relation to the Notes on the terms of this Trust Deed and available to the Trustee for such purpose) and thereafter to hold all Notes and Coupons and all sums, documents and records held by them in respect of Notes and Coupons on behalf of the Trustee; and/or

(b) to deliver up all Notes and Coupons and all sums, documents and records held by them in respect of Notes and Coupons to the Trustee or as the Trustee shall direct in such notice **provided that** such notice shall be deemed not to apply to any document or records which the relevant Agent is obliged not to release by any law or regulation; and

3.2.2 by notice in writing to the Issuer require the Issuer to make all subsequent payments in respect of Notes and Coupons to or to the order of the Trustee and, with effect from the issue of any such notice until such notice is withdrawn, proviso 3.1.1 to Clause 3.1 (*Covenant to repay and to pay interest*) and (so far as it concerns payments by the Issuer) Clause 9.4 (*Payment to Noteholders and Couponholders*) shall cease to have effect.

3.3 Interest on Floating Rate Notes following Event of Default

If Floating Rate Notes become immediately due and repayable under Condition 10 (*Events of Default*) the rate and/or amount of interest payable in respect of them will be calculated by the Principal Paying Agent at the same intervals as if such Notes had not become due and repayable, the first of which will commence on the expiry of the Interest Period (as defined in the Conditions) during which the Notes become so due and repayable in accordance with Condition 5 (*Interest*) (with consequential amendments as necessary) except that the rates of interest need not be published.

3.4 Currency of payments

All payments in respect of, under and in connection with this Trust Deed and the Notes to the relevant Noteholders and Couponholders shall be made in the relevant currency as required by the Conditions.

3.5 Separate Series

The Notes of each Series shall form a separate Series of Notes and accordingly, unless for any purpose the Trustee in its absolute discretion shall otherwise determine, all the provisions of this Trust Deed shall apply *mutatis mutandis* separately and independently to the Notes of each Series and in such Clauses and Schedule the expressions "**Notes**", "**Noteholders**", "**Coupons**", "**Couponholders**", "**Talons**" and "**Talontholders**" shall be construed accordingly.

4. THE NOTES

4.1 Global Notes

4.1.1 The Notes of each Tranche will initially be together represented by a Temporary Global Note. Each Temporary Global Note shall (save as may be specified in the relevant Final Terms) be exchangeable, in accordance with its terms, for interests in a Permanent Global Note or Notes in definitive form.

4.1.2 Each Permanent Global Note shall be exchangeable, in accordance with its terms, for Notes in definitive form.

4.1.3 All Global Notes shall be prepared, completed and delivered to a common depository (in the case of a CGN Global Note) for Clearstream, Luxembourg and Euroclear or, as the case may be, a Common Safekeeper (in the case of an NGN Global Note), in accordance with the Dealer Agreement or to another appropriate depository in accordance with any other agreement between the Issuer and the relevant Dealer(s) and, in each case, in accordance with the Agency Agreement. The relevant Final Terms shall be annexed to each Global Note.

4.2 Notes in definitive form

Notes in definitive form will be security printed in accordance with applicable legal and stock exchange requirements substantially in the form set out in Part C of Schedule 2. Any Coupons and Talons will also be security printed in accordance with the same requirements and will be attached to the Notes in definitive form at the time of issue. Notes in definitive form will be endorsed with the Conditions.

4.3 Signature

The Global Notes and the Notes in definitive form will be signed manually or in facsimile by an Authorised Signatory of the Issuer and will be authenticated manually by or on behalf of the Principal Paying Agent and, if applicable, will be effectuated manually by or on behalf of the Common Safekeeper. The Issuer may use the facsimile signature of a person who at the date such signature was originally produced was an Authorised Signatory even if at the time of issue of any Global Note or Note in definitive form such person no longer holds that office. Global Notes and Notes in definitive form so executed and duly authenticated and, if applicable, duly effectuated will be binding and valid obligations of the Issuer.

4.4 Entitlement to treat holder as owner

Each of the Issuer, the Trustee and any Agent may deem and treat the holder of any Note or Coupon or of a particular principal amount of the Notes as the absolute owner of such Note or principal amount, as the case may be, free of any equity, set-off or counterclaim on the part of the Issuer against the original or any intermediate holder of such Note or Coupon or principal amount (whether or not such Note or Coupon or principal amount shall be overdue and notwithstanding any notation of ownership or other writing thereon or any notice of previous loss or theft of such Note or Coupon) for all purposes and, except as ordered by a court of competent jurisdiction or as required by applicable law, the Issuer, the Trustee and the Paying Agent shall not be affected by any notice to the contrary. All payments made to any such holder shall be valid and, to the extent of the sums so paid, effective to satisfy and discharge the liability for the moneys payable in respect of such Note or principal amount, as the case may be.

5 COVENANT TO COMPLY WITH THE TRUST DEED

5.1 Covenant to comply with the Trust Deed

The Issuer covenants with the Trustee to comply with those provisions of this Trust Deed and the Conditions which are expressed to be binding on it and to perform and observe the same. The Notes and the Coupons are subject to the provisions contained in this Trust Deed, all of which shall be binding upon the Issuer, the Noteholders, the Couponholders and all persons claiming through or under them respectively.

5.1 Trustee may enforce Conditions

The Trustee shall itself be entitled to enforce the obligations of the Issuer under the Notes and the Conditions as if the same were set out and contained in this Trust Deed which shall be read and construed as one document with the Notes.

5.2 Covenant held upon Trust

The Trustee shall hold the benefit of the covenant of this Clause 5 upon trust for the Noteholders and the Couponholders according to their respective interests.

6. COVENANTS BY THE ISSUER

The Issuer covenants with the Trustee that, so long as any of the Notes remain outstanding, it will:

6.1 Information

So far as permitted by applicable law, give or procure to be given to the Trustee such opinions, certificates, information and evidence as it shall reasonably require and in such form as it shall reasonably require (including without limitation the procurement by the Issuer of all such certificates called for by the Trustee pursuant to Clause 10.1(c) for the purpose of the discharge or exercise of the duties, trusts, powers, authorities and discretions vested in it under this Trust Deed or by operation of law.

6.2 Books of account

At all times keep proper books of account as may be necessary to comply with all applicable laws as so to enable the financial statements of the Issuer to be prepared and, at any time after the occurrence of an Event of Default or a Potential Event of Default or if the Trustee has grounds to believe that an Event of Default or a Potential Event of Default has occurred, allow so far as permitted by applicable law the Trustee and any person appointed by the Trustee to whom the Issuer shall have no reasonable objection free access to such books of account at all reasonable times during normal business hours.

6.3 Financial and other information

Send to the Trustee two copies in English of its annual audited accounts and every document issued or sent to holders of debt securities (including the Noteholders), in each case as soon as practicable after the issue or publication thereof.

6.4 List of Material Subsidiaries

Give to the Trustee (i) on the date hereof and (ii) at the same time as sending to it the certificate referred to in Clause 6.7 (*Certificate of compliance*), a certificate signed by two Authorised Signatories of the Issuer addressed to the Trustee (with a form and content satisfactory to the Trustee) listing those Subsidiaries of the Issuer which as at the date of such certificate are Material Subsidiaries.

6.5 Changes in list of Material Subsidiaries

Give to the Trustee, as soon as reasonably practicable after the completion of the acquisition or disposal of any company which thereby becomes or ceases to be a Material Subsidiary or after any transfer is made to any Subsidiary which thereby becomes a Material Subsidiary, a certificate signed by two Authorised Signatories of the Issuer to such effect.

6.6 Events of Default

Forthwith give notice in writing to the Trustee upon becoming aware of any Event of Default or any Potential Event of Default without waiting for the Trustee to take any further action.

6.7 Certificate of compliance

Give to the Trustee (i) within 14 days after demand by the Trustee therefor and (ii) (without the necessity for any such demand) within 14 days after the publication of its audited accounts in respect of each financial year commencing with the financial year ending 31 December 2024 and in any event not later than 180 days after the end of each such financial year a certificate in or substantially in the form set out in Schedule 4 signed by two Authorised Signatories of the Issuer to the effect that as at the date which is not earlier than 7 days prior to the date of such certificate (the "**certification date**") there did not exist and had not existed since the certification date of the previous certificate (or in the case of the first such certificate the date hereof) any Event of Default or any Potential Event of Default (or if such exists or existed specifying the same) and that during the period from and including the certification date of the last such certificate (or in the case of the first such certificate the date hereof) to and including the certification date of such certificate the Issuer has complied with all its obligations contained in this Trust Deed or (if such is not the case) specifying the respects in which it has not complied.

6.8 Further assurance

So far as permitted by applicable law, at all times execute and do all such further documents, acts and things as may be necessary at any time or times in the opinion of the Trustee to give effect to this Trust Deed.

6.9 Maintenance of Principal Paying Agent

At all times maintain a Principal Paying Agent in accordance with the Conditions.

6.10 Notification of non-payment

Use all reasonable endeavours to procure the Principal Paying Agent to notify the Trustee forthwith in the event that the Principal Paying Agent does not, on or before the due date for any payment in respect of the Notes or any of them or any of the Coupons, receive unconditionally pursuant to the Agency Agreement payment of the full amount in the requisite currency of the moneys payable on such due date on all such Notes or Coupons as the case may be.

6.11 Notification of late payment

In the event of the unconditional payment to the Principal Paying Agent or the Trustee of any sum due in respect of the Notes or any of them or any of the Coupons being made after the due date for payment thereof forthwith give or procure to be given notice to the Noteholders in accordance with Condition 13 (*Notices*) that such payment has been made.

6.12 Listing

If the Notes are admitted to listing, trading and/or quotation, use all reasonable endeavours to maintain the listing of the Notes on the Stock Exchange or, if it is unable to do so having used all reasonable endeavours or if the maintenance of such listing is agreed by the Trustee to be unduly onerous or impractical use all reasonable endeavours to obtain and maintain an admission to listing, trading and/or quotation of the Notes on such other listing authority, stock exchange(s), securities market(s) and/or quotation system(s) (if any) as the Issuer may (with the prior written approval of the Trustee) decide and shall also upon obtaining an admission to listing, trading and/or quotation of the Notes on such other listing authority, stock exchange(s), securities market(s) and/or quotation system(s) (if any) enter into a trust deed supplemental to this Trust Deed to effect such consequential amendments to this Trust Deed as the Trustee may require or as shall be requisite to comply with the requirements of any such listing authority, stock exchange(s), securities market(s) and/or quotation systems (if any) and promptly give notice of the identity of such listing authority, stock exchange(s), securities market(s) and/or quotation systems (if any) to the Noteholders.

6.13 Notification of change in Principal Paying Agent

Give notice to the Noteholders in accordance with Condition 13 (*Notices*) of any appointment, resignation or removal of the Principal Paying Agent (other than the appointment of the initial Principal Paying Agent) after having obtained the prior written approval of the Trustee thereto or any change of the Principal Paying Agent's specified office and (except as provided by the Agency Agreement or the Conditions) at least 30 days prior to such event taking effect; provided always that so long as any of the Notes or Coupons remains liable to prescription in the case of the termination of the appointment of the Principal Paying Agent no such termination shall take effect until a new Principal Paying Agent has been appointed on terms previously approved in writing by the Trustee.

6.14 Notices to Noteholders

Send or procure to be sent to the Trustee, not less than 7 days prior to which any such notice is to be given, the form of every notice to be given to the Noteholders in accordance with Condition 13 (*Notices*) and obtain the prior written approval of the Trustee to, and promptly give to the Trustee two copies of, the final form of every notice to be given to the Noteholders in accordance with Condition 13 (*Notices*) (such approval, unless so expressed, not to constitute approval for the purposes of Section 21 of the Financial Services and Markets Act 2000 of the United Kingdom (as amended, the "**FSMA**") of a communication within the meaning of Section 21 of the FSMA).

6.15 Compliance with Agency Agreement

Comply with and perform all its obligations under the Agency Agreement and use all reasonable endeavours to procure that the Principal Paying Agent complies with and performs all its respective obligations thereunder and any notice given by the Trustee pursuant to Clause 3.2.1 and not make any amendment or modification to the Agency Agreement without the prior written approval of the Trustee.

6.16 Notes held by the Issuer and its Subsidiaries

In order to enable the Trustee to ascertain the principal amount of Notes of each series for the time being outstanding for any of the purposes referred to in the proviso to the definition of outstanding in Clause 1.1 (*Definitions*), deliver to the Trustee forthwith upon being so requested in writing by the Trustee a certificate in writing signed by two Authorised Signatories of the Issuer setting out the total number and aggregate principal amount of Notes of each series which:

- (a) up to and including the date of such certificate have been purchased by the Issuer or any of its Subsidiaries and cancelled; and
- (b) are at the date of such certificate held by, for the benefit of, or on behalf of, the Issuer or any of its Subsidiaries.

6.17 Clearing systems

Use all reasonable endeavours to procure that Euroclear and/or Clearstream, Luxembourg (as the case may be) issue(s) any certificate or other document requested by the Trustee under Clause 10.1(t) as soon as practicable after such request.

6.18 Redemption of Notes

Give notice to the Trustee of the proposed redemption of the Notes not less than the number of days specified in the Conditions prior to the redemption date in respect of such Note or Coupon and duly proceed to redeem such Notes or Coupons accordingly.

6.19 Authorised Signatories

Upon the execution hereof and thereafter as soon as reasonably practicable upon any change of the same, deliver to the Trustee (with a copy to the Principal Paying Agent) a list of the Authorised Signatories of the Issuer, together with certified specimen signatures of the same.

6.20 Notification of amendment to Dealer Agreement

Notify the Trustee of any amendment to the Dealer Agreement.

6.21 Benchmark Amendment Certificate

No later than notifying the Trustee, pursuant to Condition 5 (*Interest*), the Issuer shall deliver to the Trustee and the Agents a certificate (on which the Trustee shall be entitled to rely on without further enquiry or liability) signed by two Authorised Signatories of the Issuer certifying (i) that each change which the Issuer requests the Trustee to make pursuant to Condition 5.2(m) (*Benchmark Discontinuation (Independent Adviser)*) is a Benchmark Amendment (as defined in the Conditions) and that the effect of the drafting of such change is solely to implement a Benchmark Amendment (as defined in the Conditions) and/or (ii) that each change which the Issuer requires the Trustee to make pursuant to Condition 5.2(f) (*Interest – Floating Rate Notes referencing SOFR*) is a Benchmark Replacement Conforming Change (as defined in the Conditions) and that the effect of the drafting of such change is solely to implement a Benchmark Replacement Conforming Change (as defined in the Conditions).

7 WAIVERS, MODIFICATIONS, SUBSTITUTION AND ACCESSION

7.1 Waiver

The Trustee may, without any consent or sanction of the Noteholders or Couponholders and without prejudice to its rights in respect of any subsequent breach, Event of Default or Potential Event of Default, from time to time and at any time, but only if and in so far as in its opinion the interests of the Noteholders shall not be materially prejudiced thereby, authorise or waive, any breach or proposed breach by the Issuer of any of the covenants or provisions contained in the Conditions, this Trust Deed or the Agency Agreement or determine that any Event of Default or Potential Event of Default shall not be treated as such for the purposes of this Trust Deed; any such authorisation, waiver or determination shall be binding on the Noteholders and the Couponholders and, if, but only if, the Trustee shall so require, the Issuer shall cause such authorisation, waiver or determination to be notified to the Noteholders as soon as practicable thereafter in accordance with the Conditions, **provided that** the Trustee shall not exercise any powers conferred upon it by this Clause 7 in contravention of any express direction by an Extraordinary Resolution or of a request in writing made by the holders of not less than 25 per cent. in aggregate principal amount of the Notes then outstanding (but so that no such direction or request shall affect any authorisation, waiver or determination previously given or made).

7.2 Modifications

7.2.1 The Trustee may from time to time and at any time without any consent or sanction of the Noteholders or Couponholders concur with the Issuer in making any modification (a) to the Conditions, the Notes, this Trust Deed or the Agency Agreement (other than any Basic Terms Modification) provided that the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Noteholders or (b) to the Conditions, the Notes, this Trust Deed or the Agency Agreement if in the opinion of the Trustee such modification is of a formal, minor or technical nature or made to correct a manifest error or an error which is, in the opinion of the Trustee, proven or which modification is required to comply with a mandatory provision of law. Any such modification shall be binding on the Noteholders and the Couponholders and, unless the Trustee otherwise agrees, the Issuer shall cause such modification to be notified to the Noteholders as soon as practicable thereafter in accordance with the Conditions.

7.2.2 In addition, the Trustee shall agree to vary or amend the Conditions, this Trust Deed and/or the Agency Agreement to give effect to certain amendments without any requirement for the consent or approval of the Noteholders, on the basis set out in Condition 5.2(m) (*Benchmark Discontinuation (Independent Adviser)*) and Condition 5.2(f) (*Interest – Floating Rate Notes referencing SOFR*) but it shall not be obliged to concur with the Issuer in respect of any Benchmark Amendments and/or Benchmark Replacement Conforming Changes (each as defined in the Conditions) which, in its sole opinion, would have the effect of (i) imposing more onerous obligations upon it or exposing it to any additional duties, responsibilities or liabilities or reducing or amending the protective provisions afforded to the Trustee in this Trust Deed, the Agency Agreement and/or the Conditions or (ii) exposing the Trustee and/or the Agents (as applicable) to any additional liabilities against which it has not been indemnified and/or secured and/or prefunded to its satisfaction.

7.3 Substitution

7.3.1 Subject to Clause 7.3.2 below, the Trustee may without the consent of the Noteholders or Couponholders at any time agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Clause 7) as the principal debtor under this Trust Deed in relation to the Notes and Coupons of any Series and under such Notes and Coupons of (a) any Subsidiary of the Issuer or (b) any company which directly or indirectly owns 100 per cent. of the shares or other equity interests (as the case may be) carrying the right to vote in the Issuer in place of the Issuer as issuer and principal debtor under this Trust Deed and the Notes (each substituted entity hereinafter called the "**Substituted Obligor**") if a trust deed is executed or some other written form of undertaking is given by the Substituted Obligor to the Trustee, in form and manner satisfactory to the Trustee, agreeing to be bound by the terms of this Trust Deed, the Notes and the Coupons with any consequential amendments which the Trustee may deem appropriate as fully as if the Substituted Obligor had been named in this Trust Deed and on the Notes and the Coupons as the principal debtor in place of the Issuer (or of any previous substitute under this Clause 7) in the case of a substitution of the Issuer (or any such previous substitute).

7.3.2 The following further conditions shall apply to Clause 7.3.1 above:

(a) the Issuer and the New Company shall comply with such other requirements as the Trustee may direct in order that the substitution is fully effective in the interests of the Noteholders and the Couponholders;

(b) a legal opinion addressed to the Trustee has been provided confirming that (i) the Substituted Obligor has obtained all governmental and regulatory approvals and consents necessary for its assumption of liability as principal debtor in respect of the Notes and the Coupons in place of the Issuer (or such previous substitute as aforesaid) and (ii) such approvals and consents are at the time of substitution in full force and effect;

(c) (without prejudice to the generality of the preceding sub-clauses of this sub-Clause 7.3.2) where the Substituted Obligor is incorporated, domiciled or resident in or is otherwise subject generally to the taxing jurisdiction of any territory or any political subdivision thereof or any authority of or in such territory having power to tax (the "**Substituted Territory**") other than or in addition to the territory, the taxing jurisdiction of which (or to any such authority of or in which) the Issuer is subject generally (the "**Issuer's Territory**"), the Substituted Obligor will (unless the Trustee otherwise agrees) give to the Trustee an undertaking in form and manner satisfactory to the Trustee in terms corresponding to the terms of Condition 8 (*Taxation*) with the substitution for the reference in that Condition to the Issuer's Territory of references to the Substituted Territory and in such event the Trust Deed and Notes and Coupons will be interpreted accordingly; and

(d) any two Authorised Signatories of the Substituted Obligor certify that immediately prior to the assumption of its obligations as Substituted Obligor under this Trust Deed the Substituted Obligor is solvent after taking account of all prospective and contingent liabilities resulting from its becoming the Substituted Obligor, the Trustee need not have regard to the financial condition, profits or prospects of the Substituted Obligor or compare the same with those of the Issuer (or of any previous substitute under this Clause 7.3).

7.3.3 *Release*: Any agreement by the Trustee pursuant to sub-clause 7.3.1 shall, if so expressed, operate to release the Issuer (or any such previous substitute as aforesaid) the subject of such release from any or all of its obligations as principal debtor under the Notes and this Trust Deed. Not later than fourteen days after the execution of any such documents as aforesaid and after compliance with the said requirements of the Trustee, the Substituted Obligor shall cause notice thereof to be given to the Noteholders.

7.3.4 *Completion of substitution*: Upon the execution of such documents and compliance with the requirements in this Clause 7.3.4, the Substituted Obligor shall be deemed to be named in this Trust Deed and the Notes and as the principal debtor in place of the Issuer (or of any previous substitute under this Clause 7.3) and this Trust Deed, the Notes and the Coupons shall thereupon be deemed to be amended in such manner as shall be necessary to give effect to the substitution and without prejudice to the generality of the foregoing any references in this Trust Deed, in the Notes and Coupons to the Issuer shall be deemed to be references to the Substituted Obligor.

8. ENFORCEMENT

8.1 Legal proceedings

The Trustee may at any time, at its discretion and without further notice, institute such proceedings and/or take such action against the Issuer as it may think fit to enforce the provisions of this Trust Deed or the Conditions but it shall not be bound to take any such proceedings or action or to take any other action under or pursuant to this Trust Deed or the Notes unless it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one-quarter in principal amount of the outstanding Notes and it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable and or which it may incur by so doing **provided that** the Trustee shall not be held liable for the consequence of taking any such action and may take such action without having regard to the effect of such action on individual Noteholders or Couponholders. Only the Trustee may enforce the provisions of the Notes or this Trust Deed and no Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

8.2 Evidence of default

If the Trustee (or any Noteholder or Couponholder where entitled under this Trust Deed so to do) makes any claim, institutes any legal proceeding or lodges any proof in a winding up or insolvency of the Issuer under this Trust Deed or under the Notes, proof therein that:

8.2.1 as regards any specified Note within a given Series, the Issuer has made default in paying any principal due in respect of such Note shall (unless the contrary be proved) be sufficient evidence that the Issuer has made the like default as regards all other Notes in respect of which a corresponding payment is then due;

8.2.2 as regards any specified Coupon the Issuer has made default in paying any interest due in respect of such Coupon shall (unless the contrary be proved) be sufficient evidence that the Issuer has made the like default as regards all other Coupons in respect of which a corresponding payment is then due; and

8.2.3 as regards any Talon, the Issuer has made default in exchanging such Talon for further Coupons and a further Talon as provided by its terms shall (unless the contrary be proved) be sufficient evidence that the Issuer has made the like default as regards all other Talons which are then available for exchange,

and for the purposes of Clauses 8.2.1 and 8.2.2 a payment shall be a "corresponding" payment notwithstanding that it is due in respect of a Note of a different denomination from that in respect of the above specified Note.

9. APPLICATION OF MONEYS

9.1 Application of moneys

All moneys received by the Trustee in respect of the Notes of any Series or amounts payable under this Trust Deed will despite any appropriation of all or part of them by the Issuer (including any moneys which represent principal or interest in respect of Notes or Coupons which have become void under the Conditions) be held by the Trustee on trust to apply them (subject to Clause 9.2 (*Investment of moneys*)):

(a) *firstly*, in payment or satisfaction of those costs, charges, expenses and liabilities incurred by the Trustee in the preparation and execution of the trusts of this Trust Deed (including remuneration of the Trustee);

(b) *secondly*, in or towards payment *pari passu* and rateably of all interest remaining unpaid in respect of the Notes of the relevant Series and all principal moneys due on or in respect of the Notes of that Series **provided that** where the Notes of more than one Series have become so due and payable, such monies shall be applied as between the amounts outstanding in respect of the different Series

(c) *pari passu* and rateably (except where, in the opinion of the Trustee, such monies are paid in respect of a specific Series or several specific Series, in which event such monies shall be applied solely to the amounts outstanding in respect of that Series or those Series respectively); and

(d) *thirdly*, the balance (if any) in payment to the Issuer

9.2 Investment of moneys

The Trustee may at its absolute discretion and pending payment invest moneys at any time available for the payment of principal and interest on the Notes of any series in some or one of the investments hereinafter authorised for such periods as it may consider expedient with power from time to time at the like absolute discretion to vary such investments and to accumulate such investments and the resulting interest and other income derived therefrom. The accumulated investments shall be applied under this Clause 9. All interest and other income deriving from such investments shall be applied first in payment or satisfaction of all amounts then due and unpaid under this Trust Deed, including without limitation Clause 9.1 (*Application of Moneys*) to the Trustee and/or any Appointee and otherwise held for the benefit of and paid to the holders of the Notes of such series or the holders of the related Coupons, as the case may be.

9.3 Authorised Investments

Any moneys which under this Trust Deed may be invested by the Trustee may be invested in the name or under the control of the Trustee in any of the investments for the time being authorised by English law for the investment by trustees of trust moneys or in any other investments, whether similar to those aforesaid or not, which may be selected by the Trustee or by placing the same on deposit in the name or under the control of the Trustee with such bank or other financial institution as the Trustee may think fit and in such currency as the Trustee in its absolute discretion may determine and The Trustee may at any time vary or transfer any of such investments for or into other such investments or convert any moneys so deposited into any other currency and shall not be responsible for any Liability occasioned by reason of any such investments or such deposit whether by depreciation in value, fluctuation in exchange rates or otherwise.

9.4 Payment to Noteholders and Couponholders

The Trustee shall give notice to the Noteholders in accordance with Condition 13 (*Notices*) of the date fixed for any payment under Clause 9.1 (*Application of Moneys*). Any payment to be made in respect of the Notes or Coupons of any Series by the Issuer or the Trustee may be made in the manner provided in the Conditions, the Agency Agreement and this Trust Deed and any payment so made shall be a good discharge to the extent of such payment by the Issuer or the Trustee (as the case may be). Any payment in full of interest made in respect of a Coupon in the manner aforesaid shall extinguish any claim of a Noteholder which may arise directly or indirectly in respect of such interest.

9.5 Production of Notes and Coupons

Upon any payment under Clause 9.4 (*Payment to Noteholders and Couponholders*) of principal or interest, the Note or Coupon in respect of which such payment is made shall, if the Trustee so requires, be produced to the Trustee or the Paying Agent by or through whom such payment is made and the Trustee shall in respect of a Note or Coupon, (a) in the case of part payment, enforce or cause such Paying Agent to enforce a memorandum of the amount and date of payment thereon (or, in the case of part payment of an NGN Global Note cause the Principal Paying Agent to procure that the ICSDs make appropriate entries in their records to reflect such payment) or (b) in the case of payment in full, cause such Note or Coupon to be surrendered or shall cancel or procure the same to be cancelled and shall certify or procure the certification of such cancellation.

9.6 Noteholders to be treated as holding all Coupons

Wherever in this Trust Deed the Trustee is required or entitled to exercise a power, trust, authority or discretion under this Trust Deed, the Trustee shall, notwithstanding that it may have express notice to the contrary, assume that each Noteholder is the holder of all Coupons and Talons appertaining to each Note of which they are the holder.

10. TERMS OF APPOINTMENT

By way of supplement to the Trustee Acts, it is expressly declared as follows:

10.1 SUPPLEMENT TO TRUSTEE ACTS

Section 1 of the Trustee Act 2000 of England and Wales shall not apply to the duties of the Trustee in relation to the trusts constituted by this Trust Deed. Where there are any inconsistencies between the Trustee Acts and the provisions of this Trust Deed, the provisions of this Trust Deed shall, to the extent allowed by law, prevail and, in the case of any such inconsistency with the Trustee Act 2000 of England and Wales, the provisions of this Trust Deed shall constitute a restriction or exclusion for the purposes of that Act. The Trustee shall have all the powers conferred upon trustees by the Trustee Acts and by way of supplement thereto it is expressly declared as follows:

- (a) The Trustee may in relation to this Trust Deed act on the advice, opinion or certificate of or any information (whether addressed to the Trustee or not) obtained from any lawyer, valuer, accountant, surveyor, banker, broker, auctioneer or other expert whether obtained by the Issuer, the Trustee or otherwise and which advice may be provided on such terms (including as to limitations on liability) as the Trustee may consider in its sole discretion to be consistent with prevailing market practice with respect to advice or opinions of that nature and shall not be responsible for any Liability occasioned by so acting.
- (b) Any such advice, opinion, certificate or information may be sent or obtained by letter, facsimile transmission or email and the Trustee shall not be liable for acting on any advice, opinion, certificate or information purporting to be conveyed by any such letter, facsimile transmission or email although the same shall contain some error or shall not be authentic.
- (c) The Trustee may call for and shall be at liberty to accept as sufficient evidence of any fact or matter or the expediency of any transaction or thing a certificate signed by any two Directors or Authorised Signatories of the Issuer and the Trustee shall not be bound in any such case to call for further evidence or be responsible for any Liability that may be occasioned by it acting on such certificate.
- (d) The Trustee shall not be responsible for the receipt or application of the proceeds of the issue of any of the Notes by the Issuer, the exchange of any Global Note for another Global Note or definitive Notes, the delivery of any Global Note or definitive Notes to the person(s) entitled to it or them.
- (e) The Trustee shall not be bound to give notice to any person of the execution of any documents comprised or referred to in this Trust Deed or to take any steps to ascertain whether any Event of Default or any Potential Event of Default has happened and, until it shall have actual knowledge or express notice pursuant to this Trust Deed to the contrary, the Trustee shall be entitled to assume that no Event of Default or Potential Event of Default has happened and that the Issuer is observing and performing all its obligations under this Trust Deed.
- (f) Save as expressly otherwise provided in this Trust Deed, the Trustee shall have absolute and uncontrolled discretion as to the exercise or non-exercise of its trusts, powers, authorities and discretions under this Trust Deed (the exercise or non-exercise of which as between the Trustee and the Noteholders and Couponholders shall be conclusive and binding on the Noteholders and Couponholders) and shall not be responsible for any Liability which may result from their exercise or non-exercise and in particular the Trustee shall not be bound to act at the request or direction of the Noteholders or otherwise under any provision of this Trust Deed or to take at such request or direction or otherwise any other action under any provision of this Trust Deed, without prejudice to the generality of Clause 9.1 (*Application of Moneys*), unless it shall first be indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may render itself liable or which it may incur by so doing.
- (g) The Trustee shall not be liable to any person by reason of having acted upon any Extraordinary Resolution in writing or any Extraordinary Resolution or other resolution purporting to have been passed at any meeting of holders of Notes of all or any series in respect whereof minutes have been made and signed or any direction or request of holders of Notes of all or any series even though subsequent to its acting it may be found that there was some defect in the constitution of the meeting or the passing of the resolution or (in the case of an Extraordinary Resolution in writing) that not all Noteholders had signed the Extraordinary Resolution or (in the case of a direction or request) it was not signed by the requisite number of Noteholders or that for any reason the resolution, direction or request was not valid or binding upon such Noteholders and the relative Couponholders.
- (h) The Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any Note or Coupon purporting to be such and subsequently found to be forged or not authentic.

(i) Any consent or approval given by the Trustee for the purposes of this Trust Deed may be given on such terms and subject to such conditions (if any) as the Trustee thinks fit and notwithstanding anything to the contrary in this Trust Deed may be given retrospectively. The Trustee may give any consent or approval, exercise any power, authority or discretion or take any similar action if it is satisfied that the interests of the Noteholders will not be materially prejudiced thereby whether or not such consent, approval, power, authority, discretion or action is specifically referred to in this Trust Deed as being so determinable, but without prejudice to any provision of this Trust Deed to the contrary. For the avoidance of doubt, the Trustee shall not have any duty to the Noteholders in relation to such matters other than that which is contained in the preceding sentence where exercised by the Trustee.

(j) The Trustee shall not (unless and to the extent ordered so to do by a court of competent jurisdiction) be required to disclose to any Noteholder or Couponholder any information (including, without limitation, information of a confidential, financial or price sensitive nature) made available to the Trustee by the Issuer or any other person in connection with this Trust Deed and no Noteholder or Couponholder shall be entitled to take any action to obtain from the Trustee any such information.

(k) Where it is necessary or desirable for any purpose in connection with this Trust Deed to convert any sum from one currency to another it shall (unless otherwise provided by this Trust Deed or required by law) be converted at such rate or rates, in accordance with such method and as at such date for the determination of such rate of exchange, as may be agreed by the Trustee in consultation with the Issuer and any rate, method and date so agreed shall be binding on the Issuer, the Noteholders and the Couponholders.

(l) The Trustee may certify that any of the conditions, events and acts set out in subparagraphs (b) to (g) (other than (d)) of Condition 10 (*Events of Default*) (each of which conditions, events and acts shall, unless in any case the Trustee in its absolute discretion shall otherwise determine, for all the purposes of this Trust Deed be deemed to include the circumstances resulting therein and the consequences resulting therefrom), is in its opinion materially prejudicial to the interests of the Noteholders and any such certificate shall be conclusive and binding upon the Issuer, the Noteholders and the Couponholders.

(m) The Trustee as between itself and the Noteholders and Couponholders may determine all questions and doubts arising in relation to any of the provisions of this Trust Deed. Every such determination, whether or not relating in whole or in part to the acts or proceedings of the Trustee, shall be conclusive and shall bind the Trustee and the Noteholders and Couponholders.

(n) In connection with the exercise by it of any of its trusts, powers, authorities and discretions under this Trust Deed (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class and shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 8 (*Taxation*) and/or any undertaking given in addition thereto or in substitution therefor under this Trust Deed.

(o) Any trustee of this Trust Deed being a lawyer, accountant, broker or other person engaged in any profession or business shall be entitled to charge and be paid all usual professional and other charges for business transacted and acts done by such person or such person's firm in connection with the trusts of this Trust Deed and also their properly incurred charges in addition to disbursements for all other work and business done and all time spent by such person or such person's firm in connection with matters arising in connection with this Trust Deed.

(p) The Trustee may in the execution and exercise of all or any of the trusts, powers, authorities and discretions vested in it by this Trust Deed whenever it thinks fit delegate by power of attorney or otherwise to any person or persons or fluctuating body of persons (whether being a joint trustee of this Trust Deed or not) all or any of its trusts, powers, authorities and discretions under this Trust Deed. Such delegation may be made upon such terms (including power to sub- delegate) and subject to such conditions and regulations as the Trustee may in the interests of the Noteholders think fit. The Trustee shall not be under any obligation to supervise the proceedings or acts of any such delegate or sub- delegate or be in any way responsible for any Liability incurred by reason of any misconduct or default on the part of any such delegate or sub-delegate provided that the Trustee shall have exercised reasonable care in selecting such person.

(q) The Trustee may in the conduct of the trusts of this Trust Deed instead of acting personally employ and pay an agent (whether being a lawyer or other professional person) to transact or conduct, or concur in transacting or conducting, any business and to do, or concur in doing, all acts required to be done by the Trustee in connection with this Trust Deed (including the receipt and payment of money). The Trustee shall not be in any way responsible for any Liability incurred by reason of any misconduct or default on the part of any such agent or be bound to supervise the proceedings or acts of any such agent provided that the Trustee shall have exercised reasonable care in selecting such person.

(r) The Trustee may appoint and pay any person to act as a custodian or nominee on any terms in relation to such assets of the trusts constituted by this Trust Deed as the Trustee may determine, including for the purpose of depositing with a custodian this Trust Deed or any document relating to the trusts constituted by this Trust Deed and the Trustee shall not be responsible for or required to insure against any Liability incurred in connection with such deposit or by reason of the misconduct, omission or default on the part of any person appointed by it hereunder or be bound to supervise the proceedings or acts of such person and may pay all sums required to be paid on account of or in respect of any such deposit; the Trustee is not obliged to appoint a custodian if the Trustee invests in securities payable to bearer provided that the Trustee shall have exercised reasonable care in selecting such person.

(s) The Trustee shall not be responsible for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of this Trust Deed or any other document relating or expressed to be supplemental thereto and shall not be liable for any failure to obtain any licence, consent or other authority for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of this Trust Deed or any other document relating or expressed to be supplemental thereto.

(t) The Trustee may call for any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system in relation to any matter. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's Creation Online system) in accordance with its usual procedures and in which the account holding a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by Euroclear or Clearstream, Luxembourg or any other applicable clearing system and subsequently found to be forged or not authentic.

(u) The Trustee shall not be responsible to any person for failing to request, require or receive any legal opinion relating to the Notes or for checking or commenting upon the content of any such legal opinion and shall not be responsible for any Liability incurred thereby.

(v) Notwithstanding anything else herein contained, the Trustee may refrain without liability from doing anything which in its reasonable opinion would or may be illegal or contrary to any law of any state or jurisdiction (including but not limited to the laws of the United States of America or any jurisdiction forming part of it and England & Wales) or any directive or regulation of any agency of any such state or jurisdiction and may without Liability do anything which is, in its reasonable opinion, necessary to comply with any such law, directive or regulation.

(w) No provision of this Trust Deed shall require the Trustee to do anything which may cause it to expend or risk its own funds or otherwise incur any Liability in the performance of any of its duties or in the exercise of any of its rights, powers or discretions, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or Liability is not assured to it.

(x) In the absence of knowledge or express notice to the contrary, the Trustee shall be entitled to assume without enquiry (other than requesting a certificate pursuant to Clause 6.16 (*Notes held by the Issuer and its Subsidiaries*)) that no Notes are held by, for the benefit of, or on behalf of, the Issuer or any of its Subsidiaries).

(y) The Trustee shall not be responsible for, or for investigating any matter which is the subject of, any recital, statement, representation, warranty or covenant of any person contained in this Trust Deed, or any other agreement or document relating to the transactions contemplated in this Trust Deed or under such other agreement or document.

(z) The Trustee shall be under no obligation to monitor or supervise the functions of any other person under the Notes or Coupons or any other agreement or document relating to the transactions herein or therein contemplated and shall be entitled, in the absence of actual knowledge of a breach of obligation, to assume that each such person is properly performing and complying with its obligations.

(aa) When determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled, acting reasonably, to evaluate its risk in any given circumstance by considering the worst-case scenario and, for this purpose, it may take into account, without limitation, the potential costs of defending or commencing proceedings in England or elsewhere.

(bb) The Trustee shall not incur any Liability to the Issuer, Noteholders or any other person in connection with any approval given by it pursuant to Clause 6.14 to any notice to be given to Noteholders by the Issuer; the Trustee shall not be deemed to have represented, warranted, verified or confirmed that the contents of any such notice are true, accurate or complete in any respects or that it may be lawfully issued or received in any jurisdiction.

(cc) The Trustee shall not be responsible for monitoring whether any notices to Noteholders are given in compliance with the requirements of the Stock Exchange or with any other legal or regulatory requirements.

(dd) A certificate of the Auditors that in their opinion a Subsidiary is or is not or was or was at any particular period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Trustee, the Noteholders and the Couponholders.

(ee) Notwithstanding anything contained in this Trust Deed, to the extent required by any applicable law, if the Trustee is or will be required to make any deduction or withholding from any distribution or payment made by it hereunder or if the Trustee is or will be otherwise charged to, or is or may become liable to, tax (other than, for the avoidance of doubt, taxes imposed in respect of net income by a taxing jurisdiction wherein the Trustee is incorporated or resident for tax purposes or carries on or is deemed to carry on business) as a consequence of performing its duties hereunder whether as principal, agent or otherwise, and whether by reason of any assessment, prospective assessment or other imposition of liability to taxation of whatsoever nature and whensoever made upon the Trustee, and whether in connection with or arising from any sums received or distributed by it or to which it may be entitled under this Trust Deed (other than in connection with its remuneration as provided for herein) or any investments or deposits from time to time representing the same, including any income or gains arising therefrom or any action of the Trustee in connection with the trusts of this Trust Deed (other than the remuneration herein specified) or otherwise, then the Trustee shall be entitled to make such deduction or withholding or, as the case may be, to retain out of sums received by it an amount sufficient to discharge any liability to tax which relates to sums so received or distributed or to discharge any such other liability of the Trustee to tax from the funds held by the Trustee upon the trusts of this Trust Deed.

10.2 TRUSTEE'S LIABILITY

10.2.1 Subject to section 750 of the Companies Act 2006 (if applicable), nothing in this Trust Deed shall in any case in which the Trustee has failed to show the degree of care and diligence required of it as trustee having regard to the provisions of this Trust Deed conferring on it any trusts, powers, authorities or discretions exempt the Trustee from or indemnify it against any Liability for its own gross negligence, wilful default or fraud which it may be guilty in relation to its duties under this Trust Deed.

10.2.2 Notwithstanding any provision of this Trust Deed to the contrary, the Trustee shall not in any event be liable for:

- (a) loss of profit, loss of business, loss of goodwill, loss of opportunity, whether direct or indirect; and
- (b) special, indirect, punitive or consequential loss or damage of any kind whatsoever,

whether or not foreseeable, even if the Trustee has been advised of the likelihood of such loss or damage, unless the claim for loss or damage is made in respect of fraud on the part of the Trustee.

10.3 Disapplication

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Trustee in relation to the trusts constituted by this Trust Deed. Where there are any inconsistencies between the Trustee Acts and the provisions of this Trust Deed, the provisions of this Trust Deed shall, to the extent allowed by law, prevail and, in the case of any such inconsistency with the Trustee Act 2000, the provisions of this Trust Deed shall constitute a restriction or exclusion for the purposes of that Act.

10.4 Trustee liable for negligence

10.4.1 Subject to section 750 of the Companies Act 2006 (if applicable), nothing in this Trust Deed shall in any case in which the Trustee has failed to show the degree of care and diligence required of it as trustee having regard to the provisions of this Trust Deed conferring on it any trusts, powers, authorities or discretions exempt the Trustee from or indemnify it against any Liability for its own gross negligence, wilful default or fraud of which it may be guilty in relation to its duties under this Trust Deed.

10.4.2 Notwithstanding any provision of this Trust Deed to the contrary, the Trustee shall not in any event be liable for:

- (a) loss of profit, loss of business, loss of goodwill, loss of opportunity, whether direct or indirect; and
- (b) special, indirect, punitive or consequential loss or damage of any kind whatsoever, whether or not foreseeable, even if the Trustee has been advised of the likelihood of such loss or damage, unless the claim for loss or damage is made in respect of fraud on the part of the Trustee.

11. COSTS AND EXPENSES

11.1 Remuneration

11.1.1 *Normal remuneration*: The Issuer shall pay to the Trustee remuneration for its services as trustee as from the date of this Trust Deed, such remuneration to be at such rate and on such dates as may from time to time be agreed in writing between the Issuer and the Trustee. Such remuneration shall accrue from day to day and be payable (in priority to payments to the Noteholders and Couponholders) up to and including the date when, all the Notes having become due for redemption, the redemption moneys and interest thereon to the date of redemption have been paid to the Principal Paying Agent or, as the case may be, the Trustee **provided that** if upon due presentation of any Note or Coupon, payment of the moneys due in respect thereof is improperly withheld or refused, remuneration will commence again to accrue.

11.1.2 *Extra remuneration*: In the event of the occurrence of an Event of Default or a Potential Event of Default, if the Trustee considers it expedient or necessary or is requested by the Issuer to undertake duties which the Trustee and the Issuer agree to be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee under this Trust Deed the Issuer shall pay to the Trustee such additional remuneration as shall be agreed between them (and which may be calculated by reference to the Trustee's normal hourly rates in force from time to time).

11.1.3 *Failure to agree*: In the event of the Trustee and the Issuer failing to agree:

- (a) (in a case to which Clause 11.1.1 (*Normal remuneration*) above applies) upon the amount of the remuneration; or
 - (b) (in a case to which Clause 11.1.2 (*Extra remuneration*) above applies) upon whether such duties shall be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee under this Trust Deed, or upon such additional remuneration,
- such matters shall be determined by a merchant or investment bank (acting as an expert and not as an arbitrator) selected by the Trustee and approved by the Issuer or, failing such approval, nominated (on the application of the Trustee) by the President for the time being of The Law Society of England and Wales (the expenses involved in such nomination and the fees of such merchant or investment bank being payable by the Issuer) and the determination of any such merchant or investment bank shall be final and binding upon the Trustee, the Issuer the Noteholders and the Couponholders.

11.1.4 *Indemnity*: Without prejudice to the right of indemnity by law given to trustees, but subject to Clauses 11.1.9 (*Value Added Tax*) and 11.1.10 (*Income taxes*), the Issuer shall indemnify the Trustee and every Appointee and keep such person indemnified against all Liabilities to which such person may be or become subject or which may be incurred by such person in the preparation and execution or purported execution of any of their trusts, powers, authorities and discretions under this Trust Deed or its or their functions under any such appointment or in respect of any other matter or thing done or omitted in any way relating to this Trust Deed or any such appointment (including all Liabilities incurred in disputing or defending any of the foregoing).

11.1.5 *Expenses*: The Issuer shall also pay or discharge all costs, charges and expenses (including stamp duties, levies, imposts, issue, registration, documentary and other similar taxes or duties to the extent provided for in Clause 11.2 (*Stamp duties*), and VAT in accordance with Clause 11.1.9 (*Value Added Tax*) but excluding all other taxes) incurred by the Trustee in relation to the preparation and execution of, the exercise of its powers and the performance of its duties under, and in any other manner relating to, this Trust Deed, including but not limited to travelling expenses and any stamp, issue, registration, documentary and other similar taxes or duties paid or payable by the Trustee in connection with any action properly taken by or on behalf of the Trustee for enforcing this Trust Deed.

11.1.6 *Third parties*: Where any amount which would otherwise be payable by the Issuer under this Clause 11.1 has instead been paid by any person or persons other than the Issuer (each, an "Indemnifying Party"), the Issuer shall pay to the Trustee an equal amount for the purpose of enabling the Trustee to reimburse the Indemnifying Parties.

11.1.7 *Payments of amounts due*: All amounts payable pursuant to Clause 11.1.6 (*Third parties*) above and/or this Clause 11.1.7 shall be payable by the Issuer on the date specified in a demand by the Trustee and in the case of payments actually made by the Trustee prior to such demand shall carry interest at the rate of three per cent. per annum above the base rate (on the date on which payment was made by the Trustee) of National Westminster Bank Plc from the date specified in such demand, and in all other cases shall (if not paid within 30 days after the date of such demand or, if such demand specifies that payment is to be made on an earlier date, on such earlier date) carry interest at such rate from such 30th day of such other date specified in such demand. All remuneration payable to the Trustee shall carry interest at such rate from the due date therefor.

11.1.8 *Payments*: The Issuer hereby further undertakes to the Trustee that all monies payable by the Issuer to the Trustee under this Clause 11.1 shall be made without set-off, counterclaim, deduction or withholding unless required by law. In the event of deduction or withholding being required by law, the Issuer will pay such additional amounts as will result in the receipt by the Trustee of the amounts which would otherwise have been payable by the Issuer to the Trustee under this Clause 11.1 in the absence of any such deduction or withholding.

11.1.9 *Value Added Tax*: All amounts payable by the Issuer under this Trust Deed are exclusive of VAT. If the Trustee or the representative member (as that term is used in the Value Added Tax Act 1994) of a group to which it belongs for VAT purposes is liable to account for VAT in respect of any service made to the Issuer in accordance with this Trust Deed, the Issuer shall pay to the Trustee (in addition to and at the same time as paying any other remuneration for such supply, and upon receipt of a valid VAT invoice) an amount equal to the amount of such VAT if and to the extent such VAT is not recoverable by the relevant Agent or representative member. Where the Issuer is required to reimburse or indemnify the Trustee for any cost or expense, the Issuer shall reimburse or indemnify (as the case may be) the Trustee for the full amount of such cost or expense, including such part thereof as represents VAT, save to the extent that the Trustee or the representative member of a group to which it belongs for VAT purposes is entitled to credit or repayment in respect of such VAT.

11.1.10 *Income taxes*: For the avoidance of doubt, the Trustee shall be responsible for its own corporate income tax and nothing in this Trust Deed shall require the Issuer to pay taxes imposed in respect of net income by a taxing jurisdiction wherein the Trustee is incorporated or resident or carries on or is deemed to carry on business for tax purposes.

11.1.11 *Discharge*: Unless otherwise specifically stated in any discharge of this Trust Deed the provisions of this Clause 11.1 shall continue in full force and effect notwithstanding such discharge.

11.2 Stamp duties

The Issuer will pay any stamp, issue, registration, documentary and other similar fees, duties and taxes, including interest and penalties, payable (a) in the United Kingdom or the Netherlands on or in connection with (i) the execution and delivery of this Trust Deed and (ii) the constitution and original issue of the Notes and the Coupons and (b) in any jurisdiction on or in connection with any action properly taken by or on behalf of the Trustee or (where permitted under this Trust Deed so to do) any Noteholder or Couponholder to enforce this Trust Deed.

11.3 Currency indemnity

The Issuer shall indemnify the Trustee, every Appointee, the Noteholders and the Couponholders and, subject to Clauses 11.1.9 (*Value Added Tax*) and 11.1.10 (*Income taxes*), keep them indemnified against:

11.3.1 any Liability incurred by any of them arising from the non-payment by the Issuer of any amount due to the Trustee or the Noteholders or Couponholders under this Trust Deed by reason of any variation in the rates of exchange between those used for the purposes of calculating the amount due under a judgment or order in respect thereof and those prevailing at the date of actual payment by the Issuer; and

11.3.2 any deficiency arising or resulting from any variation in rates of exchange between (i) the date as of which the local currency equivalent of the amounts due or contingently due under this Trust Deed (other than this Clause 11.3) is calculated for the purposes of any bankruptcy, insolvency or liquidation of the Issuer and (ii) the final date for ascertaining the amount of claims in such bankruptcy, insolvency or liquidation. The amount of such deficiency shall be deemed not to be reduced by any variation in rates of exchange occurring between the said final date and the date of any distribution of assets in connection with any such bankruptcy, insolvency or liquidation.

11.4 Indemnities separate

The indemnities in this Clause 11 constitute separate and independent obligations from the other obligations in this Trust Deed, will give rise to separate and independent causes of action, will apply irrespective of any indulgence granted by the Trustee and/or any Noteholder or Couponholder and will continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under this Trust Deed or the Notes or the Coupons or any other judgment or order. Any such Liability as referred to in this Clause 11 shall be deemed to constitute a Liability suffered by the Trustee, the Noteholders and the Couponholders and no proof or evidence of any actual Liability shall be required by the Issuer or its liquidator or liquidators.

12. APPOINTMENT AND RETIREMENT

12.1 Appointment of Trustees

The power of appointing new trustees of this Trust Deed shall be vested in the Issuer but no person shall be appointed who shall not previously have been approved by an Extraordinary Resolution of the Noteholders. A trust corporation may be appointed sole trustee hereof but subject thereto there shall be at least two trustees hereof one at least of which shall be a trust corporation. Any appointment of a new trustee hereof shall as soon as practicable thereafter be notified by the Issuer to the Agents and the Noteholders. The Noteholders shall together have the power, exercisable by Extraordinary Resolution, to remove any trustee or trustees for the time being hereof. The removal of any trustee shall not become effective unless there remains a trustee hereof (being a trust corporation) in office after such removal or until a trust corporation is appointed as successor.

12.2 Co-trustees

12.2.1 Notwithstanding the provisions of Clause 12.1 (*Appointment of Trustees*), the Trustee may, upon giving prior notice to the Issuer but without the consent of the Issuer or the Noteholders or the Couponholders, appoint any person established or resident in any jurisdiction (whether a trust corporation or not) to act either as a separate trustee or as a co-trustee jointly with the Trustee:

- (a) if the Trustee considers such appointment to be in the interests of the Noteholders or the Couponholders; or
- (b) for the purposes of conforming to any legal requirements, restrictions or conditions in any jurisdiction in which any particular act or acts are to be performed; or
- (c) for the purposes of obtaining a judgment in any jurisdiction or the enforcement in any jurisdiction either of a judgment already obtained or of this Trust Deed.

12.2.2 The Issuer hereby irrevocably appoints the Trustee to be its attorney in its name and on its behalf to execute any such instrument of appointment.

12.2.3 Such a separate trustee or co-trustee shall (subject always to the provisions of this Trust Deed) have such trusts, powers, authorities and discretions (not exceeding those conferred on the Trustee by this Trust Deed) and such duties and obligations as shall be conferred on such person or imposed by the instrument of appointment.

12.2.4 The Trustee shall have power in like manner to remove any such person.

12.2.5 Such proper remuneration as the Trustee may pay to any such person, together with any attributable costs, charges and expenses incurred by it in performing its function as such separate trustee or co-trustee, shall for the purposes of this Trust Deed be treated as costs, charges and expenses incurred by the Trustee.

12.3 Retirement of Trustees

A trustee of this Trust Deed may retire at any time on giving not less than 90 days' prior written notice to the Issuer without giving any reason and without being responsible for any costs, charges and expenses properly incurred by reason of such retirement. The Noteholders may by Extraordinary Resolution remove any trustee or trustees for the time being of this Trust Deed in relation to Notes. The Issuer undertakes that in the event of the only trustee of this Trust Deed which is a Trust Corporation (for the avoidance of doubt, disregarding for this purpose any separate or co-trustee appointed under Clause 12.2 (*Co-trustees*) giving notice under this Clause 12.3 or being removed by Extraordinary Resolution it will use all reasonable endeavours to procure that a new trustee of this Trust Deed being a Trust Corporation is appointed as soon as reasonably practicable thereafter. The retirement or removal of any such trustee shall not become effective until a successor trustee being a Trust Corporation is appointed. If, in such circumstances, no appointment of such a new trustee has become effective within 90 days of the date of such notice or Extraordinary Resolution, the Trustee shall be entitled to appoint a Trust Corporation as trustee of this Trust Deed, but no such appointment shall take effect unless previously approved by an Extraordinary Resolution.

12.4 Competence of a majority of Trustees

Whenever there shall be more than two trustees hereof the majority of such trustees shall (provided such majority includes a trust corporation) be competent to execute and exercise all the trusts, powers, authorities and discretions vested by this Trust Deed in the Trustee generally.

12.3 Powers additional

The powers conferred by this Trust Deed upon the Trustee shall be in addition to any powers which may from time to time be vested in it by general law or as the holder of any of the Notes or the Coupons.

12.4 Merger

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Clause 12.6, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

13. **NOTICES**

13.1 **Addresses for notices**

All notices and other communications hereunder shall be made in writing and in English (by letter or email) and shall be sent as follows:

13.1.1 *Issuer*: if to the Issuer, to it at:

Koninklijke Philips N.V.

Philips Center

Amstelplein 2

1096 BC Amsterdam

The Netherlands

Attention: Group Treasury

Email: treasury.middleoffice@philips.com

13.1.2 *Trustee*: if to the Trustee, to it at:

Citicorp Trustee Company Limited

Citigroup Centre

Canada Square

London E14 5LB

England

Email: emea.at.debt@citi.com

Attention: Agency & Trust

13.2 **Effectiveness**

Every notice or other communication sent in accordance with Clause 13.1 (*Addresses for notices*) shall be effective as follows:

13.2.1 *Letter*: if sent by letter, it shall be deemed to have been delivered 7 days after the time of despatch; and

13.2.2 *Email*: if sent by email, it shall be deemed to have been delivered at the time of delivery to the recipient's email address,

provided that any such notice or other communication which would otherwise take effect after 4.00 p.m. on any particular day shall not take effect until 10.00 a.m. on the immediately succeeding Business Day in the place of the addressee, and further provided that in the case of a notice or demand given by email a delivery receipt is received by the sending party confirming the email has been delivered to the recipient's correct email address.

13.3 **No Notice to Couponholders**

Neither the Trustee nor the Issuer shall be required to give any notice to the Couponholders for any purpose under this Trust Deed and the Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with Condition 13 (*Notices*).

14. **LAW AND JURISDICTION**

14.1 **Governing Law**

This Trust Deed and the Notes and any non-contractual obligations arising out of or in connection with them are governed by English law.

14.2 **English Courts**

The courts of England have exclusive jurisdiction to settle any disputes (a "**Dispute**"), arising from or connected with this Trust Deed or the Notes (including a dispute regarding the existence, validity or termination of, and all non-contractual obligations arising out of or in connection with, this Trust Deed or the Notes) or the consequences of their nullity.

14.3 **Appropriate forum**

The parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and, accordingly that they will not argue to the contrary.

14.4 **Rights of the Issuer and the Trustee to take proceedings outside England**

Notwithstanding Clauses 14.2 (*English Courts*) and 14.3 (*Appropriate forum*), to the extent allowed by law, the Issuer and the Trustee may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction and (ii) concurrent proceedings in any number of jurisdictions.

14.5 Process agent

The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Philips Electronics UK Limited (Attention: Company Secretary), Ascent 1 Aerospace Boulevard, Farnborough, England, GU14 6XW. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of the Trustee, appoint a further person in England to accept service of process on their behalf and, failing such appointment within 15 days, the Trustee shall be entitled to appoint such a person by written notice addressed to the Issuer. Nothing in this paragraph shall affect the right of the Trustee or (when they are entitled to do so) any of the Noteholders to serve process in any other manner permitted by law.

14.6 Power of Attorney

If the Issuer is represented by an attorney or attorneys in connection with the signing and/or execution and/or delivery of this Trust Deed or any agreement or document referred to herein or made pursuant hereto and the relevant power or powers of attorney is or are expressed to be governed by the laws of the Netherlands, it is hereby expressly acknowledged and accepted by the other parties hereto that such laws shall govern the existence and extent of such attorney's or attorney's authority and the effects of the exercise thereof.

15. SEVERABILITY

In case any provision in or obligation under this Trust Deed shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

16. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any provision of this Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

17. COUNTERPARTS

This Trust Deed may be executed in any number of counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF this Trust Deed has been executed as a deed by the parties hereto and is intended to be and is hereby delivered on the date first before written.

SCHEDULE 1

TERMS AND CONDITIONS

Koninklijke Philips N.V. (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issue of up to €10,000,000,000 in aggregate principal amount of notes (the "**Notes**") on the terms set out in these Conditions and in the Trust Deed (as defined below).

Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of final terms (the "**Final Terms**") which complete these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms.

The Notes are constituted by, are subject to and have the benefit of a trust deed dated 9 March 2020 as amended and restated on 8 March 2024 (as amended and/or restated and/or supplemented from time to time, the "**Trust Deed**") made between the Issuer and Citicorp Trustee Company Limited as trustee (the "**Trustee**", which expression shall include its successor(s)) as trustee for the holders of the Notes (the "**Noteholders**") and the holders of the interest coupons appertaining thereto (the "**Couponholders**" and the "**Coupons**" respectively) and are the subject of an agency agreement dated 9 March 2020 as amended and restated on 8 March 2024 (as amended or supplemented from time to time, the "**Agency Agreement**") made between the Issuer, Citibank, N.A., London Branch as principal paying agent (the "**Principal Paying Agent**" and, together with any other agents appointed in accordance with such agreement, the "**Paying Agents**", which expression shall include any successor(s)), Citibank, N.A., London Branch as calculation agent (the "**Calculation Agent**" and, together with the Paying Agents, the "**Agents**"), and the Trustee.

All subsequent references in these Conditions to "**Notes**" are to the Notes of the relevant Series. Copies of the relevant Final Terms are available for inspection and may be obtained during normal business hours at the registered office of the Trustee and the specified office of the Principal Paying Agent.

Certain provisions of these Conditions are summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed and the Agency Agreement. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours by the Noteholders and the Couponholders at the principal office for the time being of the Trustee, being at the date of issue of the Notes at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom and at the specified office of each of the Paying Agents.

1. Interpretation

1.1 Definitions

In these Conditions the following expressions have the following meanings: "**Business Day**" means a day which is both:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the relevant Final Terms; and

(ii) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is

Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively); or (ii) in relation to any sum payable in euro, a day on which the real time gross settlement system operated by the Eurosystem or any successor system (the "T2") is open; and

(iii) in respect of Notes for which the Reference Rate is specified as SOFR in the relevant Final Terms, any weekday that is a U.S. Government Securities Business Day (as defined below) and is not a legal holiday in New York and each (if any) Additional Business Centre(s) and is not a date on which banking institutions in those cities are authorised or required by law or regulation to be closed;

"**Business Day Convention**", in relation to any particular date, the following expressions shall have the following meanings:

(i) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;

(ii) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day save in respect of Notes for which the Reference Rate is SOFR, for which the final Interest Payment Date will not be postponed and interest on that payment will not accrue during the period from and after the scheduled final Interest Payment Date;

(iii) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(iv) "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred; **provided, however, that:**

(A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(v) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"**Coupon Sheet**" means, in respect of a Note in definitive form, a coupon sheet relating to the Note;

"**Day Count Fraction**" means (subject as provided in Condition 5.1 (*Fixed Rate Note Provisions*)), in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

(i) if "**Actual/365**" or "**Actual/Actual (ICMA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;

(iii) if "**Actual/365 (Sterling)**" is so specified, means the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;

(v) if "**30/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

Day Count Fraction = $\{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)\} / 360$

where:

"**Y₁**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D₁**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and "**D₂**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

(vi) if "**30E/360**" or "**Eurobond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)\} / 360$$

where:

"**Y₁**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D₁**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"**D₂**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30; and

(vii) if "**30E/360 (ISDA)**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)\} / 360$$

where:

"**Y₁**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D₁**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and "**D₂**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30, **provided, however, that** in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"**Determination Period**" means each period from (and including) an Interest Determination Date to (but excluding) the next Interest Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not an Interest Determination Date, the period commencing on the first Interest Determination Date prior to, and ending on the first Interest Determination Date falling after, such date);

"**Early Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"**EURIBOR**" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Money Markets Institute (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are

provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor);

"**euro**" means the single currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro as amended;

"**Extraordinary Resolution**" has the meaning given in the Trust Deed;

"**Final Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"**Group**" means the Issuer and its Subsidiaries from time to time;

"**Holding Company**" of any other person means a company in respect of which that other person is a Subsidiary;

"**Interest Amount**" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

"Interest Determination Date" has the meaning given in the relevant Final Terms or if none is so specified, the Reference Rate is EURIBOR, the second day on which T2 is open prior to the start of each Interest Period;

"Interest Payment Date" means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

"Interest Period" means each period beginning on (and including) the Interest Commencement Date or any Interest Period End Date and ending on (but excluding) the next Interest Period End Date;

"Interest Period End Date" means each Interest Payment Date or such other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms;

"ISDA Definitions" means, in relation to any Series of Notes:

- (a) unless "ISDA 2021 Definitions" are specified as being applicable in the relevant Final Terms, the 2006 ISDA Definitions (as supplemented, amended and updated as at the date of issue of the first Tranche of the Notes of such Series), as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**") (copies of which may be obtained from ISDA at [isda.org](http://www.isda.org)); or
- (b) if "ISDA 2021 Definitions" are specified as being applicable in the relevant Final Terms, the latest version of the ISDA 2021 Interest Rate Derivatives Definitions, including each Matrix (as defined therein) (and any successor thereto), each as published by ISDA (or any successor) on its website (<http://www.isda.org>), on the date of issue of the first Tranche of the Notes of such Series;

"Margin" has the meaning given in the relevant Final Terms;

"Material Subsidiary" means, at any time, a Subsidiary of the Issuer whose total assets represent at least 5 per cent. of the consolidated total assets of the Group or whose total net sales represent at least 7.5 per cent. of the consolidated net sales of the Group and in relation to which the Issuer has, directly or indirectly, the power to direct its management and policies whether through the ownership of voting capital, by contract or otherwise. For this purpose:

- (a) in the case of each Subsidiary, the calculation shall be made by comparing the total assets or, as the case may be, total net sales of that Subsidiary individually (and not on a consolidated basis) to those of the Group;
- (b) assets or sales which arise from transactions between members of the Group and which would be eliminated in the consolidated financial statements of the Group shall be excluded;
- (c) the total assets or total net sales of a Subsidiary shall be calculated by reference to:
 - (i) the accounts of that Subsidiary used for the purpose of the latest audited consolidated financial statements of the Group; or
 - (ii) if the company became a Subsidiary after the end of the financial period to which the latest audited consolidated financial statements of the Group relate, its then latest audited accounts;
- (d) the consolidated total assets or consolidated net sales of the Group shall be calculated by reference to the latest audited consolidated financial statements of the Group, adjusted as appropriate to reflect the total assets or total net sales of any company which has become or ceased to be a Subsidiary after the end of the financial period to which those accounts relate; and
- (e) where a Material Subsidiary transfers all or substantially all of its assets to the Issuer or another Subsidiary, the transferor (if it is not the Holding Company of the transferee) shall cease to be a Material Subsidiary and (if the transferee is a Subsidiary but not a Material Subsidiary) the transferee shall become a Material Subsidiary;

"Payment Business Day" means any day which is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in (a) in the case of Notes in definitive form only, the relevant place of presentation, and (b) each Additional Financial Centre specified in the relevant Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which T2 is open;

"Permitted Reorganisation" means (i) any merger, consolidation, amalgamation, reorganisation, transfer of all or substantially all of its business, assets or undertaking (by operation of law or by way of sale, contribution, lease, conveyance, demerger or otherwise), reconstruction or restructuring on a solvent basis of the Issuer or a Material Subsidiary, and in the case of the Issuer, pursuant to which the surviving or acquiring company (if not the Issuer) assumes all obligations of the Issuer under the Notes and the Trust Deed either expressly, by operation of law or by universal succession; or (ii) for the purposes of or in connection with, and followed by, a substitution of the relevant entity pursuant to and in accordance with Condition 14.5 (*Substitution*);

"Person" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"Principal Financial Centre" means, in relation to any currency, the principal financial centre for that currency; **provided, however, that:**

(i) in relation to euro, it means the principal financial centre of such Member State of the European Union as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Principal Paying Agent; and

(ii) in relation to Australian dollars or New Zealand dollars, it means either Sydney or Auckland; in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Principal Paying Agent;

"Rate of Interest" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

"Redemption Amount" means, as appropriate, the Final Redemption Amount, the Make-Whole Redemption Amount, the Residual Call Early Redemption Amount, or such other amount in the nature of a redemption amount as may be specified in the relevant Final Terms;

"Reference Banks" means four major banks selected by the Issuer in the market that is most closely connected with the Reference Rate;

"Reference Rate" means EURIBOR, SONIA, SOFR or €STR as specified in the relevant Final Terms in respect of the currency and period specified in the relevant Final Terms. Other than in the case of U.S. dollar- denominated floating rate Notes for which the "Reference Rate" is specified in the relevant Final Terms as being SOFR, the term Reference Rate shall, following the occurrence of a Benchmark Event under Condition 5.2(m) (*Benchmark Discontinuation (Independent Adviser)*), include any Successor Rate or Alternative Reference Rate and shall, if a Benchmark Event should occur subsequently in respect of any such Successor Rate or Alternative Reference Rate, also include any further Successor Rate or further Alternative Reference Rate.

"Relevant Date" means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 13 (*Notices*).

"Relevant Indebtedness" means any indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other debt security which is, or is intended to be, listed, quoted or traded on any stock exchange or on any other recognised securities market (including, without limitation, any over-the-counter securities market);

"Relevant Jurisdiction" means the Netherlands or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject by reason of its tax residence in respect of payments made by or on behalf of it of principal and interest on the Notes and Coupons;

"Relevant Screen Page" means the page, section or other part of a particular information service (including, without limitation, Reuters or Bloomberg) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"Specified Currency" means the relevant currency as specified in the relevant Final Terms;

"Specified Denomination" means such denominations as specified in the relevant Final Terms;

"specified office" has the meaning given in the Agency Agreement;

"Specified Period" means each period specified as such in the relevant Final Terms;

"Subsidiary" means a consolidated entity of which a person has direct or indirect control or owns directly or indirectly more than 50 per cent. of the voting rights or similar right of ownership and **"control"** for this purpose means the power to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise;

"Sub-Unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.;

"Talon" means a talon for further Coupons; and

"Zero Coupon Note" means a Note specified as such in the relevant Final Terms.

1.2 Interpretation

In these Conditions:

(i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;

(ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;

(iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;

(iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 8 (*Taxation*) or any undertakings given in addition to or in substitution for that Condition, any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

(v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 8 (*Taxation*) or any undertakings given in addition to or in substitution for that Condition and any other amount in the nature of interest payable pursuant to these Conditions;

(vi) references to Notes being "**outstanding**" shall be construed in accordance with the Trust Deed;

(vii) if an expression is stated in Condition 1.1 (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms give no such meaning or specify that such expression is "not applicable" then such expression is not applicable to the Notes; and

(viii) Any reference in these Conditions to any legislation (whether primary legislation or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

2. Form, Denomination and title

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and in the Specified Denomination(s) and, if interest-bearing (in the case of definitive Notes), with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Notes with more than one Specified Denomination, Notes of one Specified Denomination will not be exchangeable for Notes of another Specified Denomination. Subject as set out below, title to the Notes and the Coupons will pass by delivery. The Issuer, the Paying Agents and the Trustee will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) for all purposes and shall not be liable to any Person for so treating such bearer, but in the case of a Note in global form (a "**Global Note**") without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), each Person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any Person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Paying Agents and the Trustee as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such principal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer, any Paying Agent and the Trustee as the holder of such principal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly. In determining whether a particular Person is entitled to a particular principal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned. Payment in respect of Notes represented by a Global Note will only be made in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the relevant Final Terms or as may otherwise be approved by the Issuer, the Paying Agents and the Trustee.

3. Status

The Notes and the Coupons are direct, unconditional and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the Issuer and (subject as aforesaid) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

4. Negative Pledge

So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer shall not create or permit to subsist any mortgage, charge, pledge, lien or other security interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness (as defined below) or any guarantee of Relevant Indebtedness, without:

(a) at the same time or prior thereto ensuring that the Issuer's obligations under the Notes are secured equally and rateably therewith to the satisfaction of the Trustee; or

(b) providing such other guarantee or other arrangement (whether or not comprising security) as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Noteholders or as may be approved by an Extraordinary Resolution (as defined in the Trust Deed).

5. Interest

5.1 Fixed Rate Note Provisions

(a) *Application*

This Condition 5.1 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.

(b) *Accrual of interest*

The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject to Condition 6 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5.1 (*Fixed Rate Note Provisions*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or as the case may be the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) *Fixed Coupon Amount and Broken Amount*

If the Notes are in definitive form, except as provided in the relevant Final Terms, the amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount. If the Notes are in definitive form, if so specified in the relevant Final Terms, the amount of interest payable on any Interest Payment Date shall be the Broken Amount so specified. The amount of interest payable shall be the product of the Fixed Coupon Amount or, as the case may be, the Broken Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination.

(d) *Calculation of Interest Amount*

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or an applicable Broken Amount is specified in the relevant Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(i) in the case of Notes which are represented by a Global Note, the aggregate outstanding principal amount of the Fixed Rate Notes represented by such Global Note; or

(ii) in the case of Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such product by the applicable Day Count Fraction, and rounding the resultant figure to the nearest Sub-Unit of the relevant Specified Currency, half of any such Sub-Unit being rounded upwards or otherwise in accordance with applicable market convention. The amount of interest payable shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with this Condition 5.1 (*Fixed Rate Note Provisions*):

(i) if **“Actual/Actual (ICMA)”** is specified in the relevant Final Terms:

(A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **“Accrual Period”**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Interest Determination Dates (as specified in the relevant Final Terms) that would occur in one calendar year; or

(B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Interest Determination Dates that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Interest Determination Dates that would occur in one calendar year; and

(ii) if **“30/360”** is specified in the relevant Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

5.2 Floating Rate Note Provisions

(a) *Application*

This Condition 5.2 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.

(b) *Accrual of interest*

The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 6 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5.2 (*Floating Rate Note Provisions*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or as the case may be the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) *Screen Rate Determination*

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be (other than in respect of Notes for which SONIA, SOFR and/or €STR is specified as the Reference Rate in the relevant Final Terms) determined, subject to Condition 5.2(m) (*Benchmark Discontinuation (Independent Adviser)*), by the Calculation Agent on the following basis:

(i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(ii) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:

(A) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

(B) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period; **provided, however, that** if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate;

in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Issuer will:

(A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre inter-bank market in an amount that is representative for a single transaction in that market at that time; and

(B) provide such quotations to the Calculation Agent who shall determine the arithmetic mean of such quotations; and

(iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Principal Paying Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, requested and selected by the Issuer, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time, and the Rate of Interest for such Interest Period shall be the sum of the Margin (as specified in the Final Terms) and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of the preceding Interest Period.

(d) *ISDA Determination*

If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where:

"ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent (as defined in the ISDA Definitions) for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;

(ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms;

(iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms;

(iv) if applicable, the "Applicable Benchmark", "Fixing Day", "Fixing Time" and/or any other items specified in the relevant Final Terms are as specified in the relevant Final Terms; and

(v) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:

(A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

(B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period; **provided, however, that** if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Rate of Interest for such Interest Period shall be calculated as if Linear Interpolation were not applicable.

(e) *Interest – Floating Rate Notes referencing SONIA*

(i) This Condition 2(e) (*Interest – Floating Rate Notes referencing SONIA*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable and the "Reference Rate" is specified in the relevant Final Terms as being "SONIA". Where "SONIA" is specified as the Reference Rate in the Final Terms, the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily SONIA plus or minus (as specified in the relevant Final Terms) the Margin, all as determined by the Calculation Agent.

For the purposes of this Condition 5.2(e) (*Interest – Floating Rate Notes referencing SONIA*):

"**Compounded Daily SONIA**", with respect to an Interest Period, will be calculated by the Calculation Agent on each Interest Determination Date in accordance with the following formula, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{SONIA_{i-pLBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

"**d**" means the number of calendar days in:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

"**do**" means the number of London Banking Days in:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

"**i**" means a series of whole numbers from one to do, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

to, and including, the last London Banking Day in such period;

"**Interest Determination Date**" means, in respect of any Interest Period, the date falling p London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" London Banking Days prior to such earlier date, if any, on which the Notes are due and payable).

"**London Banking Day**" or "**LBD**" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"**ni**" for any London Banking Day "i", in the relevant Interest Period or Observation Period (as applicable) is the number of calendar days from, and including, such London Banking Day "i" up to, but excluding, the following London Banking Day;

"**Observation Period**" means, in respect of an Interest Period, the period from, and including, the date falling "p" London Banking Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date which is "p" London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" London Banking Days prior to such earlier date, if any, on which the Notes become due and payable);

"**p**" for any Interest Period or Observation Period (as applicable), means the number of London Banking Days specified as the "Lag Period" or the "Observation Shift Period" (as applicable) in the relevant Final Terms;

"**SONIA Reference Rate**" means, in respect of any London Banking Day, a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page (or if the Relevant Screen Page is unavailable, as otherwise is published by such authorised distributors) on the London Banking Day immediately following such London Banking Day; and

"**SONIAi**" means the SONIA Reference Rate for:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the London Banking Day falling "p" London Banking Days prior to the relevant London Banking Day "i"; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms; the relevant London Banking Day "i";

For the avoidance of doubt, the formula for the calculation of Compounded Daily SONIA only compounds the SONIA Reference Rate in respect of any London Banking Day. The SONIA Reference Rate applied to a day that is a non-London Banking Day will be taken by applying the SONIA Reference Rate for the previous London Banking Day but without compounding.

(ii) If, in respect of any London Banking Day in the relevant Interest Period or Observation Period (as applicable), the SONIA Reference Rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall, subject to Condition 5.2(m) (*Benchmark Discontinuation (Independent Adviser)*), be:

(A) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Banking Day; plus (B) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five London Banking Days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate; or

(B) if the Bank Rate is not published by the Bank of England at close of business on the relevant London Banking Day, the SONIA Reference Rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day on which the SONIA Reference Rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors).

(ii) Subject to Condition 5.2(m) (*Benchmark Discontinuation (Independent Adviser)*), if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 5.2(e) (*Interest – Floating Rate Notes referencing SONIA*), the Issuer shall give notice thereof to the Agents, the Trustee and the Noteholders in accordance with Condition 13 (*Notices*) no later than the Determination Cut-off Date and the Rate of Interest shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin applicable to the first Interest Period), in each case as determined by the Calculation Agent.

(f) *Interest – Floating Rate Notes referencing SOFR*

(i) This Condition 2(f) (*Interest – Floating Rate Notes referencing SOFR*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable and the "Reference Rate" is specified in the relevant Final Terms as being "SOFR". Where "SOFR" is specified as the Reference Rate in the Final Terms, the Rate of Interest for each Interest Period will, subject as provided below, be the Benchmark plus or minus (as specified in the relevant Final Terms) the Margin, all as determined by the Calculation Agent on each Interest Determination Date.

For the purposes of this Condition 5.2(f) (*Interest – Floating Rate Notes referencing SOFR*):

"**Benchmark**" means Compounded SOFR, which is a compounded average of daily SOFR, as determined for each Interest Period in accordance with the specific formula and other provisions set out in this Condition 5.2(f) (*Interest – Floating Rate Notes referencing SOFR*).

Daily SOFR rates will not be published in respect of any day that is not a U.S. Government Securities Business Day, such as a Saturday, Sunday or holiday. For this reason, in determining Compounded SOFR in accordance with the specific formula and other provisions set forth herein, the daily SOFR rate for any U.S. Government Securities Business Day that immediately precedes one or more days that are not U.S. Government Securities Business Days will be multiplied by the number of calendar days from and including such U.S. Government Securities Business Day to, but excluding, the following U.S. Government Securities Business Day.

If the Issuer determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of Compounded SOFR (or the daily SOFR used in the calculation hereof) prior to the relevant SOFR Determination Time, then the provisions under Condition 5.2(f)(i) to (iv) below will apply.

"**Business Day**" means any weekday that is a U.S. Government Securities Business Day and is not a legal holiday in New York and each (if any) Additional Business Centre(s) and is not a date on which banking institutions in those cities are authorised or required by law or regulation to be closed;

"**Compounded SOFR**" with respect to any Interest Period, means the rate of return of a daily compound interest investment computed in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards to 0.00001):

$$\left[\prod_{i=1}^{d} \left(1 + \frac{\text{SOFR}_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

"**d**" is the number of calendar days in:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period.

"**d_o**" is the number of U.S. Government Securities Business Days in:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period.

"**i**" is a series of whole numbers from one to "**d_o**", each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period, to and including the last US Government Securities Business Day in such period;

"**Interest Determination Date**" means, in respect of any Interest Period, the date falling "p" U.S. Government Securities Business Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" U.S. Government Securities Business Days prior to such earlier date, if any, on which the Notes are due and payable);

"**ni**" for any U.S. Government Securities Business Day "i" in the relevant Interest Period or Observation Period (as applicable), is the number of calendar days from, and including, such U.S. Government Securities Business Day "i" to, but excluding, the following U.S. Government Securities Business Day ("**i+1**");

"**Observation Period**" in respect of an Interest Period means the period from, and including, the date falling "p" U.S. Government Securities Business Days preceding the first day in such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) to, but excluding, the date falling "p" U.S. Government Securities Business Days preceding the Interest Payment Date for such Interest Period (or the date falling "p" U.S. Government Securities Business Days prior to such earlier date, if any, on which the Notes become due and payable);

"**p**" for any Interest Period or Observation Period (as applicable) means the number of U.S. Government Securities Business Days specified as the "Lag Period" or the "Observation Shift Period" (as applicable) in the relevant Final Terms;

"**SOFR**" with respect to any U.S. Government Securities Business Day, means:

(i) the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day as such rate appears on the SOFR Administrator's Website at 3:00 m. (New York time) on the immediately following U.S. Government Securities Business Day (the "**SOFR Determination Time**"); or

(ii) Subject to Condition 5.2(f)(ii) below, if the rate specified in (i) above does not so appear, the Secured Overnight Financing Rate as published in respect of the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the SOFR Administrator's Website;

"**SOFR Administrator**" means the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate);

"**SOFR Administrator's Website**" means the website of the Federal Reserve Bank of New York, or any successor source;

"**SOFRi**" means the SOFR for:

(i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the S. Government Securities Business Day falling "p" U.S. Government Securities Business Days prior to the relevant U.S. Government Securities Business Day "i"; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant U.S. Government Securities Business Day "i"; and

"**U.S. Government Securities Business Day**" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(ii) If the Issuer or, at the Issuer's request, the Independent Adviser determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date (each as defined below) have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement, the Issuer will have the right to make Benchmark Replacement Conforming Changes from time to time. If the Issuer exercises its right to make Benchmark Replacement Conforming Changes at any time, at the request and expense of the Issuer, but subject to receipt by the Trustee and the Paying Agents of a certificate signed by two Authorised Signatories of the Issuer pursuant to the below, the Trustee, without any requirement for the consent or approval of the Noteholders, and the Paying Agents shall concur with the Issuer in effecting any Benchmark Replacement Conforming Changes required to these Conditions, the Trust Deed and/or the Agency Agreement (regardless of whether or not the effecting of such Benchmark Replacement Conforming Changes would constitute a Basic Terms Modification (as defined in the Trust Deed) or one or more provisos under Condition 14 (*Meetings of Noteholders, Modification, Waiver, Authorisation and Determination, Substitution*)) and neither the Trustee nor the Paying Agents shall be liable to any party for any consequences thereof. Notwithstanding the above, neither the Trustee nor the Paying Agents shall be obliged so to concur if in its reasonable opinion doing so would have the effect of (i) imposing more onerous obligations upon it or exposing it to any additional duties, responsibilities or liabilities or reducing or amending the rights and/or protective provisions afforded to it in these Conditions, the Trust Deed or the Agency Agreement (including, for the avoidance of doubt, any supplemental trust deed or agency agreement) in any way or (ii) exposing the Trustee to any liabilities against which it has not been indemnified and/or prefunded and/or secured to their satisfaction.

Any determination, decision or election that may be made by the Issuer or the Independent Adviser, as the case may be pursuant to this section, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection: (i) will be conclusive and binding absent manifest error; (ii) if made by the Issuer, will be made in the sole discretion of the Issuer; and (iii) if made by the Independent Adviser, will be made after consultation with the Issuer and the Independent Adviser will not make any such determination, decision or election to which the Issuer reasonably objects; and (iv) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other

For the purposes of this Condition 5.2(f)(ii):

"Benchmark" means, initially, Compounded SOFR, as such term is defined above; *provided that* if the Issuer determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to Compounded SOFR (or the published daily SOFR used in the calculation thereof) or the then-current Benchmark, then "Benchmark" shall mean the applicable Benchmark Replacement.

"Benchmark Replacement" means the first alternative set forth in the order below that can be determined by the Issuer or the Independent Adviser, as the case may be, as of the Benchmark Replacement Date:

(i) the sum of: (A) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (B) the Benchmark Replacement Adjustment;

(ii) the sum of: (A) the ISDA Fallback Rate and (B) the Benchmark Replacement Adjustment; or

(iii) the sum of: (A) the alternate rate of interest that has been selected by the Issuer or the Independent Adviser, as the case may be, as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time and (B) the Benchmark Replacement Adjustment;

"Benchmark Replacement Adjustment" means the first alternative set forth in the order below that can be determined by the Issuer or the Independent Adviser, as the case may be, as of the Benchmark Replacement Date:

(i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or

(iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or the Independent Adviser, as the case may be, giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer or the Independent Adviser, as the case may be, decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or the Independent Adviser, as the case may be, decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or the Independent Adviser, as the case may be, determines is reasonably necessary);

"Benchmark Replacement Date" means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

(i) in the case of clause (i) or (ii) of the definition of "Benchmark Transition Event", the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or

(ii) in the case of clause (iii) of the definition of "Benchmark Transition Event", the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

(i) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

"ISDA Fallback Adjustment" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;

"ISDA Fallback Rate" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"Reference Time" with respect to any determination of the Benchmark means (i) if the Benchmark is Compounded SOFR, the SOFR Determination Time, and (ii) if the Benchmark is not Compounded SOFR, the time determined by the Issuer or the Independent Adviser, as the case may be, after giving effect to the Benchmark Replacement Conforming Changes;

"Relevant Governmental Body" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

"Unadjusted Benchmark Replacement" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(iii) Any Benchmark Replacement, Benchmark Replacement Adjustment and the specific terms of any Benchmark Replacement Conforming Changes, determined under Condition 5.2(f)(ii) above will be notified promptly, but in any event no later than the Determination Cut-off Date (as defined below), by the Issuer to the Trustee, the Paying Agents and, in accordance with Condition 13 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date on which such changes take effect.

No later than notifying the Trustee and the Paying Agents of the same, the Issuer shall deliver to the Trustee and the Paying Agents a certificate signed by two Authorised Signatories of the Issuer:

(A) confirming (x) that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred, (y) the relevant Benchmark Replacement and, (z) where applicable, any Benchmark Replacement Adjustment and/or the specific terms of any relevant Benchmark Replacement Conforming Changes, in each case as determined in accordance with the provisions of this Condition 5.2(f)(ii); and

(B) certifying that the relevant Benchmark Replacement Conforming Changes are necessary to ensure the proper operation of such Benchmark Replacement and/or Benchmark Replacement Adjustment.

The Trustee and the Paying Agents shall be entitled to rely on such certificate (without enquiry or liability to any person) as sufficient evidence thereof. The Benchmark Replacement and the Benchmark Replacement Conforming Changes (if any) specified in such certificate will (in the absence of manifest error and without prejudice to the Trustee's or the Paying Agent's ability to rely on such certificate as aforesaid) be binding on the Trustee, the Paying Agents and the Noteholders.

(iv) If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 5.2(f) (*Interest – Floating Rate Notes referencing SOFR*), the Issuer shall give notice thereof to the Agents, the Trustee and the Noteholders in accordance with Condition 13 (*Notices*) no later than the Determination Cut-off Date and the Rate of Interest shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin applicable to the first Interest Period).

(g) *Interest – Floating Rate Notes referencing €STR*

(i) This Condition 5.2(g) (*Interest – Floating Rate Notes referencing €STR*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable and the "Reference Rate" is specified in the relevant Final Terms as being "€STR". Where "€STR" is specified as the Reference Rate in the Final Terms, the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily €STR plus or minus (as specified in the relevant Final Terms) the Margin, all as determined by the Calculation Agent on each Interest Determination Date.

For the purposes of this Condition 5.2(g) (*Interest – Floating Rate Notes referencing €STR*):

"**Compounded Daily €STR**" means, with respect to any Interest Period, the rate of return of a daily compound interest investment (with the daily euro short-term rate as reference rate for the calculation of interest) as calculated by the Calculation Agent as at the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded if necessary to the nearest fifth decimal place, with 0.000005 being rounded upwards):

$$\left[\prod_{i=1}^{d_o} \left(1 + \frac{\text{€STR}_i \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

where:

"**d**" means the number of calendar days in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

"**D**" means the number specified as such in the relevant Final Terms (or, if no such number is specified, 360);

"**do**" means the number of TARGET Settlement Days in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

the "**€STR reference rate**", in respect of any TARGET Settlement Day, is a reference rate equal to the daily euro short-term rate ("**€STR**") for such TARGET Settlement Day as provided by the European Central Bank as the administrator of €STR (or any successor administrator of such rate) on the website of the European Central Bank (or, if no longer published on its website, as otherwise published by it or provided by it to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors) on the TARGET Settlement Day immediately following such TARGET Settlement Day (in each case, at the time specified by, or determined in accordance with, the applicable methodology, policies or guidelines, of the European Central Bank or the successor administrator of such rate);

"**€STR_i**" means the €STR reference rate for:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the TARGET Settlement Day falling "p" TARGET Settlement Days prior to the relevant TARGET Settlement Day "i"; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant TARGET Settlement Day "i".

"**i**" is a series of whole numbers from one to "do", each representing the relevant TARGET Settlement Day in chronological order from, and including, the first TARGET Settlement Day in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

to, and including, the last TARGET Settlement Day in such period;

"**n_i**" for any TARGET Settlement Day "i" in the relevant Interest Period or Observation Period (as applicable), means the number of calendar days from (and including) such TARGET Settlement Day "i" up to (but excluding) the following TARGET Settlement Day;

“Observation Period” means, in respect of any Interest Period, the period from (and including) the date falling “p” TARGET Settlement Days prior to the first day of the relevant Interest Period (and the final Interest Period shall begin on and include the Interest Commencement Date) to (but excluding) the date falling “p” TARGET Settlement Days prior to (A) (in the case of an Interest Period) the Interest Payment Date for such Interest Period or (B) such earlier date, if any, on which the Notes become due and payable;

“p” for any latest Interest Period or Observation Period (as applicable), means the number of TARGET Settlement Days specified as the “Lag Period” or the “Observation Shift Period” (as applicable) in the relevant Final Terms; and

“Target Settlement Day” means a day on which T2, is operating credit or transfer instructions in respect of payments in euro.

(ii) Subject to Condition 5.2(m) (*Benchmark Discontinuation (Independent Adviser)*), if, where any Rate of Interest is to be calculated pursuant to the foregoing provisions of this Condition 5.2(g) (*Interest – Floating Rate Notes referencing €STR*), in respect of any TARGET Settlement Day in respect of which an applicable €STR reference rate is required to be determined, such €STR reference rate is not made available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, then the €STR reference rate in respect of such TARGET Settlement Day shall be the €STR reference rate for the first preceding TARGET Settlement Day in respect of which €STR reference rate was published by the European Central Bank on its website, as determined by the Calculation Agent.

(iii) Subject to Condition 5.2(m) (*Benchmark Discontinuation (Independent Adviser)*), if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 5.2(g) (*Interest – Floating Rate Notes referencing €STR*), the Rate of Interest shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin applicable to the first Interest Period).

(h) *Maximum or Minimum Rate of Interest*

If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

(i) *Calculation of Interest Amount*

The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period by applying the Rate of Interest to:

(A) in the case of Notes which are represented by a Global Note, the aggregate outstanding principal amount of the Notes represented by such Global Note; or

(B) in the case of Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest Sub-Unit of the relevant Specified Currency, half of any such Sub-Unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

(j) *Calculation of other amounts*

If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.

For the avoidance of doubt, in no event shall the Calculation Agent be responsible for determining any Successor Rate, Alternative Reference Rate, Adjustment Spread, Benchmark Replacement, Benchmark Replacement Adjustment or any Benchmark Replacement Conforming Changes. The Calculation Agent will be entitled to conclusively rely on any determinations made by the Issuer or the Independent Adviser and in the absence of fraud, negligence or bad faith, will have no liability for such actions taken at the direction of the Issuer or the Independent Adviser.

(k) *Publication*

Subject to Condition 5.2(m) (*Benchmark Discontinuation (Independent Adviser)*), the Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each listing authority and stock exchange (if any) by which the Notes have then been admitted to listing and/or trading as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.

(l) *Notifications*

All notifications, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5.2 (*Floating Rate Note Provisions*) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Trustee, the Paying Agents, the Noteholders and the Couponholders and no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(m) *Benchmark Discontinuation (Independent Adviser)*

Notwithstanding the provisions of Condition 5.2 (*Floating Rate Note Provisions*) above, and other than in the case of a U.S. dollar-denominated floating rate Note for which the Reference Rate is specified in the relevant Final Terms as being "SOFR", if the Issuer determines that a Benchmark Event has occurred when any Rate of Interest (or the relevant component part thereof) remains to be determined by such Reference Rate (the "**Original Reference Rate**"), then the following provisions shall apply:

(i) the Issuer shall notify the Calculation Agent and shall use reasonable endeavours to select and appoint, as soon as reasonably practicable, an Independent Adviser to determine (acting in good faith and in a commercially reasonable manner), no later than 5 Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (the "**Determination Cut-off Date**"), a Successor Rate (as defined below) or, alternatively, if there is no Successor Rate, an Alternative Reference Rate (as defined below) for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes;

(ii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, an Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods (subject to the subsequent operation of, and to adjustment as provided in, this Condition 5.2(m) (*Benchmark Discontinuation (Independent Adviser)*)); **provided, however, that** if the Independent Adviser is unable to or does not determine a Successor Rate or an Alternative Reference Rate prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the preceding Interest Period (or alternatively, if there has not been a first Interest Payment Date, the rate of interest shall be the initial Rate of Interest) (subject, where applicable, to substituting the Margin or Maximum or Minimum Rate of Interest that applied to such preceding Interest Period for the Margin or Maximum or Minimum Rate of Interest that is to be applied to the relevant Interest Period); for the avoidance of doubt, the proviso in this sub-paragraph (ii) shall apply to the relevant Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 2(m) (*Benchmark Discontinuation (Independent Adviser)*);

(iii) if the Independent Adviser (in consultation with the Issuer) determines (acting in good faith and in a commercially reasonable manner) that an Adjustment Spread (as defined below) is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread;

(iv) if the Independent Adviser (in consultation with the Issuer) determines (acting in good faith and in a commercially reasonable manner) a Successor Rate or an Alternative Reference Rate (as applicable) and/or an Adjustment Spread in accordance with the above provisions, the Independent Adviser, may (acting in good faith and in a commercially reasonable manner) also specify changes to these Conditions, the Trust Deed, and/or the Agency Agreement, including but not limited to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Interest Determination Date, and/or the definition of Reference Rate applicable to the Notes, and the method for determining the fallback rate in relation to the Notes, which are necessary in order to ensure the proper operation of such Successor Rate or the Alternative Reference Rate (as applicable) and/or Adjustment Spread, which changes shall apply to the Notes for all future Interest Periods (subject to the subsequent operation of, and to adjustment as provided in, this Condition 2(m) (*Benchmark Discontinuation (Independent Adviser)*)) (each of the changes described above, a "**Benchmark Amendment**" and together, the "**Benchmark Amendments**"). For the avoidance of doubt, at the request and expense of the Issuer and subject to receipt by the Trustee and the Paying Agents of a certificate signed by two Authorised Signatories of the Issuer pursuant to sub-paragraph (v) below, the Trustee, without any requirement for the consent or approval of the Noteholders, and the Paying Agents shall concur with the Issuer in effecting any Benchmark Amendments to the Trust Deed, the Agency Agreement and these Conditions as the Issuer determines and certifies to the Trustee and the Paying Agents are required to be made in order to give effect to this Condition 5.2(m) (*Benchmark Discontinuation (Independent Adviser)*) regardless of whether or not giving effect to such Benchmark Amendments would constitute a Basic Terms Modification (as defined in the Trust Deed) or one or more provisos under Condition 14 (*Meetings of Noteholders, Modification, Waiver, Authorisation and Determination, Substitution*), **provided, however**, that neither the Trustee nor the Paying Agents (as applicable) shall be obliged so to concur if in the opinion of the Trustee and/or the Paying Agents (as applicable), doing so would (i) impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee and/or the Paying Agents (as applicable) in these Conditions, the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) or the Agency Agreement or (ii) expose the Trustee and/or the Paying Agents (as applicable) to any additional liabilities against which it has not been indemnified and/or secured and/or prefunded to its satisfaction. Noteholder approval or consent shall not be required in connection with effecting the Successor Rate or Alternative Reference Rate (as applicable), any Adjustment Spread or such other changes, including for the execution of any documents or other steps by the Trustee or Paying Agents (if required);

(v) the Issuer shall promptly, but in any event no later than the Determination Cut-Off Date, following the determination of any Successor Rate or Alternative Reference Rate (as applicable) or Adjustment Spread, give notice thereof and of any changes pursuant to sub-paragraph (iv) above to the Trustee, the Paying Agents and the Noteholders in accordance with Condition 13 (*Notices*), which shall specify the effective date(s) for such Successor Rate or Alternative Reference Rate or Adjustment Spread (as applicable) and any Benchmark Amendments required to be made to these Conditions, the Trust Deed and/or the Agency Agreement. No later than notifying the Trustee and the Paying Agents of the same, which shall not be less than the Determination Cut-Off Date, the Issuer shall deliver to the Trustee and the Paying Agent a certificate signed by two Authorised Signatories (as defined in the Trust Deed) of the Issuer:

(A) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, Alternative Reference Rate and (iii) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provision of this Condition 5.2(m) (*Benchmark Discontinuation (Independent Adviser)*); and

(B) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Reference Rate, and/or any Adjustment Spread, as the case may be.

The Trustee and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Reference Rate (as applicable), the Adjustment Spread (if any), and the Benchmark Amendments (if any) determined in accordance with this Condition 5.2(m) (*Benchmark Discontinuation (Independent Adviser)*) and specified in such certificate will (in the absence of manifest error or negligence in the determination of the Successor Rate or Alternative Reference Rate (as applicable), the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Trustee's and/or the Principal Paying Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Paying Agents and the Noteholders;

(vi) an Independent Adviser appointed pursuant to this Condition 5.2(m) (*Benchmark Discontinuation (Independent Adviser)*) shall act in good faith and in a commercially reasonable manner and in consultation with the Issuer and (in the absence of bad faith, fraud or negligence) shall have no liability whatsoever to the Trustee, the Paying Agents or the Noteholders for any determination made by it pursuant to this Condition 2(m) (*Benchmark Discontinuation (Independent Adviser)*); and

(vii) *Calculation Agent*: notwithstanding any other provision of this Condition 5.2(m) (*Benchmark Discontinuation (Independent Adviser)*), if following the determination of any Successor Rate, Alternative Reference Rate, Adjustment Spread or Benchmark Amendments, in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 5.2(m) (*Benchmark Discontinuation (Independent Adviser)*), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to if the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, wilful default, or fraud) to make such calculation or determination for any reason it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default, or fraud) shall not incur any liability for not doing so.

For the purposes of this Condition 5.2(m) (*Benchmark Discontinuation (Independent Adviser)*):

"Adjustment Spread" means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Issuer), determines (acting in good faith and in a commercially reasonable manner) is required to be applied to the relevant Successor Rate or the relevant Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Issuer) determines (acting in good faith and in a commercially reasonable manner) is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or

- (iii) if no such customary market usage is recognised or acknowledged, the Independent Adviser (in consultation with the Issuer) in its discretion determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

"Alternative Reference Rate" means the rate (and related alternative screen page or source, if available) that the Independent Adviser determines in accordance with this Condition 5.2(m) (*Benchmark Discontinuation (Independent Adviser)*) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in respect of notes denominated in the Specified Currency and of a comparable duration to the relevant Interest Period or, if the Independent Adviser determines that there is no such rate, such other rate as the Independent Adviser determines in its discretion (acting in good faith and in a commercially reasonable manner) is most comparable to the Original Reference Rate;

"Benchmark Event" means:

(i) the Original Reference Rate ceasing to be published on the Relevant Screen Page for a period of at least 5 Business Days or ceasing to exist; or

(ii) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or

(iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case by a specified date within the following six months; or

(v) a public statement by the supervisor of the administrator of the Original Reference Rate that, in the view of such supervisor, the Original Reference Rate is no longer representative of an underlying market; or

(vi) it has become unlawful for the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate.

in each case, as determined by the Issuer or, in the case of sub-paragraph (vi) above, the relevant party, and notwithstanding the sub-paragraphs above, where the relevant Benchmark Event is a public statement within sub-paragraphs (ii), (iii) or (iv) above and the specified date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed to occur until the date falling six months prior to such specified date.

"Independent Adviser" means an independent financial institution of international repute or other independent financial adviser with appropriate expertise in the international debt capital markets, in each case selected and appointed by the Issuer at its own expense;

"Relevant Nominating Body" means, in respect of a reference rate or screen rate (as applicable):

(a) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the reference rate or screen page (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate or screen page (as applicable); or

(b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of

(i) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the reference rate or screen rate (as applicable) relates,

(ii) any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate or screen rate (as applicable),

(iii) a group of the aforementioned central banks or other supervisory authorities, or

(iv) the International Swaps and Derivatives Association, or any part thereof, or

(v) the Financial Stability Board or any part thereof; and

"Successor Rate" means the rate (and related alternative screen page or source, if available) that the Independent Adviser determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

5.3 Zero Coupon Note Provisions

(a) Application

This Condition 5.3 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.

(b) Late payment on Zero Coupon Notes

If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or as the case may be the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

5.4 Sustainability-Linked Notes:

This Condition 5.4 (*Sustainability-Linked Notes*) applies to Notes in respect of which the relevant Final Terms indicate that the Sustainability-Linked Note provisions are applicable, in which case the relevant Final Terms shall specify whether a Step Up Option, a Step Down Option and/or a Redemption Premium Option is applicable (the **"Sustainability-Linked Notes"**).

(a) Step Up Option

Where the Step Up Option is specified as being applicable in the relevant Final Terms and a Step Up Trigger Event occurs, the Rate of Interest or the applicable Margin, in the case of Floating Rate Notes, shall be increased by the Step Up Margin(s) specified in the relevant Final Terms (the Rate of Interest or, in the case of Floating Rate Notes, the applicable Margin as so adjusted, the **"Adjusted Rate of Interest"**).

The Adjusted Rate of Interest shall apply as from (and including) the first day of the Interest Period commencing immediately following the date of occurrence of the relevant Step Up Trigger Event until the earlier of (a) the first day of the Interest Period commencing immediately following the occurrence of a Step Down Trigger Event (provided in Condition 5.4(b) below), if any, or (b) the date of redemption of the Sustainability-Linked Notes.

For the avoidance of doubt, an increase in the Rate of Interest (or the applicable Margin, in the case of Floating Rate Notes) may occur no more than once in respect of any Series of Sustainability-Linked Notes as a result of the relevant Step Up Trigger Event specified in the Final Terms. However, if so specified in the relevant Final Terms, a Series of Sustainability-Linked Notes may have one or more additional Step Up Margin(s) where more than one Step Up Trigger Event is specified in the Final Terms, in which case the Rate of Interest (or the applicable Margin, in the case of Floating Rate Notes) may be increased more than once during the term of the Sustainability-Linked Notes.

(b) Step Down Option

Where the Step Down Option is specified as being applicable in the relevant Final Terms and a Step Down Trigger Event occurs following the corresponding Step Up Trigger Event, the Adjusted Rate of Interest shall be decreased by the Step Down Margin(s) specified in the relevant Final Terms and such decrease shall apply as from (and including) the first day of the Interest Period commencing immediately following the date of occurrence of the relevant Step Down Trigger Event and until the earlier of (a) the first day of the Interest Period commencing immediately following the date of occurrence of a new Step Up Trigger Event, if any, or (b) the date of redemption of the Sustainability-Linked Notes.

For the avoidance of doubt, the Step Down Trigger Event will correspond to the equivalent Step Up Trigger Event specified in the relevant Final Terms and any decrease to the Adjusted Rate of Interest may occur no more than once in respect of any Series of Sustainability-Linked Notes as a result of the relevant Step Down Trigger Event specified in the Final Terms. However, if a Series of Sustainability-Linked Notes has more than one Step Up Trigger Event specified in the relevant Final Terms, the relevant Final Terms may also specify more than one Step Down Trigger Event, in which case the Adjusted Rate of Interest may be decreased by the applicable Step Down Margin more than once during the term of the Sustainability-Linked Notes, provided that any such Adjusted Rate of Interest applicable in respect of any Interest Period shall not be lower than the Initial Rate of Interest (or the initial Margin, in the case of Floating Rate Notes) for such Series of Sustainability-Linked Notes.

(c) Redemption Premium Option

Where the Redemption Premium Option is specified as being applicable in the relevant Final Terms, if a Redemption Premium Trigger Event occurs, the Sustainability-Linked Notes shall be redeemed on their Maturity Date or, as the case may be, early redeemed in accordance with Conditions 7.2 (*Redemption for Taxation Reasons*), 7.3 (*Redemption at the option of the Issuer*), 7.5 (*Redemption at the option of the Holders upon a Change of Control Put Event*) or 10 (*Events of Default*) on the date set for redemption, at their Adjusted Final Redemption Amount.

The "**Adjusted Final Redemption Amount**" will be equal to the sum of the Final Redemption Amount (or, as the case may be, the Redemption Amount), and the applicable Redemption Premium Amount, in each case as specified in the relevant Final Terms.

In the case where a Series of Sustainability-Linked Notes has more than one Redemption Premium Trigger Event, as specified in the Final Terms, the Final Redemption Amount (or as the case may be, the Redemption Amount) may include more than one Redemption Premium Amount.

(d) Notification of Step Up Trigger Event, Step Down Trigger Event or Redemption Premium Trigger Event

If a Step Up Trigger Event, a Step Down Trigger Event or a Redemption Premium Trigger Event occurs, the Issuer shall give notice of such Step Up Trigger Event, Step Down Trigger Event or Redemption Premium Trigger Event and the applicable Step Up Margin (in the case of a Step Up Trigger Event), the applicable Step Down Margin (in the case of a Step Down Trigger Event) and/or any applicable Redemption Premium Amount to the Trustee, the Principal Paying Agent and, in accordance with Condition 13 (*Notices*), the Noteholders as soon as reasonably practicable after the occurrence of such Step Up Trigger Event, Step Down Trigger Event or Redemption Premium Trigger Event, as the case may be, and in no event later than the date falling fifteen (15) Business Days prior to the Interest Payment Date following the relevant Target Observation Date, unless the Step Up Trigger Event, Step Down Trigger Event or Redemption Premium Trigger Event occurs within fifteen (15) Business Days prior to the Interest Payment Date in which case the notification will be made as soon as reasonably practicable after the occurrence of such Step Up Trigger Event, Step Down Trigger Event or Redemption Premium Trigger Event.

Neither the Trustee nor the Principal Paying Agent shall be obliged to monitor or inquire as to whether a Step Up Trigger Event, Step Down Trigger Event or Redemption Premium Trigger Event has occurred or have any liability in respect thereof and the Trustee and the Principal Paying Agent shall be entitled to rely absolutely on any notice given to it by the Issuer pursuant to this Condition 5.4(d) (*Notification of Step Up Trigger Event, Step Down Trigger Event or Redemption Premium Trigger Event*) without further enquiry or liability.

(e) Sustainability Reporting

(i) In respect of each Financial Year following the Issue Date of any Sustainability-Linked Notes and so long as any of the Sustainability-Linked Notes remain outstanding, the Issuer shall include in a dedicated section of its integrated annual report or publish on its website as a separate report or document:

(1) up-to-date information on the performance of the relevant Key Performance Indicator(s), including the Baseline where relevant to those Key Performance Indicators applicable to the outstanding Sustainability-Linked Notes (the "**Sustainability-Linked Notes Progress Report**");

(2) an explanation of any Recalculation Event and any recalculation, redefinition, revision or replacement of the relevant Key Performance Indicator(s), the relevant Sustainability Performance Targets and/or the relevant Baseline resulting from such Recalculation Event, if applicable, together with the External Verifier Confirmation. Any such explanation of a Recalculation Event and External Verifier Confirmation may be included in the relevant Sustainability-Linked Notes Progress Report or published separately; and

(3) an assurance report issued by the External Verifier confirming the performance of the relevant Key Performance Indicator(s) included in the Sustainability- Linked Notes Progress Report (the “**Assurance Report**”).

The Sustainability-Linked Notes Progress Report, the explanation of any Recalculation Event and External Verifier Confirmation, where applicable, and the Assurance Report in respect of each Financial Year shall be published no later than the date of publication of the Issuer’s integrated annual report in respect of such Financial Year (where applicable) otherwise no later than the first anniversary of the Issue Date of the relevant Series of Sustainability-Linked Notes and thereafter on each subsequent anniversary of the Issue Date of the relevant Series of Sustainability-Linked Notes.

(ii) Following a Target Observation Date, the Issuer shall publish on its website a certificate issued by the External Verifier confirming whether or not the Issuer has achieved the relevant Sustainability Performance Target(s) as at such Target Observation Date (the “**SPT Verification Assurance Certificate**”).

The SPT Verification Assurance Certificate shall be published no later than the date falling six (6) months after such Target Observation Date.

(f) *Absence of Event of Default*

The occurrence of any Step Up Trigger Event, Step Down Trigger Event, Redemption Premium Trigger Event or the failure by the Issuer to publish any Sustainability-Linked Notes Progress Report, External Verifier Confirmation, Assurance Report or SPT Verification Assurance Certificate in accordance with Condition 5.4(e) (*Sustainability Reporting*) shall not constitute an Event of Default or a breach of the Issuer’s obligations under the Sustainability-Linked Notes.

(g) *Recalculation*

In the event of the occurrence of any of the following events between the Issue Date of a Series of Sustainability-Linked Notes and the relevant Target Observation Date(s) for that Series of Sustainability-Linked Notes:

(i) any change in the perimeter of the Group due to an acquisition, merger or demerger or other restructuring, an amalgamation, consolidation or other form of reorganisation with similar effect, a spin-off, a disposal or a sale of assets;

(ii) any change in, or any amendment to, any applicable laws, regulations, rules, guidelines and policies relating to the business of the Group, including any transition plan disclosure regulation;

(iii) any change to the methodology for calculation of any Key Performance Indicator(s) (including as outlined in the Issuer’s Corporate Emission and Accounting Methodology Scope 1 & 2, the Issuer’s Corporate Emission and Accounting Methodology Scope 3 and the Issuer’s Calculating Lives Improved Methodology, as well as any other relevant methodologies included on the Issuer’s website under the heading “Methodologies” at <https://www.philips.com/a-w/about/environmental-social-governance/downloads.html>) or Baseline(s) applicable to that Series of Sustainability-Linked Notes to reflect changes in the market practice, relevant market standards, updated assumptions or calculation methods or updated emissions factors; or

(iv) any change in the Issuer’s ability and autonomy to calculate any Key Performance Indicator(s), Sustainability Performance Target(s) and/or Baseline(s), including without limitation as a result of data accessibility, data quality, data error or a number of cumulative errors that together are significant; or where the use of a proxy may be required such as, but without limitation an extrapolation of earlier reported emissions if a supplier is not providing the figures in time,

which, individually or in aggregate, has a significant impact on the calculation of any Key Performance Indicator(s), Sustainability Performance Target(s) and/or Baseline(s) applicable to the relevant Series of Sustainability-Linked Notes (each, a “**Recalculation Event**” and the date of occurrence of such event, the “**Recalculation Date**”), the relevant Key Performance Indicator(s), Sustainability Performance Target(s) and/or Baseline(s) for that Series of Sustainability-Linked Notes may be recalculated, revised, redefined or replaced in good faith by the Issuer to reflect such change, provided that the External Verifier has independently confirmed (the “**External Verifier Confirmation**”) that the proposed revision is consistent with the Issuer’s sustainability strategy as described in the Sustainable Finance Framework, and in line with, or more ambitious than, the applicable level of ambition of the relevant Key Performance Indicator, Sustainability Performance Target or Baseline, taking into account the Recalculation Event.

As at the Recalculation Date, the updated Key Performance Indicator(s), Sustainability Performance Target(s) and/or Baseline(s) shall replace the original Key Performance Indicator(s), Sustainability Performance Target(s) and/or Baseline(s) and any reference to the original Key Performance Indicator(s), Sustainability Performance Target(s) and/or Baseline(s) shall be deemed to be a reference to the updated Key Performance Indicator(s), Sustainability Performance Target(s) and/or Baseline(s), it being understood that in the absence of the External Verifier Certificate the original Key Performance Indicator(s), Sustainability Performance Target(s) and/or Baseline(s) shall continue to apply.

By subscribing or acquiring the Sustainability-Linked Notes, each Noteholder accepts and agrees not to be consulted in respect of any such changes made to Key Performance Indicator(s), Sustainability Performance Target(s) and/or Baseline(s) applicable to the relevant Series of Sustainability-Linked Notes and shall be deemed to have consented and to have irrevocably authorised the Issuer to make any such change without the prior consent of Noteholders. Any such change pursuant to this Condition 5.4(g) (*Recalculation*) shall be communicated as soon as reasonably practicable by the Issuer to the Trustee and the Principal Paying Agent and notified to the relevant Noteholders in accordance with Condition 13 (*Notices*).

(h) *Definitions*

In this Condition 5.4 (*Sustainability-Linked Notes*):

“**Adjusted Final Redemption Amount**” has the meaning given to it in Condition 5.4(c) (*Redemption Premium Option*);

“**Adjusted Rate of Interest**” has the meaning given to it in Condition 5.4(a) (*Step Up Option*); “**Assurance Report**” has the meaning given to it in Condition 5.4(e) (*Sustainability Reporting*);

“**Baseline**” means KPI 1 Absolute Scope 1 and 2 GHG Emissions Baseline, KPI 2 Absolute Scope 3 GHG Emissions Baseline, KPI 3 Circular Revenues Baseline, KPI 4 Lives Improved Baseline and/or KPI 5 Female Leadership Baseline;

“**External Verifier**” means the external verifier specified as such in the relevant Final Terms, or any other independent accounting or appraisal firm or other independent expert of internationally recognised standing appointed by the Issuer, in each case with the expertise necessary to perform the functions required to be performed by the External Verifier under these Conditions, as determined by the Issuer;

“**External Verifier Confirmation**” has the meaning given to it Condition 5.4(g) (*Recalculation*);

“**Financial Year**” means the period beginning on 1 January and ending on 31 December of each year;

“**GHG**” means greenhouse gases, being gases which absorb and emit radiation in the atmosphere contributing to the greenhouse effect including, among others, carbon dioxide (CO₂) and methane (CH₄);

“**GHG Protocol**” means the document titled “The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard (Revised Edition)” published by the World Business Council for Sustainable Development and the World Resources Institute, as such document may be amended, supplemented or replaced at the relevant time;

“**Initial Rate of Interest**” means the initial Rate of Interest at the Issue Date, as specified in the Final Terms;

“**Key Performance Indicator(s)**” means KPI 1 Absolute Scope 1 and 2 GHG Emissions, KPI 2 Absolute Scope 3 GHG Emissions, KPI 3 Circular Revenues, KPI 4 Lives Improved and/or KPI 5 Female Leadership, as specified in the relevant Final Terms;

“**KPI 1 Absolute Scope 1 and 2 GHG Emissions**” means, in tonnes of carbon dioxide equivalent (tCO₂e), the sum of:

- (a) the direct greenhouse gas emissions from the Group’s own operations (“**Scope 1 Emissions**”), as defined by the GHG Protocol; and
- (b) the indirect greenhouse gas emissions from the consumption of purchased electricity, heat, steam and cooling of the Group used in the Group’s operations (“**Scope 2 Emissions**”), as defined by the GHG Protocol,

and as further described in the Sustainable Finance Framework, in each case in respect of any given Financial Year, calculated in good faith by the Issuer, reported by the Issuer and verified by an External Verifier in an Assurance Report published by the Issuer in accordance with Condition 5.4(e) (*Sustainability Reporting*);

“**KPI 1 Absolute Scope 1 and 2 GHG Emissions Baseline**” means 134,171 tCO₂e, being the KPI 1 Absolute Scope 1 and 2 GHG Emissions for the Financial Year ended 31 December 2015, as may be amended from time to time upon the occurrence of a Recalculation Event and, if so amended, as published by the Issuer in the Sustainability-Linked Notes Progress Report published in accordance with Condition 5.4(e) (*Sustainability Reporting*);

“**KPI 1 Absolute Scope 1 and 2 GHG Emissions Condition**” means the condition that the KPI 1 Absolute Scope 1 and 2 GHG Emissions Reduction Percentage calculated at the relevant Target Observation Date, as shown in the Sustainability-Linked Notes Progress Report, is equal to or greater than the KPI 1 Absolute Scope 1 and 2 GHG Emissions Reduction Threshold;

“**KPI 1 Absolute Scope 1 and 2 GHG Emissions Step Down Trigger Event**” occurs if the KPI 1 Absolute Scope 1 and 2 GHG Emissions Condition is satisfied;

“**KPI 1 Absolute Scope 1 and 2 GHG Emissions Step Up Trigger Event**” occurs if the KPI 1 Absolute Scope 1 and 2 GHG Emissions Condition is not satisfied;

“**KPI 1 Absolute Scope 1 and 2 GHG Emissions Redemption Premium Trigger Event**” occurs if the KPI 1 Absolute Scope 1 and 2 GHG Emissions Condition is not satisfied;

“**KPI 1 Absolute Scope 1 and 2 GHG Emissions Reduction Percentage**” means, in respect of any Financial Year, the percentage (rounded up to the nearest whole number, with 0.5 rounded upwards) by which the KPI 1 Absolute Scope 1 and 2 GHG Emissions for such Financial Year have reduced in comparison to the KPI 1 Absolute Scope 1 and 2 GHG Emissions Baseline, as calculated in good faith by the Issuer and published by the Issuer in accordance with Condition 5.4(e) (*Sustainability Reporting*);

“**KPI 1 Absolute Scope 1 and 2 GHG Emissions Reduction Threshold**” means the threshold (expressed as a percentage) specified in the relevant Final Terms as being the KPI 1 Absolute Scope 1 and 2 GHG Emissions Reduction Threshold, as may be amended from time to time upon the occurrence of a Recalculation Event and, if so amended, as published by the Issuer in the Sustainability-Linked Notes Progress Report published in accordance with Condition 5.4(e) (*Sustainability Reporting*);

“**KPI 2 Absolute Scope 3 GHG Emissions**” means, in tonnes of carbon dioxide equivalent (tCO₂e), the indirect greenhouse gas emissions from energy consumption from purchased goods and services, upstream and downstream transportation and distribution for all products of the Group, business travel by employees and the use phase of sold products of the Group, calculated in accordance with the GHG Protocol and as further described in the Sustainable Finance Framework, in respect of any given Financial Year, calculated in good faith by the Issuer, reported by the Issuer and verified by an External Verifier in an Assurance Report published by the Issuer in accordance with Condition 5.4(e) (*Sustainability Reporting*);

“**KPI 2 Absolute Scope 3 GHG Emissions Baseline**” means 485,000 tCO₂e, being the KPI 2 Absolute Scope 3 GHG Emissions for the Financial Year ended 31 December 2020, as may be amended from time to time upon the occurrence of a Recalculation Event and, if so amended, as published by the Issuer in the Sustainability-Linked Notes Progress Report published in accordance with Condition 5.4(e) (*Sustainability Reporting*);

"KPI 2 Absolute Scope 3 GHG Emissions Condition" means the condition that the KPI 2 Absolute Scope 3 GHG Emissions Reduction Percentage calculated at the relevant Target Observation Date, as shown in the Sustainability-Linked Notes Progress Report, is equal to or greater than the KPI 2 Absolute Scope 3 GHG Emissions Reduction Threshold;

"KPI 2 Absolute Scope 3 GHG Emissions Step Down Trigger Event" occurs if the KPI 2 Absolute Scope 3 GHG Emissions Condition is satisfied;

"KPI 2 Absolute Scope 3 GHG Emissions Step Up Trigger Event" occurs if the KPI 2 Absolute Scope 3 GHG Emissions Condition is not satisfied;

"KPI 2 Absolute Scope 3 GHG Emissions Redemption Premium Trigger Event" occurs if the KPI 2 Absolute Scope 3 GHG Emissions Condition is not satisfied;

"KPI 2 Absolute Scope 3 GHG Emissions Reduction Percentage" means, in respect of any Financial Year, the percentage (rounded up to the nearest whole number, with 0.5 rounded upwards) by which the KPI 2 Absolute Scope 3 GHG Emissions for such Financial Year have reduced in comparison to the KPI 2 Absolute Scope 3 GHG Emissions Baseline, as calculated in good faith by the Issuer and published by the Issuer in accordance with Condition 5.4(e) (*Sustainability Reporting*);

"KPI 2 Absolute Scope 3 GHG Emissions Reduction Threshold" means the threshold (expressed as a percentage) specified in the relevant Final Terms as being the KPI 2 Absolute Scope 3 GHG Emissions Reduction Threshold, as may be amended from time to time upon the occurrence of a Recalculation Event and, if so amended, as published by the Issuer in the Sustainability-Linked Notes Progress Report published in accordance with Condition 5.4(e) (*Sustainability Reporting*);

"KPI 3 Circular Revenues" means revenues (as a percentage of the total revenues of the Group) generated through products, services and solutions that contribute to circular practices, including among others, products with a low weight or containing a minimum threshold of recycled or bio-based plastics, as-a-service models, software running on cloud, telehealth, upgrades, lifetime extensions and refurbished equipment, as further described in the Sustainable Finance Framework, in respect of any given Financial Year, calculated in good faith by the Issuer, reported by the Issuer and verified by an External Verifier in an Assurance Report published by the Issuer in accordance with Condition 5.4(e) (*Sustainability Reporting*);

"KPI 3 Circular Revenues Baseline" means 15 per cent. of sales, being the KPI 3 Circular Revenues for the Financial Year ended 31 December 2020, as may be amended from time to time upon the occurrence of a Recalculation Event and, if so amended, as published by the Issuer in the Sustainability-Linked Notes Progress Report published in accordance with Condition 5.4(e) (*Sustainability Reporting*);

"KPI 3 Circular Revenues Condition" means the condition that the KPI 3 Circular Revenues Percentage calculated at the relevant Target Observation Date, as shown in the Sustainability-Linked Notes Progress Report, is equal to or greater than the KPI 3 Circular Revenues Threshold;

"KPI 3 Circular Revenues Step Down Trigger Event" occurs if the KPI 3 Circular Revenues Condition is satisfied;

"KPI 3 Circular Revenues Step Up Trigger Event" occurs if the KPI 3 Circular Revenues Condition is not satisfied;

"KPI 3 Circular Revenues Redemption Premium Trigger Event" occurs if the KPI 3 Circular Revenues Condition is not satisfied;

"KPI 3 Circular Revenues Percentage" means, in respect of any Financial Year, the percentage (rounded up to the nearest whole number, with 0.5 rounded upwards) by which the KPI 3 Circular Revenues for such Financial Year have increased in comparison to the KPI 3 Circular Revenues Baseline, as calculated in good faith by the Issuer and published by the Issuer in accordance with Condition 5.4(e) (*Sustainability Reporting*);

"KPI 3 Circular Revenues Threshold" means the threshold (expressed as a percentage) specified in the relevant Final Terms as being the KPI 3 Circular Revenues Threshold, as may be amended from time to time upon the occurrence of a Recalculation Event and, if so amended, as published by the Issuer in the Sustainability-Linked Notes Progress Report published in accordance with Condition 5.4(e) (*Sustainability Reporting*);

"KPI 4 Lives Improved" means the number of lives that have been improved through the Issuer's products or solutions that support people's health and well-being, calculated in good faith by the Issuer as the number of individual interactions for each product sold (based on market intelligence and statistical data) multiplied by the number of those products delivered in a Financial Year, as further described in the Sustainable Finance Framework, in respect of any given Financial Year, calculated in good faith by the Issuer, reported by the Issuer and verified by an External Verifier in an Assurance Report published by the Issuer in accordance with Condition 5.4(e) (*Sustainability Reporting*);

"KPI 4 Lives Improved Baseline" means 1.53 billion people (of which 127 million people are in underserved communities), being the number of KPI 4 Lives Improved for the Financial Year ended 31 December 2020, as may be amended from time to time upon the occurrence of a Recalculation Event and, if so amended, as published by the Issuer in the Sustainability-Linked Notes Progress Report published in accordance with Condition 5.4(e) (*Sustainability Reporting*);

"KPI 4 Lives Improved Condition" means the condition that the KPI 4 Lives Improved Amount calculated at the relevant Target Observation Date, as shown in the Sustainability-Linked Notes Progress Report, is equal to or greater than the KPI 4 Lives Improved Target;

"KPI 4 Lives Improved Step Down Trigger Event" occurs if the KPI 4 Lives Improved Condition is satisfied;

"KPI 4 Lives Improved Step Up Trigger Event" occurs if the KPI 4 Lives Improved Condition is not satisfied;

"KPI 4 Lives Improved Redemption Premium Trigger Event" occurs if the KPI 4 Lives Improved Condition is not satisfied;

"KPI 4 Lives Improved Amount" means, in respect of any Financial Year, the amount by which the KPI 4 Lives Improved for such Financial Year have increased in comparison to the KPI 4 Lives Improved Baseline, as calculated in good faith by the Issuer and published by the Issuer in accordance with Condition 5.4(e) (*Sustainability Reporting*);

"KPI 4 Lives Improved Target" means the target (expressed as a number) specified in the relevant Final Terms as being the KPI 4 Lives Improved Target, as may be amended from time to time upon the occurrence of a Recalculation Event and, if so amended, as published by the Issuer in the Sustainability-Linked Notes Progress Report published in accordance with Condition 5.4(e) (*Sustainability Reporting*);

"KPI 5 Female Leadership" means the percentage of Senior Management Positions held by women compared to the total number of employees in Senior Management Positions, as further described in the Sustainable Finance Framework, in respect of any given Financial Year, calculated in good faith by the Issuer, reported by the Issuer and verified by an External Verifier in an Assurance Report published by the Issuer in accordance with Condition 5.4(e) (*Sustainability Reporting*);

"KPI 5 Female Leadership Baseline" means 27 per cent., being the KPI 5 Female Leadership for the Financial Year ended 31 December 2020, as may be amended from time to time upon the occurrence of a Recalculation Event and, if so amended, as published by the Issuer in the Sustainability-Linked Notes Progress Report published in accordance with Condition 5.4(e) (*Sustainability Reporting*);

"KPI 5 Female Leadership Condition" means the condition that the KPI 5 Female Leadership Percentage calculated at the relevant Target Observation Date, as shown in the Sustainability-Linked Notes Progress Report, is equal to or greater than the KPI 5 Female Leadership Threshold;

"KPI 5 Female Leadership Step Down Trigger Event" occurs if the KPI 5 Female Leadership Condition is satisfied;

"KPI 5 Female Leadership Step Up Trigger Event" occurs if the KPI 5 Female Leadership Condition is not satisfied;

"KPI 5 Female Leadership Redemption Premium Trigger Event" occurs if the KPI 5 Female Leadership Condition is not satisfied;

"KPI 5 Female Leadership Percentage" means, in respect of any Financial Year, the percentage by which the KPI 5 Female Leadership for such Financial Year has increased in comparison to the KPI 5 Female Leadership Baseline, as calculated in good faith by the Issuer and published by the Issuer in accordance with Condition 5.4(e) (*Sustainability Reporting*);

"KPI 5 Female Leadership Target" means the target (expressed as a percentage) specified in the relevant Final Terms as being the KPI 5 Female Leadership Target, as may be amended from time to time upon the occurrence of a Recalculation Event and, if so amended, as published by the Issuer in the Sustainability-Linked Notes Progress Report published in accordance with Condition 5.4(e) (*Sustainability Reporting*);

"Recalculation Date" has the meaning given to it in Condition 5.4(g) (*Recalculation*);

"Recalculation Event" has the meaning given to it in Condition 5.4(g) (*Recalculation*);

"Redemption Premium Amount" means, as specified in the relevant Final Terms, the premium amount payable on redemption;

"Redemption Premium Option" means the applicability or non-applicability of a Redemption Premium Trigger Event, as specified in the Final Terms;

"Redemption Premium Trigger Event" means, in relation to Sustainability-Linked Notes for which the Redemption Premium Option is specified to be applicable in the relevant Final Terms, one or more of the following, as specified in the Final Terms: (i) KPI 1 Absolute Scope 1 and 2 GHG Emissions Redemption Premium Trigger Event, (ii) KPI 2 Absolute Scope 3 GHG Emissions Redemption Premium Trigger Event, (iii) KPI 3 Circular Revenues Redemption Premium Trigger Event, (iv) KPI 4 Lives Improved Redemption Premium Trigger Event, and/or (v) KPI 5 Female Leadership Redemption Premium Trigger Event;

"SPT Verification Assurance Certificate" has the meaning given to it in Condition 5.4(e) (*Sustainability Reporting*);

"Senior Management Positions" means a position in the Group with the designation of Corporate Grade 90 or above, assessed according to the Group's internal classification, including for the avoidance of doubt members of the Board of Management;

"Step Down Margin(s)" means the percentage(s) specified in the relevant Final Terms as being the Step Down Margin(s) with respect to the relevant Key Performance Indicator(s) relating to the specified Target Observation Date(s);

"Step Down Option" means the applicability or non-applicability of a Step Down Trigger Event, as specified in the relevant Final Terms;

"Step Down Trigger Event" means, in relation to Sustainability-Linked Notes for which the Step Down Option is specified to be applicable in the relevant Final Terms and following the occurrence of the corresponding Step Up Trigger Event, one or more of the following, as specified in the Final Terms: (i) KPI 1 Absolute Scope 1 and 2 GHG Emissions Step Down Trigger Event, (ii) KPI 2 Absolute Scope 3 GHG Emissions Step Down Trigger Event, (iii) KPI 3 Circular Revenues Step Down Trigger Event, (iv) KPI 4 Lives Improved Step Down Trigger Event, and/or (v) KPI 5 Female Leadership Step Down Trigger Event;

"Step Up Margin(s)" means the percentage(s) specified in the relevant Final Terms as being the Step Up Margin(s) with respect to the relevant Key Performance Indicator(s) relating to the specified Target Observation Date(s);

"Step Up Option" means the applicability or the non-applicability of a Step Up Trigger Event, as specified in the relevant Final Terms;

"Step Up Trigger Event" means, in relation to Sustainability-Linked Notes for which the Step Up Option is specified to be applicable in the relevant Final Terms, one or more of the following, as specified in the Final Terms: (i) KPI 1 Absolute Scope 1 and 2 GHG Emissions Step Up Trigger Event, (ii) KPI 2 Absolute Scope 3 GHG Emissions Step Up Trigger Event, (iii) KPI 3 Circular Revenues Step Up Trigger Event, (iv) KPI 4 Lives Improved Step Up Trigger Event, and/or (v) KPI 5 Female Leadership Step Up Trigger Event;

“**Sustainable Finance Framework**” means the Issuer’s sustainable finance framework (as amended, supplemented and/or replaced from time to time) available on the Issuer’s website;

“**Sustainability-Linked Notes Progress Report**” has the meaning given to it in Condition 5.4(e) (*Sustainability Reporting*);

“**Sustainability Performance Target**” means one or more of the following: KPI 1 Absolute Scope 1 and 2 GHG Emissions Reduction Threshold, KPI 2 Absolute Scope 3 GHG Emissions Reduction Threshold, KPI 3 Circular Revenues Threshold, KPI 4 Lives Improved Target and KPI 5 Female Leadership Target, as specified in the applicable Final Terms, being the threshold or objective set for any given Key Performance Indicator to be observed on any corresponding Target Observation Date, if relevant compared to the performance of the relevant Baseline; and

“**Target Observation Date(s)**” means any of the date(s) specified as such in the relevant Final Terms.

6. Payments

6.1 Principal

Payments of principal in respect of definitive Notes shall be made only against presentation and (**provided that** payment is made in full) surrender of definitive Notes at the specified office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in London). Payments of principal in respect of Notes represented by any Global Note will be made in the manner specified in relation to definitive Notes or otherwise in the manner specified in the relevant Global Note, where applicable, against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

6.2 Interest

Payments of interest in respect of definitive Notes shall, subject to Condition 6.7 (*Unmatured coupons void*) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the specified office of any Paying Agent outside the United States in the manner described in Condition 6.1 (*Principal*) above. Payments of interest (if any) in respect of Notes represented by any Global Note will be made in the manner specified in relation to definitive Notes or otherwise in the manner specified in the relevant Global Note, where applicable, against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

6.3 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular principal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer or to the order of, the holder of such Global Note.

6.4 Payments in New York

Payments of principal or interest may be made at the specified office of a Paying Agent in New York if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.

6.5 Payments subject to fiscal laws

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments. For the avoidance of doubt, any amounts to be paid in respect of the Notes will be paid net of any deduction or withholding imposed or required pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such sections of the Code (any such deduction or withholding, “**FATCA Withholding**”), and no additional amounts will be required to be paid on account of any FATCA Withholding.

6.6 Deductions for unmatured Coupons

In the case of definitive Notes, if the relevant Final Terms specify that the Fixed Rate Note Provisions are applicable and a Note is presented without all unmatured Coupons relating thereto:

(i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

(ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

(A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph (ii) would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

(B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in Condition 6.1 (*Principal*) above against presentation and **(provided that** payment is made in full) surrender of the relevant missing Coupons within a period of ten years from the Relevant Date for the payment of such principal.

6.7 Unmatured Coupons void

In the case of definitive Notes, if the relevant Final Terms specify that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption of such Note pursuant to Condition 7.2 (*Redemption for Taxation Reasons*), Condition 7.3 (*Redemption at the option of the Issuer*), Condition 7.5 (*Redemption at the option of the Holders upon a Change of Control Put Event*) or Condition 10 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

6.8 Payments on business days

If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

6.9 Payments other than in respect of matured Coupons

Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the specified office of any Paying Agent outside the United States (or in New York if permitted by Condition 6.4 (*Payments in New York*) above).

6.10 Partial payments

If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

6.11 Exchange of Talons

On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the specified office of the Principal Paying Agent for a further Coupon Sheet (including, if appropriate, a further Talon) but excluding any Coupons in respect of which claims have already become void pursuant to Condition 9 (*Prescription*). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

7. REDEMPTION AND PURCHASE

7.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their Final Redemption Amount specified in the applicable Final Terms on the Maturity Date.

7.2 Redemption for Taxation Reasons

The Issuer may at its option, subject to giving notice to the Trustee in accordance with this Condition 7.2 (*Redemption for Taxation Reasons*), and on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable and specify the date fixed for redemption), redeem all the Notes, but not some only:

(i) at any time (if the Floating Rate Note Provisions are not specified in the relevant Final Terms as being applicable); or

(ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable),

at their principal amount together with interest accrued to but excluding the date of redemption, if:

(a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after the date of the agreement to issue

the first Tranche of the Notes, on the next Interest Payment Date, the Issuer would be required to pay additional amounts as provided or referred to in Condition 8 (*Taxation*); and

(b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days (or, if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable, a number of days which is equal to the aggregate of the number of days falling within the then current interest period applicable to such Notes plus 60 days) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts, were a payment in respect of the relevant Notes then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (i) a certificate signed by two Authorised Signatories (as defined in the Trust Deed) of the Issuer stating that the Issuer is entitled to effect such redemption, and setting forth a statement of facts showing that the conditions precedent as set out in this Condition 7.2 (*Redemption for Taxation Reasons*) to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of the change or amendment referred to above. The Trustee shall be entitled to accept the certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in paragraphs (a) and (b) above, in which event they shall be conclusive and binding on the Noteholders and the Couponholders and the Trustee shall be entitled to rely on such certificate and opinion without further enquiry and without liability to any person.

7.3 Redemption at the option of the Issuer

Issuer Maturity Par Call

If the Issuer Maturity Par Call is specified as being applicable in the relevant Final Terms, the Issuer may at its option, having given not less than 10 nor more than 30 days' notice (or such other period of notice as is specified in the relevant Final Terms) to the Noteholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption and, for the avoidance of doubt, may be subject to one or more conditions precedent), redeem the Notes then outstanding in whole, but not in part, at any time during the period commencing on (and including) the Par Call Commencement Date (as specified in the relevant Final Terms) to (but excluding) the Maturity Date at their Final Redemption Amount specified in the applicable Final Terms, together (if appropriate) with interest accrued but unpaid to (but excluding) the date fixed for redemption.

Make-Whole Redemption by the Issuer

If so specified in the relevant Final Terms, the Issuer may at its option, subject to compliance with all relevant laws, regulations and directives and on giving not less than 10 nor more than thirty (30) days' notice (or such other period of notice as is specified in the relevant Final Terms) to the Noteholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable and specify the date fixed for redemption, and, for the avoidance of doubt, may be subject to one or more conditions precedent), redeem in whole or in part the Notes at any time prior to the Maturity Date (the "**Make-Whole Redemption Date**") at the Make-Whole Redemption Amount.

The "**Make-Whole Redemption Amount**" will be calculated by the Make-Whole Calculation Agent and will be an amount in the Specified Currency rounded to the nearest Sub-Unit (with half a Sub-Unit rounded upwards) and equal to the greater of:

(a) 100 per cent of the principal amount of the Note; or

(b) the sum of the then current values of the remaining scheduled payments of principal and interest (including, with respect to Sustainability-Linked Notes for which the Final Terms indicate that the Step Up Option is applicable, the applicable Step Up Margin from (and including) the Interest Payment Date immediately following the occurrence of a Step Up Trigger Event, on the assumption that the relevant Step Up Trigger Event will occur, unless the relevant Sustainability Performance Target has been achieved for the applicable Target Observation Date prior to the notice of Make-Whole Redemption for which an Assurance Report is available (as set out in such Assurance Report and as confirmed by an SPT Verification Assurance Certificate), in which case if the Sustainability Performance Target specified in the relevant Final Terms has been satisfied, no Step Up Margin shall be taken into account) on such Note to the Maturity Date (or, if a Par Call Commencement Date is specified in the relevant Final Terms, to the Par Call Commencement Date) (not including any interest accrued on the Note to, but excluding, the Make-Whole Redemption Date) discounted to the relevant Make-Whole Redemption Date on an annual basis at the Make-Whole Redemption Rate (as specified in the relevant Final Terms and as determined three Business Days prior to the Make-Whole Redemption Date) plus a Make-Whole Redemption Margin (as specified in the relevant Final Terms), plus in each case, any interest accrued on the Notes to, but excluding, the Make-Whole Redemption Date.

In respect of Sustainability-Linked Notes where the Redemption Premium Option is specified as applicable in the relevant Final Terms, if a Redemption Premium Trigger Event(s) has/have occurred prior to the Make-Whole Redemption Date, the Make-Whole Redemption Amount shall be increased by the applicable Redemption Premium Amount or, in the case of a partial redemption of the Notes, by the corresponding part of the applicable Redemption Premium Amount.

"**Make-Whole Calculation Agent**" means the international credit institutions or financial services institution or any other competent entity of recognised standing with appropriate expertise appointed by the Issuer prior to the giving of any notice referred to above in connection with the exercise of the Make-Whole Redemption in accordance with this Condition 7.3 (*Redemption at the option of the Issuer—Make-Whole Redemption by the Issuer*).

Issuer Residual Call

If Issuer Residual Call is specified as being applicable in the applicable Final Terms and, at any time, the outstanding aggregate nominal amount of the Notes is 25 per cent. or less of the aggregate nominal amount of the Series issued (other than as a result of the exercise by the Issuer of its redemption right under this Condition 7.3 (*Redemption at the option of the Issuer*) to redeem some but not all of the Notes at the Make-Whole Redemption Amount), the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if the Floating Rate Note Provisions are specified in the relevant Final Terms as not being applicable) or on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable), on giving not less than 10 nor more than 30 days' notice (or such other period of notice as is specified in the relevant Final Terms) to the Noteholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption) at the Residual Call Early Redemption Amount together, if appropriate, with interest accrued to (but excluding) the date of redemption.

7.4 Partial Redemption

If the Notes are to be redeemed in part only on any date in accordance with Condition 7.3 (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected:

(a) (if the Notes are in definitive form) by the drawing of lots in such place as the Trustee approves and in such manner as the Trustee considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 7.3 (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed; or

(b) (if the Notes are in global form) in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Make-Whole Redemption Amount shall in no event be greater than the maximum or be less than the minimum so specified.

7.5 Redemption at the option of the Holders upon a Change of Control Put Event

If Change of Control Put is specified as being applicable in the relevant Final Terms, upon the occurrence of a Change of Control Put Event, unless the Issuer has exercised its right to redeem the Notes in accordance with Condition 7.2 (*Redemption for Taxation Reasons*) or Condition 7.3 (*Redemption at the option of the Issuer*), each Noteholder shall have the option to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Put Date (as defined below) at its principal amount together with interest accrued to but excluding the Put Date.

Within 60 days following the date upon which the Change of Control Put Event has occurred, the Issuer shall give notice to the Noteholders in accordance with Condition 13 (*Notices*) of the occurrence of a Change of Control Put Event and shall, in the notice, specify a date being not less than 30 nor more than 60 days after the date on which the notice was given as the "**Put Date**".

To exercise such option, the Noteholder must deliver such Note to be redeemed or purchased, together with all Coupons relating to it maturing after the Put Date, to the specified office of the Principal Paying Agent at any time during normal business hours together with a duly completed notice of exercise in the form obtainable from the specified office of the Principal Paying Agent (a "**Change of Control Put Notice**"), not less than 15 nor more than 30 days before the Put Date. If the Notes are in global form, the Noteholder must specify in the Change of Control Put Notice the principal amount of Notes in respect of which such option is being exercised. A Change of Control Put Notice, once given, shall be irrevocable.

If 75 per cent. or more in aggregate principal amount of the Notes then outstanding have been redeemed or purchased pursuant to the foregoing provisions of this Condition 7.5 (*Redemption at the option of the Holders upon a Change of Control Put Event*), the Issuer may, having given not less than 30 nor more than 60 days' notice to the Noteholders (such notice being given within 30 days after the Put Date) in accordance with Condition 13 (*Notices*), redeem or purchase (or procure the purchase of), at its option, all (but not some only) of the remaining Notes at their principal amount together with interest accrued to but excluding the date fixed for such redemption or purchase.

In this Condition 7.5 (*Redemption at the option of the Holders upon a Change of Control Put Event*):

A "**Change of Control**" means the occurrence of any one of the following: (i) Control is acquired or held by any Person or any Persons acting in concert ("acting in concert" to be within the meaning of Section 5:45, subsection 5 of the Dutch Act on financial supervision (*Wet op het financieel toezicht*)) as to the exercise of Voting Shares or (ii) the Issuer consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into, the Issuer, in any such event pursuant to a transaction in which any of the outstanding Voting Shares of the Issuer or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Shares of the Issuer outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Shares of the surviving Person immediately after giving effect to such transaction, provided that a Change of Control shall be deemed not to occur (i) solely as a result of the issuance or transfer, with the co-operation of the Issuer's Supervisory Board, Board of Management or the Issuer's general meeting of shareholders, as applicable, and, in each case, if required, of any preference shares in the Issuer's share capital to the foundation Stichting Preferente Aandelen Philips or its successor; or (ii) if the event which would otherwise have constituted a Change of Control occurs or is carried on terms previously approved by the Trustee or by an Extraordinary Resolution.

"Change of Control Put Event" means the Notes are rated below Investment Grade by each of the Rating Agencies on any date during the period (the **"Change of Control Period"**) commencing on the date of the first public announcement by the Issuer of any Change of Control (or pending Change of Control) and ending 60 days following consummation of such Change of Control (which Change of Control Period will be extended following consummation of a Change of Control for so long as any of the Rating Agencies has publicly announced that it is considering a possible ratings downgrade) and are not, within the Change of Control Period, subsequently upgraded to an Investment Grade rating provided that a Change of Control Put Event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular Change of Control (and shall not be deemed a Change of Control Put Event) if the Rating Agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform the Trustee in writing at its request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Change of Control Put Event). Notwithstanding the foregoing, no Change of Control Put Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated.

"Control" means the ownership of such a number of Voting Shares carrying more than 50 per cent. of the voting rights of the Issuer.

"Investment Grade" means a rating of Baa3 or better by Moody's (or its equivalent under any successor rating category of Moody's); a rating of BBB- or better by S&P (or its equivalent under any successor rating category of S&P); a rating of BBB- or better by Fitch (or its equivalent under any successor rating category of Fitch) or the equivalent investment grade credit rating from any replacement Rating Agency of equivalent international standing.

"Person" means any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity).

"Rating Agency" means each of Moody's Deutschland GmbH (**"Moody's"**), Fitch Ratings Ltd (**"Fitch"**) and S&P Global Ratings Europe Limited (**"S&P"**) and their respective successors.

"Voting Shares" means shares in the issued share capital of the Issuer carrying voting rights.

7.6 Early redemption of Zero Coupon Notes

Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 7.6 (*Early redemption of Zero Coupon Notes*) or, if none is so specified, a Day Count Fraction of 30E/360.

7.7 Purchases

The Issuer or any of its Subsidiaries may at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price.

7.8 Cancellations

All Notes which are (a) redeemed or (b) purchased by or on behalf of the Issuer or any of its Subsidiaries may be cancelled, together with all relative unmatured Coupons attached to the Notes or surrendered with the Notes or may be reissued or resold.

7.9 Notices Final

Upon the expiry of any notice as is referred to in Condition 7.2 (*Redemption for Taxation Reasons*), Condition

7.3 (*Redemption at the option of the Issuer*) or Condition 7.5 (*Redemption at the option of the Holders upon a Change of Control Put Event*) above the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph.

8. TAXATION

8.1 Payment without Withholding

All payments in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**"Taxes"**), unless the withholding or deduction of the Taxes is required by law. In the event of Tax imposed or levied by or on behalf of any Relevant Jurisdiction, the Issuer will pay such additional amounts as may be necessary in order that any amount received by the Noteholders or Couponholders after the withholding or deduction is equal to the amount that would have been received in respect of the Notes or, as the case may be, Coupons, in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:

(a) the holder or beneficial owner (for the purposes of the relevant Tax) of which is liable for Tax in respect of such Note or Coupon by reason of having or having had a present or former connection with the Relevant Jurisdiction other than a mere holding of the Notes or Coupons; or

(b) presented for payment in the Netherlands where such withholding or deduction would not have been required had such Note or Coupon not been presented in the Netherlands; or

(c) presented for payment more than 30 days after the Relevant Date except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Payment Business Day; or

(d) presented for payment by, or on behalf of, a holder where the holder or the beneficial owner for the purpose of the relevant Tax is entitled to avoid such withholding or deduction in respect of such Note or Coupon by making a declaration or any other statement to the relevant tax authority, including, but not limited to, a declaration of residence or non-residence or other similar claim for exemption; or

(e) where such withholding or deduction is required pursuant to the application of the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*); or

(f) payable due to any combination of items (a) to (e).

Notwithstanding any other provisions contained herein, the Issuer shall be permitted to withhold or deduct any amounts required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any amended or successor provisions), any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto ("**FATCA Withholding**"). The Issuer will have no obligation to pay additional amounts or otherwise indemnify an investor for any such FATCA Withholding deducted or withheld by the Issuer, any Paying Agent or any other party.

For the avoidance of doubt, the obligation of the Issuer to pay additional amounts in respect of Taxes will not apply to (i) any estate, inheritance, gift, sales, transfer, personal property or any similar tax, duty, assessment or other governmental charge or (ii) any Taxes payable otherwise than by deduction or withholding from payments of principal of, or interest on, the Notes or, as the case may be, Coupons.

8.2 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 8 (*Taxation*) or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

9. PRESCRIPTION

Notes and Coupons will become void unless presented for payment within periods of 10 years (in the case of principal) and 5 years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons, subject to the provisions of Condition 6 (*Payments*).

10. EVENTS OF DEFAULT

If any of the following events (each an "**Event of Default**") occurs and is continuing, the Trustee at its discretion may and, if so requested in writing by holders of at least one-quarter in principal amount of the Notes then outstanding or, if so directed by an Extraordinary Resolution, shall (subject, in the case of the happening of any of the events mentioned in paragraphs (b) to (g) (other than (d) below), to the Trustee having certified in writing that the happening of such events is in its opinion materially prejudicial to the interests of the Noteholders) subject in all cases, to the Trustee having been indemnified and/or secured and/or prefunded to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality:

(a) **Non-payment:** the Issuer fails to pay any amount of principal or interest due in respect of the Notes, and that failure to pay continues for more than 14 days after the due date for payment; or

(b) **Breach of other obligations:** the Issuer defaults in the performance or observance of any one or more other obligations under or in respect of the Notes or the Trust Deed required to be performed or observed by the Issuer and such default is either:

(i) in the opinion of the Trustee, incapable of remedy, in which case no notice referred to in (ii) below will be required; or

(ii) in the opinion of the Trustee, capable of remedy and the default remains unremedied for 30 days (or such longer period as the Trustee may agree) after the Trustee has given written notice to the Issuer specifying the default and requiring that default to be remedied; or

(c) **Cross-acceleration:** (i) the repayment of any indebtedness for borrowed money owing by the Issuer or any of its Material Subsidiaries is accelerated by reason of default (however expressed) and such acceleration has not been rescinded, waived, cancelled or annulled, or (ii) the Issuer or any of its Material Subsidiaries is in default (after the expiry of any originally applicable grace period) in any payment when due of such indebtedness for borrowed money; provided that no such event shall constitute an Event of Default (A) if it is being contested in good faith by, in the reasonable opinion of the Issuer, appropriate proceedings; or (B) unless the aggregate outstanding amount of such accelerated or unpaid indebtedness for borrowed money, whether alone or when aggregated with all other such outstanding accelerated or unpaid indebtedness for borrowed money, exceeds €100 million (or its equivalent in another currency or currencies); or

(d) **Winding-up:** any final order is made by any competent court or other authority, or an effective resolution is passed for the liquidation, dissolution or winding-up of the Issuer or any of its Material Subsidiaries otherwise than (i) for the purposes of a Permitted Reorganisation; or (ii) on terms previously approved by the Trustee or by an Extraordinary Resolution; or

(e) **Insolvency**, : (i) the Issuer or any of its Material Subsidiaries admits in writing that it is insolvent or unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer or any of its Material Subsidiaries or the whole or substantially all of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries, (iii) the Issuer or any of its Material Subsidiaries makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or (iv) the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business otherwise, in each of (i) to (iv), than (i) for the purposes of a Permitted Reorganisation; or (ii) on terms previously approved by the Trustee or by an Extraordinary Resolution;

(f) **Security enforced**: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or substantially all of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries; or

(g) **Analogous Event**: if any event occurs which, under the laws of any Relevant Jurisdiction, has or may have an analogous effect to any of the events referred to in subparagraphs (d) to (f) above.

11. ENFORCEMENT

11.1 Enforcement by the Trustee

The Trustee may at any time, at its discretion and without notice, take such proceedings and/or other steps or action (including lodging an appeal in any proceedings) against or in relation to the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons or otherwise, but it shall not be bound to take any such proceedings or other steps or action unless (a) it has been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding and (b) it has been indemnified and/or secured and/or pre-funded to its satisfaction against all liabilities to which it may thereby render itself liable or which it may incur by so doing and provided that the Trustee shall not be liable for the consequences of taking any such action and may take such action without having regard to the effect of such actions on individual Noteholders or Couponholders.

11.2 Limitation on Trustee actions

The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

11.3 Enforcement by the Noteholders

No Noteholder or Couponholder shall be entitled to (i) take any steps or action against the Issuer to enforce the performance of any of the provisions of the Trust Deed, the Notes or the Coupons or (ii) take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer, in each case unless the Trustee, having become bound so to take any such action, steps or proceedings, fails so to do within a reasonable period and such failure shall be continuing.

12. REPLACEMENT OF NOTES AND COUPONS

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Principal Paying Agent upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

13. NOTICES

13.1 Notices to the Noteholders

All notices to the Noteholders will be valid if published in a leading English language daily newspaper published in London and, so long as the Notes are admitted to listing on the Official List and to trading on the regulated market of the Luxembourg Stock Exchange and the rules of that exchange so require, a daily newspaper of general circulation in Luxembourg or the website of the Luxembourg Stock Exchange (at <https://www.luxse.com/>). It is expected that publication in a newspaper will normally be made in the *Financial Times* in London and the *Luxemburger Wort* in Luxembourg. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this paragraph.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant Notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

13.2 Notices from the Noteholders

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Principal Paying Agent or, if the Notes are held in a clearing system, may be given through the clearing system in accordance with its standard rules and procedures.

14. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION, SUBSTITUTION

14.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification of any of these Conditions or any of the provisions of the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Trustee (subject to it being indemnified and/or secured and/or prefunded to its satisfaction) upon the request in writing of the Noteholders holding not less than one-quarter of the aggregate principal amount of the outstanding Notes.

The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that, at any meeting the business of which includes any matter defined in the Trust Deed as a Basic Terms Modification, including the modification of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed (including the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or interest payable in respect of the Notes, altering the currency of payment of the Notes, altering the method of calculating the amount of any payment in respect of the Notes or changing the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution), the necessary quorum required to pass an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the principal amount of the Notes for the time being outstanding.

In addition, the Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than two-thirds in principal amount of the Notes for the time being outstanding or consent given by way of electronic consents through the relevant clearing system(s) by or on behalf of the holders of not less than two-thirds in principal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all Noteholders whether or not they are present at any meeting and whether or not they voted on the resolution, and on all Couponholders.

14.2 Modification, Waiver, Authorisation and Determination

The Trustee may agree, without the consent of the Noteholders or Couponholders (i) (other than in relation to any Basic Terms Modification (as defined in the Trust Deed)) to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders), or (ii) to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Trustee, proven or to comply with mandatory provisions of law. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, save the Trustee shall only agree without the consent of the Noteholders to such modification if, in the opinion of the Trustee, such modification is not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation, determination or waiver shall be binding on the Noteholders and Couponholders.

Additionally, the Issuer may, subject to Condition 5.2(m) (*Benchmark Discontinuation (Independent Adviser)*) and Condition 5.2(f) (*Interest – Floating Rate Notes referencing SOFR*), vary or amend these Conditions, the Trust Deed and/or the Agency Agreement to give effect to certain amendments without any requirement for the consent or approval of Noteholders of the relevant Notes or Coupons, as described in Condition 5.2(m) (*Benchmark Discontinuation (Independent Adviser)*) and the Trustee and the Paying Agents shall concur to such Benchmark Amendments and/or Benchmark Replacement Conforming Changes (as applicable) on the basis set out in Condition 5.2(m) (*Benchmark Discontinuation (Independent Adviser)*) and Condition 5.2(f) (*Interest – Floating Rate Notes referencing SOFR*).

14.3 Trustee to have Regard to Interests of Noteholders as a Class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 8 (*Taxation*) and/or any undertaking given in addition to, or in substitution for, Condition 8 (*Taxation*) pursuant to the Trust Deed.

14.4 Notification to the Noteholders

Any modification, abrogation, waiver, authorisation or determination shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 13 (*Notices*).

14.5 Substitution

The Trustee may agree, without the consent of the Noteholders or the Couponholders, to the substitution of (i) any Subsidiary of the Issuer or (ii) any company which directly or indirectly owns 100 per cent. of the shares or other equity interests (as the case may be) carrying the right to vote in the Issuer in place of the Issuer as issuer and principal debtor under the Trust Deed, the Notes and the Coupons; provided that the Notes are unconditionally and irrevocably guaranteed by the Issuer and certain other conditions specified in the Trust Deed are fulfilled. Any such substitution shall be binding on the Noteholders and Couponholders and shall be notified to the Noteholders within 14 days thereafter.

15. INDEMNIFICATION AND PROTECTION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER

15.1 Indemnification and protection of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability towards the Issuer, the Noteholders and the Couponholders, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances.

15.2 Trustee Contracting with the Issuer

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of the Issuer's Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

16. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the amount and date of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes. Any further notes or bonds which are to form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed shall, and any other further notes or bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

17. GOVERNING LAW AND SUBMISSION TO JURISDICTION

17.1 Governing Law

The Trust Deed, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes and the Coupons are governed by, and construed in accordance with, English law.

17.2 Submission to Jurisdiction

(a) Subject to Condition 17.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Notes or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes or the Coupons (a "**Dispute**") and each of the Issuer, the Trustee and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

(b) For the purposes of this Condition 2 (*Submission to Jurisdiction*), the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(c) To the extent allowed by law, the Issuer, the Trustee, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction and (ii) concurrent proceedings in any number of jurisdictions.

17.3 Appointment of Process Agent

The Issuer irrevocably appoints Philips Electronics UK Limited (Attention: Company Secretary), Ascent 1 Aerospace Boulevard, Farnborough, England, GU14 6XW as its agent for service of process in any proceedings before the English courts in relation to any Dispute and agrees that, in the event of Philips Electronics UK Limited being unable or unwilling for any reason so to act, it will immediately appoint another person approved by the Trustee as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing in this Condition 17.3 (*Appointment of Process Agent*) shall affect the right to serve process in any other manner permitted by law.

17.4 Other Documents

The Issuer has in the Agency Agreement and the Trust Deed submitted to the jurisdiction of the English courts and appointed an agent in England for service of process, in terms substantially similar to those set out above.

18. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

SCHEDULE 2

FORMS OF THE NOTES

PART A FORM OF TEMPORARY GLOBAL NOTE

Series Number: []

Serial Number: []

[Tranche Number: []]

[ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED.]^[1]

KONINKLIJKE PHILIPS N.V.

EURO MEDIUM TERM NOTE PROGRAMME

TEMPORARY GLOBAL NOTE

representing up to

[Aggregate principal amount of tranche]

[Title of Notes]

€10,000,000,000

Euro Medium Term Note Programme

This global Note is a Temporary Global Note without interest coupons issued in respect of an issue of [aggregate principal amount of Tranche] in aggregate principal amount of [title of Notes] (the "**Notes**") by Koninklijke Philips N.V. a public limited liability company (*naamloze vennootschap*) incorporated under the law of the Netherlands registered at the Dutch Chamber of Commerce with number 17001910 (the "**Issuer**").

This Temporary Global Note is issued subject to and in accordance with the Conditions and a trust deed dated 8 March 2024 (as amended and/or supplemented and/or restated from time to time, the "**Trust Deed**") between, amongst others, the Issuer and Citicorp Trustee Company Limited as Trustee (the "**Trustee**", which expression includes all persons for the time being appointed Trustee or Trustees under the Trust Deed) and is subject to an agency agreement dated 8 March 2024 (as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") between the Issuer, amongst others, Citibank, N.A., London Branch, the Trustee and certain other financial institutions names therein. References herein to the "**Conditions**" shall be to the terms and conditions of the Notes as set out in Schedule 1 to the Trust Deed as completed by the final terms applicable to the Notes (the "**Final Terms**") but, in the event of any conflict between the provisions of the Conditions and the information in the Final Terms, the Final Terms will prevail. Words and expressions defined in the Conditions shall bear the same meanings when used in this Temporary Global Note.

^[1] Legend to appear on every Temporary Global Note representing Notes with a maturity of more than one year.

1. PROMISE TO PAY

1.1 Pay to bearer

The Issuer, for value received, promises to pay to the bearer of this Temporary Global Note, in respect of each Note represented by this Temporary Global Note, the Redemption Amount on the Maturity Date or on such earlier date or dates as the same may become payable in accordance with the Conditions (or to pay such other amounts of principal on such dates as may be specified in the Final Terms), and to pay interest on each such Note on the dates and in the manner specified in the Conditions, together with any additional amounts payable in accordance with the Conditions, all subject to and in accordance with the Conditions; **provided, however, that** such interest shall be payable only:

(a) *Before the Exchange Date*: in the case of interest falling due before the Exchange Date (as defined below), to the extent that a certificate or certificates issued by Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**", together with Euroclear, the international central securities depositories or "**ICSDs**") and/or any other relevant clearing system dated not earlier than the date on which such interest falls due and in substantially the form set out in 0 (*Form of Euroclear/Clearstream, Luxembourg Certification*) hereto is/are delivered to the Specified Office of the Principal Paying Agent; or

(b) *Failure to exchange*: in the case of interest falling due at any time, to the extent that the Issuer has failed to procure the exchange for a permanent global note of that portion of this Temporary Global Note in respect of which such interest has accrued.

1.2 NGN Principal Amount

If the Final Terms specify that the New Global Note form is applicable, this Temporary Global Note shall be a "**New Global Note**" or "**NGN**" and the principal amount of Notes represented by this Temporary Global Note shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of the ICSDs (which expression in this Temporary Global Note means the records that each ICSD holds for its customers which reflect the amount of such customers' interests in the Notes (but excluding any interest in any Notes of one ICSD shown in the records of another ICSD)) shall be conclusive evidence of the principal amount of Notes represented by this Temporary Global Note and, for these purposes, a statement issued by an ICSD (which statement shall be made available to the bearer upon request) stating the principal amount of Notes represented by this Temporary Global Note at any time shall be conclusive evidence of the records of the ICSD at that time.

1.3 CGN Principal Amount

If the Final Terms specify that the New Global Note form is not applicable, this Temporary Global Note shall be a "**Classic Global Note**" or "**CGN**" and the principal amount of Notes represented by this Temporary Global Note shall be the amount stated in the Final Terms or, if lower, the principal amount most recently entered by or on behalf of the Issuer in the relevant column in O (*Payments, Exchange and Cancellation of Notes*).

2. **NEGOTIABILITY**

This Temporary Global Note is negotiable and, accordingly, title to this Temporary Global Note shall pass by delivery.

3. **EXCHANGE**

3.1 **Permanent Global Note**

If the Final Terms specify the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then on or after the day following the expiry of 40 days after the date of issue of this Temporary Global Note (the "**Exchange Date**"), the Issuer shall procure (in the case of first exchange) the delivery of a Permanent Global Note (which expression has the meaning given in the Trust Deed) in accordance with the Agency Agreement to the bearer of this Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

(a) *Presentation and surrender*: presentation and (in the case of final exchange) presentation and surrender of this Temporary Global Note to or to the order of the Principal Paying Agent; and

(b) *Certification*: receipt by the Principal Paying Agent of a certificate or certificates issued by Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system dated not earlier than the Exchange Date and in substantially the form set out in O (*Form of Euroclear/Clearstream, Luxembourg Certification*) hereto.

The principal amount of Notes represented by the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates issued by Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and received by the Principal Paying Agent; **provided, however, that** in no circumstances shall the principal amount of Notes represented by the Permanent Global Note exceed the initial principal amount of Notes represented by this Temporary Global Note.

3.2 **Definitive Notes; Not D Rules**

If the Final Terms specify the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specify that the C Rules are applicable or that neither the C Rules nor the D Rules are applicable, then on or after the day following the expiry of 40 days after the date of issue of this Temporary Global Note (the "**Exchange Date**"), the Issuer shall procure the delivery of Definitive Notes (which expression has the meaning given in the Agency Agreement) in accordance with the Agency Agreement with Coupons and Talons (if so specified in the Final Terms) attached and in an aggregate principal amount equal to the principal amount of Notes represented by this Temporary Global Note to the bearer of this Temporary Global Note against presentation and surrender of this Temporary Global Note to or to the order of the Principal Paying Agent.

3.3 **Definitive Notes; D Rules**

If the Final Terms specify the form of Notes as being "**Temporary Global Note exchangeable for Definitive Notes**" and also specifies that the D Rules are applicable, then on or after the day following the expiry of 40 days after the date of issue of this Global Note (the "**Exchange Date**"), the Issuer shall procure the delivery of Definitive Notes (which expression has the meaning given in the Agency Agreement) in accordance with the Agency Agreement with Coupons and Talons (if so specified in the Final Terms) attached against:

(a) *Presentation and surrender*: presentation and (in the case of final exchange) surrender of this Temporary Global Note to or to the order of the Principal Paying Agent; and

(b) *Certification*: receipt by the Principal Paying Agent of a certificate or certificates issued by Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system dated not earlier than the Exchange Date and in substantially the form set out in O (*Form of Euroclear/Clearstream, Luxembourg Certification*) hereto.

The Definitive Notes so delivered from time to time shall be in an aggregate principal amount equal to the aggregate of the principal amounts specified in the certificates issued by Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and received by the Principal Paying Agent; **provided, however, that** in no circumstances shall the aggregate principal amount of Definitive Notes so delivered exceed the initial principal amount of Notes represented by this Temporary Global Note.

4. **DELIVERY OF PERMANENT GLOBAL OR DEFINITIVE NOTES**

4.1 **Permanent Global Note**

Whenever any interest in this Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated, to the bearer of this Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of Notes represented by such Permanent Global Note in accordance with its terms, in each case in an aggregate principal amount equal to the aggregate of the principal amounts specified in the certificates issued by Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and received by the Principal Paying Agent against presentation and (in the case of final exchange) surrender of this Temporary Global Note to or to the order of the Principal Paying Agent within 7 days of the bearer requesting such exchange.

4.2 **Definitive Notes**

Whenever this Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by this Temporary Global Note to the bearer of this Temporary Global Note against the surrender of this Temporary Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

5. WRITING DOWN

On each occasion on which:

(a) *Permanent Global Note*: the Permanent Global Note is delivered or the principal amount of Notes represented thereby is increased in accordance with its terms in exchange for a further portion of this Temporary Global Note; or

(b) *Definitive Notes*: Definitive Notes are delivered in exchange for this Temporary Global Note; or

(c) *Cancellation*: Notes represented by this Temporary Global Note are to be cancelled in accordance with Condition 7.8 (*Redemption and Purchase - Cancellations*),

the Issuer shall procure that:

(i) if the Final Terms specify that the New Global Note form is not applicable, (i) the principal amount of Notes represented by the Permanent Global Note, the principal amount of such increase or (as the case may be) the aggregate principal amount of such Notes and (ii) the remaining principal amount of Notes represented by this Temporary Global Note (which shall be the previous principal amount of Notes represented by this Temporary Global Note less the aggregate of the amounts referred to in (i)) are entered in 0 (*Payments, Exchange and Cancellation of Notes*) hereto, whereupon the principal amount of Notes represented by this Temporary Global Note shall for all purposes be as most recently so entered; and

(ii) if the Final Terms specify that the New Global Note form is applicable, details of the exchange or cancellation shall be entered *pro rata* in the records of the ICSDs.

6. PAYMENTS

6.1 Recording of Payments

Upon any payment being made in respect of the Notes represented by this Temporary Global Note, the Issuer shall procure that:

(a) *CGN*: if the Final Terms specify that the New Global Note form is not applicable, details of such payment shall be entered in 0 (*Payments, Exchange and Cancellation of Notes*) hereto and, in the case of any payment of principal, the principal amount of the Notes represented by this Temporary Global Note shall be reduced by the principal amount so paid; and

(b) *NGN*: if the Final Terms specify that the New Global Note form is applicable, details of such payment shall be entered *pro rata* in the records of the ICSDs and, in the case of any payment of principal, the principal amount of the Notes entered in the records of ICSDs and represented by this Temporary Global Note shall be reduced by the principal amount so paid.

6.2 Discharge of Issuer's obligations

Payments due in respect of Notes for the time being represented by this Temporary Global Note shall be made to the bearer of this Temporary Global Note and each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries referred to above shall not affect such discharge.

7. CONDITIONS APPLY

Until this Temporary Global Note has been exchanged as provided herein or cancelled in accordance with the Agency Agreement, the bearer of this Temporary Global Note shall be subject to the Conditions and, subject as otherwise provided herein, shall be entitled to the same rights and benefits under the Conditions as if the bearer were the holder of Definitive Notes and any related Coupons and Talons in the smallest Specified Denomination and in an aggregate principal amount equal to the principal amount of the Notes represented by this Temporary Global Note.

8. AUTHENTICATION

This Temporary Global Note shall not be valid or enforceable for any purpose unless and until it has been authenticated for and on behalf of Citibank, N.A., London Branch as principal paying agent.

9. EFFECTUATION

If the Final Terms specify that the New Global Note form is applicable, this Temporary Global Note shall not be valid or enforceable for any purpose unless and until it has been effectuated for and on behalf of the entity appointed as common safekeeper by the ICSDs.

10. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Temporary Global Note, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

11. NOTICES

Any notice or demand to the Issuer or the Trustee to be given, made or served for any purposes under this Temporary Global Note shall be given, made or served by sending the same by pre-paid post (first class if inland, first class airmail if overseas), email (if applicable), facsimile transmission (if applicable) or by delivering it by hand as follows:

to the Issuer: Koninklijke Philips N.V.

Philips Center HBT 12
 Amstelplein 2
 1096 BC Amsterdam
 The Netherlands
 Attention: Group Treasury
 Email: treasury.middleoffice@philips.com
 to the Trustee: Citicorp Trustee Company Limited
 Citigroup Centre
 Canada Square
 London E14 5LB
 England
 Email: emea.at.debt@citi.com Attention: Agency & Trust

or to such other address or email address (if applicable) as shall have been notified (in accordance with this Clause 11) to the other party hereto and any notice or demand sent by post as aforesaid shall be deemed to have been given, made or served two days in the case of inland post or seven days in the case of overseas post after despatch, any notice or demand sent by email as aforesaid shall be deemed to have been given, made or served at the time of despatch and any notice or demand given by facsimile, when a transmission report showing the successful transmission of the facsimile is received by the sender **provided that** in the case of a notice or demand given by email a delivery receipt is received by the sending party confirming the email has been delivered to the recipient's correct email address.

12. GOVERNING LAW

This Temporary Global Note and any non-contractual obligations arising out of or in connection with it are governed by English law.

AS WITNESS the [manual/facsimile] signature of a duly authorised person on behalf of the Issuer.

KONINKLIJKE PHILIPS N.V.

By:

[manual or facsimile signature]

(duly authorised)

Name:

Title: Authorised Signatory

ISSUED on the Issue Date

AUTHENTICATED for and on behalf of

CITIBANK, N.A., LONDON BRANCH

as principal paying agent without recourse, warranty or liability

By:

[manual signature]

(duly authorised)

EFFECTUATED for and on behalf of

as common safekeeper without

recourse, warranty or liability

By:

[manual signature]

(duly authorised)

Schedule 1 Payments, Exchange and Cancellation of Notes^{2]}

2019 - 2021

Date of payment, delivery or cancellation	Amount of interest then paid	Principal amount of Permanent Global Note then delivered or by which Permanent Global Note then increased or aggregate principal amount of Definitive Notes then delivered	Aggregate principal amount of Notes then cancelled	Remaining principal amount of this Temporary Global Note	Authorised Signature

^[2] 0 should only be completed where the Final Terms specify that the New Global Note form is not applicable.

Schedule 2 Form of Accountholder’s Certification

KONINKLIJKE PHILIPS N.V.

EURO MEDIUM TERM NOTE PROGRAMME

This is to certify that as of the date hereof, and except as set forth below, the above-captioned Securities held by you for our account (a) are owned by persons that are not citizens or residents of the United States, United States partnerships, United States corporations or any estate or trust the income of which is subject to United States Federal income taxation regardless of its source ("**United States persons**"), (b) are owned by United States person(s) that (i) are foreign branches of a United States financial institution (as defined in U.S. Treasury Regulations Section 1.165-12(c)(1)(iv)) ("**financial institutions**") purchasing for their own account or for resale, or (ii) acquired the Securities through foreign branches of United States financial institutions and who hold the Securities through such United States financial institutions on the date hereof (and in either case (i) or (ii), each such United States financial institution hereby agrees, on its own behalf or through its agent, that you may advise the issuer or the issuer’s agent that it will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (c) are owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7)), and in addition if the owner of the Securities is a United States or foreign financial institution described in clause (c) (whether or not also described in clause (a) or (b)) this is to further certify that such financial institution has not acquired the Securities for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "**United States**" means the United States of America (including the States and the District of Columbia); and its "**possessions**" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We undertake to advise you promptly by tested telex on or prior to the date on which you intend to submit your certification relating to the Securities held by you for our account in accordance with your operating procedures if any applicable statement herein is not correct on such date, and in the absence of any such notification it may be assumed that this certification applies as of such date.

[This certification excepts and does not relate to *[currency]* *[amount]* of such interest in the above Securities in respect of which we are not able to certify and as to which we understand exchange and delivery of definitive Securities (or, if relevant, exercise of any rights or collection of any interest) cannot be made until we do so certify.]

We understand that this certification is required in connection with certain tax laws and, if applicable, certain securities laws of the United States. In connection therewith, if administrative or legal proceedings are commenced or threatened in connection with this certification is or would be relevant, we irrevocably authorise you to produce this certification to any interested party in such proceedings.

Dated: []

[name of account holder]

as, or as agent for,

the beneficial owner(s) of the Securities

to which this certificate relates.

By:.....

Authorised signatory

Schedule 3 Form of Euroclear/Clearstream, Luxembourg Certification

KONINKLIJKE PHILIPS N.V.

EURO MEDIUM TERM NOTE PROGRAMME

This is to certify that, based solely on certifications we have received in writing, by tested telex or by electronic transmission from member organisations appearing in our records as persons being entitled to a portion of the principal amount set forth below (our "**Member Organisations**") substantially to the effect set forth in the temporary global note issued in respect of the securities, as of the date hereof, [currency] [amount] principal amount of the above-captioned Securities (a) is owned by persons that are not citizens or residents of the United States, United States partnerships, United States corporations or any estate or trust the income of which is subject to United States Federal income taxation regardless of its source ("**United States persons**"), (b) is owned by United States persons that (i) are foreign branches of United States financial institutions (as defined in U.S. Treasury Regulations Section 1.165-12(c)(1)(iv)) ("**financial institutions**") purchasing for their own account or for resale, or (ii) acquired the Securities through foreign branches of United States financial institutions and who hold the Securities through such United States financial institutions on the date hereof (and in either case (i) or (ii), each such United States financial institution has agreed, on its own behalf or through its agent, that we may advise the Issuer or the Issuer's agent that it will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (c) is owned by United States or foreign financial institutions for purposes of resale during the restricted period (as defined in U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7)), and to the further effect that United States or foreign financial institutions described in clause (c) (whether or not also described in clause (a) or (b)) have certified that they have not acquired the Securities for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

We further certify (1) that we are not making available herewith for exchange (or, if relevant, exercise of any rights or collection of any interest) any portion of the temporary global security excepted in such certifications and (2) that as of the date hereof we have not received any notification from any of our Member Organisations to the effect that the statements made by such Member Organisations with respect to any portion of the part submitted herewith for exchange (or, if relevant, exercise of any rights or collection of any interest) are no longer true and cannot be relied upon as of the date hereof.

We understand that this certification is required in connection with certain tax laws and, if applicable, certain securities laws of the United States. In connection therewith, if administrative or legal proceedings are commenced or threatened in connection with which this certification is or would be relevant, we irrevocably authorise you to produce this certification to any interested party in such proceedings.

Dated: []

Euroclear Bank SA/NV

or

Clearstream Banking S.A.

By:.....

Authorised signatory

FORM OF PERMANENT GLOBAL NOTE

[ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.]^[3]

^[3] Legend to appear on every Permanent Global Note representing Notes with a maturity of more than one year.

KONINKLIJKE PHILIPS N.V.

EURO MEDIUM TERM NOTE PROGRAMME

PERMANENT GLOBAL NOTE

representing up to

[Aggregate principal amount of Tranche]

[Title of Notes]

€10,000,000,000

Euro Medium Term Note Programme

This global Note is a Permanent Global Note without interest coupons issued in respect of an issue of [aggregate principal amount of Tranche] in aggregate principal amount of [title of Notes] (the "**Notes**") by Koninklijke Philips N.V. a public limited liability company (naamloze vennootschap) incorporated under the law of the Netherlands registered at the Dutch Chamber of Commerce with number 17001910 (the "**Issuer**").

This Permanent Global Note is issued subject to and in accordance with the Conditions and a trust deed dated 8 March 2024 (as amended and/or supplemented and/or restated from time to time, the "**Trust Deed**") between, amongst others, the Issuer and Citicorp Trustee Company Limited as trustee (the "**Trustee**", which expression includes all persons for the time being appointed Trustee or Trustees under the Trust Deed) and is subject to an agency agreement dated 8 March 2024 (as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") between the Issuer, amongst others, Citibank, N.A., London Branch, the Trustee and certain other financial institutions names therein. References herein to the "**Conditions**" shall be to the terms and conditions of the Notes as set out in Schedule 1 to the Trust Deed as completed by the final terms applicable to the Notes (the "**Final Terms**") attached hereto but, in the event of any conflict between the provisions of the Conditions and the information in the Final Terms, the Final Terms will prevail. Words and expressions defined in the Conditions shall bear the same meanings when used in this Permanent Global Note.

1. PROMISE TO PAY

1.1 Pay to bearer

The Issuer, for value received, promises to pay to the bearer of this Global Note, in respect of each Note represented by this Global Note, the Redemption Amount on the Maturity Date or on such earlier date or dates as the same may become payable in accordance with the Conditions (or to pay such other amounts of principal on such dates as may be specified in the Final Terms), and to pay interest on each such Note on the dates and in the manner specified in the Conditions, together with any additional amounts payable in accordance with the Conditions, all subject to and in accordance with the Conditions.

1.2 NGN Principal Amount

If the Final Terms specify that the New Global Note form is applicable, this Global Note shall be a "**New Global Note**" or "**NGN**" and the principal amount of Notes represented by this Global Note shall be the aggregate amount from time to time entered in the records of both Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**", together with Euroclear, the international central securities depositories or "**ICSDs**"). The records of the ICSDs (which expression in this Global Note means the records that each ICSD holds for its customers which reflect the amount of such customers' interests in the Notes (but excluding any interest in any Notes of one ICSD shown in the records of another ICSD)) shall be conclusive evidence of the principal amount of Notes represented by this Global Note and, for these purposes, a statement issued by an ICSD (which statement shall be made available to the bearer upon request) stating the principal amount of Notes represented by this Global Note at any time shall be conclusive evidence of the records of the ICSD at that time.

1.3 CGN Principal Amount

If the Final Terms specify that the New Global Note form is not applicable, this Global Note shall be a "**Classic Global Note**" or "**CGN**" and the principal amount of Notes represented by this Global Note shall be the amount stated in the Final Terms or, if lower, the principal amount most recently entered by or on behalf of the Issuer in the relevant column in 0 (*Payments, Exchange and Cancellation of Notes*).

2. NEGOTIABILITY

This Global Note is negotiable and, accordingly, title to this Global Note shall pass by delivery.

3. EXCHANGE

Upon the occurrence of an Exchange Event (as further described below), this Global Note will become exchangeable, in whole but not in part only and at the request of the bearer of this Global Note, for Definitive Notes (which expression has the meaning given in the Trust Deed) in accordance with the Agency Agreement.

An Exchange Event will occur:

- (a) upon the happening of any of the events defined as an "Event of Default" in Condition 10 (*Events of Default*); or
- (b) if the Issuer has been notified that both Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**" and, together with Euroclear, the "**relevant Clearing Systems**") have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available; or
- (c) if the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form and a certificate to such effect signed by an Authorised Signatory (as defined in the Trust Deed) of the Issuer is given to the Trustee.

4. DELIVERY OF DEFINITIVE NOTES

Whenever this Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by this Global Note to the bearer of this Global Note against the surrender of this Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

5. WRITING DOWN

On each occasion on which:

- (a) *Payment of principal*: a payment of principal is made in respect of this Global Note;
- (b) *Definitive Notes*: Definitive Notes are delivered; or
- (c) *Cancellation*: Notes represented by this Global Note are to be cancelled in accordance with Condition 7.8 (*Redemption and Purchase - Cancellations*),

the Issuer shall procure that:

(i) if the Final Terms specify that the New Global Note form is not applicable, (i) the amount of such payment and the aggregate principal amount of such Notes; and (ii) the remaining principal amount of Notes represented by this Global Note (which shall be the previous principal amount hereof *less* the aggregate of the amounts referred to in (i) above) are entered in Schedule 1 (*Payments, Exchanges against Temporary Global Note, Delivery of Definitive Notes and Cancellation of Notes*) hereto, whereupon the principal amount of Notes represented by this Global Note shall for all purposes be as most recently so entered; and

(ii) if the Final Terms specify that the New Global Note form is applicable, details of the exchange or cancellation shall be entered *pro rata* in the records of the ICSDs.

6. WRITING UP

6.1 Initial Exchange

If this Global Note was originally issued in exchange for part only of a temporary global note representing the Notes, then all references in this Global Note to the principal amount of Notes represented by this Global Note shall be construed as references to the principal amount of Notes represented by the part of the temporary global note in exchange for which this Global Note was originally issued which the Issuer shall procure:

(a) *CGN*: if the Final Terms specify that the New Global Note form is not applicable, is entered in Schedule 1 (*Payments, Exchanges against Temporary Global Note, Delivery of Definitive Notes and Cancellation of Notes*) hereto, whereupon the principal amount of Notes represented by this Global Note shall for all purposes be as most recently so entered; and

(b) *NGN*: if the Final Terms specify that the New Global Note form is applicable, is entered by the ICSDs in their records.

6.2 Subsequent Exchange

If at any subsequent time any further portion of such temporary global note is exchanged for an interest in this Global Note, the principal amount of Notes represented by this Global Note shall be increased by the amount of such further portion, and the Issuer shall procure that the principal amount of Notes represented by this Global Note (which shall be the previous principal amount of Notes represented by this Global Note *plus* the amount of such further portion) is:

(a) *CGN*: if the Final Terms specify that the New Global Note form is not applicable, entered in Schedule 1 (*Payments, Exchanges against Temporary Global Note, Delivery of Definitive Notes and Cancellation of Notes*) hereto, whereupon the principal amount of this Global Note shall for all purposes be as most recently so entered; and

(b) *NGN*: if the Final Terms specify that the New Global Note form is applicable, entered by the ICSDs in their records.

7. PAYMENTS

7.1 Recording of Payments

Upon any payment being made in respect of the Notes represented by this Global Note, the Issuer shall procure that:

(a) *CGN*: if the Final Terms specify that the New Global Note form is not applicable, details of such payment shall be entered in 0 (*Payments, Exchange and Cancellation of Notes*) hereto and, in the case of any payment of principal, the principal amount of the Notes represented by this Global Note shall be reduced by the principal amount so paid; and

(b) *NGN*: if the Final Terms specify that the New Global Note form is applicable, details of such payment shall be entered *pro rata* in the records of the ICSDs and, in the case of any payment of principal, the principal amount of the Notes entered in the records of ICSDs and represented by this Global Note shall be reduced by the principal amount so paid.

7.2 Discharge of Issuer's obligations

Payments due in respect of Notes for the time being represented by this Global Note shall be made to the bearer of this Global Note and each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries referred to above shall not affect such discharge.

8. CONDITIONS APPLY

Until this Global Note has been exchanged as provided herein or cancelled in accordance with the Agency Agreement, the bearer of this Global Note shall be subject to the Conditions and, subject as otherwise provided herein, shall be entitled to the same rights and benefits under the Conditions as if the bearer were the Holder of Definitive Notes and any related Coupons and Talons in the smallest Specified Denomination and in an aggregate principal amount equal to the principal amount of Notes represented by this Global Note.

9. AUTHENTICATION

This Global Note shall not be valid or enforceable for any purpose unless and until it has been authenticated for and on behalf of Citibank, N.A., London Branch as principal paying agent.

10. EFFECTUATION

If the Final Terms specify that the New Global Note form is applicable, this Permanent Global Note shall not be valid or enforceable for any purpose unless and until it has been effectuated for and on behalf of the entity appointed as common safekeeper by the ICSDs.

11. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Global Note, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

12. NOTICES

Any notice or demand to the Issuer or the Trustee to be given, made or served for any purposes under this Global Note shall be given, made or served by sending the same by pre-paid post (first class if inland, first class airmail if overseas), email (if applicable), facsimile transmission (if applicable) or by delivering it by hand as follows:

to the Issuer: Koninklijke Philips N.V.

Philips Center HBT 12

Amstelplein 2

1096 BC Amsterdam

The Netherlands

Attention: Group Treasury

Email: treasury.middleoffice@philips.com

to the Trustee: Citicorp Trustee Company Limited

Citigroup Centre

Canada Square

London E14 5LB

England

Email: emea.at.debt@citi.com Attention: Agency & Trust

or to such other address or email address (if applicable) as shall have been notified (in accordance with this Clause 12) to the other party hereto and any notice or demand sent by post as aforesaid shall be deemed to have been given, made or served two days in the case of inland post or seven days in the case of overseas post after despatch, any notice or demand sent by email as aforesaid shall be deemed to have been given, made or served at the time of despatch and any notice or demand given by facsimile, when a transmission report showing the successful transmission of the facsimile is received by the sender **provided that** in the case of a notice or demand given by email a delivery receipt is received by the sending party confirming the email has been delivered to the recipient's correct email address.

13. GOVERNING LAW

This Global Note and any non-contractual obligations arising out of or in connection with it are governed by English law.

AS WITNESS the [manual/facsimile] signature of a duly authorised person on behalf of the Issuer.

KONINKLIJKE PHILIPS N.V.

By:

[manual or facsimile signature]

(duly authorised)

Name:

Title: Authorised Signatory

ISSUED on the Issue Date

AUTHENTICATED for and on behalf of

CITIBANK, N.A., LONDON BRANCH as principal paying agent without recourse, warranty or liability

By:.....

[manual signature]

(duly authorised)

EFFECTUATED for and on behalf of

as common safekeeper without

recourse, warranty or liability

By:.....

[manual signature]

(duly authorised)

SCHEDULE 1 PAYMENTS, EXCHANGES AGAINST TEMPORARY GLOBAL NOTE, DELIVERY OF DEFINITIVE NOTES AND CANCELLATION OF NOTES⁽⁴⁾

2019 - 2021

Date of payment, exchange delivery or cancellation	Amount of interest then paid	Amount of principal then paid	Principal amount of Temporary Global Note then exchanged	Aggregate principal amount of Definitive Notes then delivered	Aggregate principal amount of Notes then cancelled	New principal amount of this Global Note	Authorised Signature

^[4] O should only be completed where the Final Terms specify that the New Global Note form is not applicable.

PART C FORM OF DEFINITIVE BEARER NOTE

[ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED.]^[5]

[Pursuant to the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*), each transfer and acceptance of this Note within, from or into The Netherlands (other than between individuals who do not act in the conduct of a profession or trade):

- (a) must be made through the mediation of either the Issuer or a member of Euronext Amsterdam N.V.; and
- (b) if it involves its physical delivery, must be recorded in a transaction note which includes the name and address of each party, the nature of the transaction and the number and serial numbers of the Notes transferred.]^[6]

[Pursuant to the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*), each transfer and acceptance of this Note within, from or into The Netherlands (other than between individuals who do not act in the conduct of a profession or trade):

- (c) must be made through the mediation of either the Issuer or a member of Euronext Amsterdam N.V.; and
- (d) unless it is made between a professional borrower and a professional lender, if it involves its physical delivery, must be recorded in a transaction note which includes the name and address of each party, the nature of the transaction and the number and serial numbers of the Notes transferred.]^[7]

[On the face of the Note:]

Series Number: []

Serial Number: []

[Tranche Number: []]

[Denomination]

^[5] Legend to appear on every Note with a maturity of more than one year.

^[6] This legend should be placed on Notes on which interest does not become due during their tenor or other Notes which qualify as savings certificates as defined in the Dutch Savings Certificates Act and which are (a) not admitted to trading on Eurolist by Euronext Amsterdam N.V.'s stock market, (b) issued within The Netherlands, or issued outside The Netherlands but distributed within The Netherlands in the course of initial distribution or immediately thereafter and (c) do not qualify as commercial paper or certificates of deposit.

^[7] This legend should be placed on Notes on which interest does not become due during their tenor or other Notes which qualify as savings certificates as defined in the Dutch Savings Certificates Act and which are (a) not admitted to trading on Eurolist by Euronext Amsterdam N.V.'s stock market, (b) issued within The Netherlands, or issued outside The Netherlands but distributed within The Netherlands in the course of initial distribution or immediately thereafter and (c) qualify as commercial paper or certificates of deposit.

KONINKLIJKE PHILIPS N.V.

EURO MEDIUM TERM NOTE PROGRAMME

[Aggregate principal amount of Tranche]

[Title of Notes]

KONINKLIJKE PHILIPS N.V. (the "**Issuer**"), subject to and in accordance with the Conditions [endorsed hereon/set out in Schedule 1 to the Trust Deed (as defined below) which shall be incorporated by reference herein and have effect as if set out herein] (the "**Conditions**") as completed by the relevant information appearing in the final terms (the "**Final Terms**") and a trust deed dated 8 March 2024 (as modified and/or supplemented and/or restated from time to time, the "**Trust Deed**") and made between, amongst others, the Issuer and Citicorp Trustee Company Limited as trustee for the holders of the Notes (the "**Trustee**", which expression includes all persons for the time being appointed Trustee or Trustees under the Trust Deed) and an agency agreement dated 8 March 2024 (as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") between, amongst others, the Issuer, Citibank, N.A., London Branch, the Trustee and certain other financial institutions named therein, for value received promises to pay to the bearer hereof on the Maturity Date, or on such earlier date as this Note may become due and repayable in accordance with the Conditions and the Trust Deed, the amount payable on redemption of this Note, and to pay interest (if any) on the principal amount of this Note calculated and payable as provided in the Conditions and the Trust Deed together with any other sums payable under the Conditions and the Trust Deed.

In the event of any conflict between the provisions of the Conditions and such information set out in the Final Terms, such information set out in the Final Terms will prevail.

[This Note shall not/Neither this Note nor any of the interest coupons [or talons] appertaining hereto shall] be valid for any purpose until this Note has been authenticated by or on behalf of Citibank, N.A., London Branch as Principal Paying Agent.

This Note and any non-contractual obligations arising out of or in connection with it are governed by English law.

IN WITNESS WHEREOF the Issuer has caused this Note to be signed in facsimile on its behalf.

KONINKLIJKE PHILIPS N.V.

By:

(*duly authorised*)

Name:

Title: Authorised Signatory

ISSUED in London as of [] 20 [•]

AUTHENTICATED for and on behalf of

CITIBANK, N.A., LONDON BRANCH,

as Principal Paying Agent without recourse,

warranty or liability

By:.....

(*duly authorised*)

[On the reverse of the Notes:]

TERMS AND CONDITIONS

[Conditions to be as set out in Schedule 1 to the Trust Deed or such other form as may be agreed between the Issuer, the Principal Paying Agent, the Trustee and the relevant Dealer(s), but shall not be endorsed if not required by the relevant Stock Exchange]

FINAL TERMS

[Here to be set out the relevant information completing the Conditions which appears in the Final Terms relating to the Notes]

[At the foot of the Terms and Conditions:]

PRINCIPAL PAYING AGENT

Citibank, N.A., London Branch

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
England

PART D FORM OF COUPON

[On the face of the Coupon:]

Series No: []

Serial Number of Note: []

[Tranche No: []]

KONINKLIJKE PHILIPS N.V. a public limited liability company (*naamloze vennootschap*) incorporated under the law of The Netherlands registered at the Dutch Chamber of Commerce with number 17001910

Euro Medium Term Note Programme

[Amount and title of Notes]

Coupon for [set out the amount due] due on [date]

Such amount is payable, subject to the terms and conditions (the "**Conditions**") endorsed on the Note to which this Coupon relates (which are binding on the holder of this Coupon whether or not it is for the time being attached to such Note), against presentation and surrender of this Coupon at the specified office for the time being of any of the agents shown on the reverse of this Coupon (or any successor or additional agents appointed from time to time in accordance with the Conditions).

IN WITNESS WHEREOF the Issuer has caused this Coupon to be signed in facsimile on its behalf.

KONINKLIJKE PHILIPS N.V.

By:

(*duly authorised*)

Name:

Title: Authorised Signatory

KONINKLIJKE PHILIPS N.V.

Euro Medium Term Note Programme

[Amount and title of Notes]

Coupon for the amount of interest due on the Interest Payment Date falling in [month and year].

Such amount is payable, subject to the terms and conditions (the "**Conditions**") endorsed on the Note to which this Coupon relates (which are binding on the holder of this Coupon whether or not it is for the time being attached to such Note), against presentation and surrender of this Coupon at the specified office for the time being of any of the agents shown on the reverse of this Coupon (or any successor or additional agents appointed from time to time in accordance with the Conditions).

The Note to which this Coupon relates may, in certain circumstances specified in the Conditions, fall due for redemption before the maturity date of this Coupon. In such event, this Coupon shall become void and no payment will be made in respect hereof.

IN WITNESS WHEREOF the Issuer has caused this Coupon to be signed in facsimile on its behalf.

KONINKLIJKE PHILIPS N.V.

By:

(*duly authorised*)

Name:

Title: Authorised Signatory

[ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.]^[8]

[On the reverse of the Coupon:]

PRINCIPAL PAYING AGENT:

Citibank, N.A., London Branch, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, England

^[8] Legend to appear on every Coupon relating to a Note with a maturity of more than one year.

PART E FORM OF TALON

[On the face of the Talon]

Series No: []

Serial Number of Note: []

[Tranche No: []]

KONINKLIJKE PHILIPS N.V. a public limited company (*naamloze vennootschap*) incorporated under the law of The Netherlands registered at the Dutch Chamber of Commerce with number 17001910

Euro Medium Term Note Programme

[Amount and title of Notes]

On or after the maturity date of the final Coupon which is (or was at the time of issue) part of the Coupon Sheet to which this Talon is (or was at the time of issue) attached, this Talon may be exchanged at the specified office for the time being of the principal paying agent shown on the reverse of this Talon (or any successor principal paying agent appointed from time to time in accordance with the terms and conditions (the "**Conditions**") of the Notes to which this Talon relates) for a further Coupon Sheet (including a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to the Conditions).

The Note to which this Talon relates may, in certain circumstances specified in the Conditions, fall due for redemption before the maturity date of such final Coupon. In such event, this Talon shall become void and no Coupon will be delivered in respect hereof.

[ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.][9]

[On the reverse of the Talon:]

PRINCIPAL PAYING AGENT:

Citibank, N.A., London Branch, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, England

[9] Legend to appear on every Talon relating to a Note with a maturity of more than one year.

SCHEDULE 3 PROVISIONS FOR MEETINGS OF NOTEHOLDERS

1.

(a) As used in this Schedule the following expressions shall have the following meanings unless the context otherwise requires:

(i) "**voting certificate**" shall mean an English language certificate issued by the Principal Paying Agent and dated in which it is stated:

(A) that on the date thereof Notes (whether in definitive form or represented by a Global Note and not being Notes in respect of which a block voting instruction has been issued and is outstanding in respect of the meeting specified in such voting certificate or any adjourned such meeting) were deposited with the Principal Paying Agent or (to the satisfaction of the Principal Paying Agent) were held to its order or under its control or blocked in an account with Euroclear, Clearstream, Luxembourg or any other relevant clearing system and that no such Notes will cease to be so deposited, held or blocked until the first to occur of:

(1) the conclusion of the meeting specified in such certificate or, if applicable, of any adjourned such meeting; and

(2) the surrender of the certificate to the Principal Paying Agent who issued the same; and

(B) that the bearer thereof is entitled to attend and vote at such meeting and any adjourned such meeting in respect of the Notes represented by such certificate;

(ii) "**block voting instruction**" shall mean an English language document issued by the Principal Paying Agent and dated in which:

(A) it is certified that Notes (whether in definitive form or represented by a Global Note and not being Notes in respect of which a voting certificate has been issued and is outstanding in respect of the meeting specified in such block voting instruction and any adjourned such meeting) have been deposited with the Principal Paying Agent or (to the satisfaction of the Principal Paying Agent) were held to its order or under its control or blocked in an account with Euroclear, Clearstream, Luxembourg or any other relevant clearing system and that no such Notes will cease to be so deposited, held or blocked until the first to occur of:

(1) the conclusion of the meeting specified in such document or, if applicable, of any adjourned such meeting; and

(2) the surrender to the Principal Paying Agent not less than 48 hours before the time for which such meeting or any adjourned such meeting is convened of the receipt issued by the Principal Paying Agent in respect of each such deposited or blocked Note which is to be released or (as the case may require) the Note or Notes ceasing with the agreement of the Principal Paying Agent to be held to its order or under its control and the giving of notice by the Principal Paying Agent to the Issuer in accordance with paragraph A hereof of the necessary amendment to the block voting instruction;

(B) it is certified that each holder of such Notes has instructed the Principal Paying Agent that the vote(s) attributable to the Note or Notes so deposited, held or blocked should be cast in a particular way in relation to the resolution or resolutions to be put to such meeting or any adjourned such meeting and that all such instructions are during the period commencing 48 hours prior to the time for which such meeting or any adjourned such meeting is convened and ending at the conclusion or adjournment thereof neither revocable nor capable of amendment;

(C) the aggregate principal amount of the Notes so deposited, held or blocked are listed distinguishing with regard to each such resolution between those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and

(D) one or more persons named in such document (each hereinafter called a "**proxy**") is or are authorised and instructed by the Principal Paying Agent to cast the votes attributable to the Notes so listed in accordance with the instructions referred to in (B) above as set out in such document;

(iii) "**24 hours**" shall mean a period of 24 hours including all or part of a day upon which banks are open for business in both the place where the relevant meeting is to be held and in each of the places where the Principal Paying Agent have their specified offices (disregarding for this purpose the day upon which such meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business in all of the places as aforesaid; and

(iv) "**48 hours**" means two consecutive periods of 24 hours.

(b) A holder of a Note (whether in definitive form or represented by a Global Note) may obtain a voting certificate in respect of such Note from the Principal Paying Agent or require the Principal Paying Agent to issue a block voting instruction in respect of such Note by depositing such Note with the Principal Paying Agent or (to the satisfaction of the Principal Paying Agent) by such Note being held to its order or under its control or blocked in an account with Euroclear, Clearstream, Luxembourg or any other relevant clearing system, in each case not less than 48 hours before the time fixed for the relevant meeting and on the terms set out in subparagraph (a)(i)(A) or (a)(ii)(A) above (as the case may be), and (in the case of a block voting instruction) instructing the Principal Paying Agent to the effect set out in subparagraph (a)(ii)(C) above. The holder of any voting certificate or the proxies named in any block voting instruction shall for all purposes in connection with the relevant meeting or adjourned meeting of Noteholders be deemed to be the holder of the Notes to which such voting certificate or block voting instruction relates.

2. The Issuer or the Trustee may at any time and the Trustee shall (subject to it being indemnified and/or secured and/or prefunded to its satisfaction) upon a requisition in writing signed by the holders of not less than one-quarter in aggregate principal amount of the Notes for the time being outstanding convene a meeting of the Noteholders. Every such meeting shall be held at such time and place as the Trustee may appoint or approve in writing.

3. At least 21 days' notice (exclusive of the day on which the notice is given and the day on which the meeting is to be held) specifying the place, day and hour of meeting shall be given to the Noteholders, prior to any meeting of the Noteholders, in the manner provided by Condition 13.1 (*Notices – Notices to the Noteholders*). Such notice, which shall be in the English language, shall state generally the nature of the business to be transacted at the meeting thereby convened but (except for an Extraordinary Resolution) it shall not be necessary to specify in such notice the terms of any resolution to be proposed. Such notice shall state that Notes may, not less than 48 hours before the time fixed for the meeting, be deposited the Principal Paying Agent or (to its satisfaction) held to their order or under their control for the purpose of obtaining voting certificates or appointing proxies. A copy of the notice shall be sent to the Trustee (unless the meeting is convened by the Trustee) and to the Issuer (unless the meeting is convened by the Issuer).

4. A person (who may, but need not be, a Noteholder) nominated in writing by the Trustee shall be entitled to take the chair at the relevant meeting or adjourned meeting but if no such nomination is made or if at any meeting or adjourned meeting the person nominated shall not be present within 15 minutes after the time appointed for holding the meeting or adjourned meeting the Noteholders present shall choose one of their number to be Chairperson, failing which the Issuer may appoint a Chairperson. The Chairperson of an adjourned meeting need not be the same person as was Chairperson of the meeting from which the adjournment took place.

5. The quorum at any such meeting for passing an Extraordinary Resolution shall (subject as provided below) be one or more persons present holding Notes in definitive form or voting certificates or being proxies and holding or representing in the aggregate more than 50 per cent. in aggregate principal amount of the Notes for the time being outstanding **provided that** at any meeting the business of which includes a Basic Terms Modification (each of which shall, subject only to Clause 7.2.2 of the Trust Deed, only be capable of being effected after having been approved by Extraordinary Resolution) the quorum for passing the requisite Extraordinary Resolution shall be one or more persons present holding Notes in definitive form or voting certificates or being proxies and holding or representing in the aggregate not less than two-thirds of the aggregate principal amount of the Notes for the time being outstanding.

6. If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairperson may decide) after the time appointed for any such meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the meeting shall if convened upon the requisition of Noteholders be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if such day is a public holiday the next succeeding business day) at the same time and place (except in the case of a meeting at which an Extraordinary Resolution is to be proposed in which case it shall stand adjourned for such period, being not less than 13 clear days nor more than 42 clear days, and to such place as may be appointed by the Chairperson either at or subsequent to such meeting and approved by the Trustee). If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairperson may decide) after the time appointed for any such adjourned meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the Chairperson may either (with the approval of the Trustee) dissolve such meeting or adjourn the same for such period, being not less than 13 clear days (but without any maximum number of clear days), and to such place as may be appointed by the Chairperson either at or subsequent to such adjourned meeting and approved by the Trustee, and the provisions of this sentence shall apply to all further adjourned such meetings. At any such adjourned meeting one or more persons present holding Notes in definitive form or voting certificates or being proxies (whatever the aggregate principal amount of the Notes so held or represented by them) shall (subject as provided below) form a quorum and shall (subject as provided below) have power to pass any Extraordinary Resolution or other resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had the requisite quorum been present **provided that** at any such adjourned meeting the quorum for the transaction of business comprising any of the matters specified in the proviso to paragraph 5 above shall be one or more persons present holding Notes in definitive form or voting certificates or being proxies and holding or representing in the aggregate not less than one-third of the aggregate principal amount of the Notes for the time being outstanding.

7. Notice of any adjourned meeting at which an Extraordinary Resolution is to be submitted shall be given in the same manner as notice of an original meeting but as if 10 were substituted for 21 in paragraph 3 above and such notice shall state the relevant quorum requirements that apply to the adjourned meeting. Subject as aforesaid it shall not be necessary to give any notice of an adjourned meeting.

8. Every question submitted to a meeting shall be decided in the first instance by a show of hands and in case of equality of votes the Chairperson shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which such person may be entitled as a Noteholder or as a holder of a voting certificate or as a proxy.

9. At any meeting unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairperson, the Issuer, the Trustee or any person present holding a Note in definitive form or a voting certificate or being a proxy (whatever the aggregate principal amount of the Notes so held or represented by such person) a declaration by the Chairperson that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

10. Subject to paragraph 12 below, if at any such meeting a poll is so demanded it shall be taken in such manner and subject as hereinafter provided either at once or after an adjournment as the Chairperson directs and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the motion on which the poll has been demanded.

11. The Chairperson may with the consent of (and shall if directed by) any such meeting adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully (but for lack of required quorum) have been transacted at the meeting from which the adjournment took place.

12. Any poll demanded at any such meeting on the election of a Chairperson or on any question of adjournment shall be taken at the meeting without adjournment.

13. The Trustee and its lawyers and any director, officer or employee of a corporation being a trustee of this Trust Deed and any director or officer of the Issuer and its lawyers and any other person authorised so to do by the Trustee may attend and speak at any meeting. Save as aforesaid, but without prejudice to the proviso to the definition of "**outstanding**" in Clause 1 (*Definitions and Interpretation*) of the Trust Deed, no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting of the Noteholders or join with others in requesting the convening of such a meeting or to exercise the rights conferred on the Noteholders by Conditions 10 (*Events of Default*) and 11.1 (*Enforcement – Enforcement by the Trustee*) unless they either produce the Note or Notes in definitive form of which they are the holder or a voting certificate or is a proxy. No person shall be entitled to vote at any meeting in respect of Notes which are deemed to be not outstanding by virtue of the proviso to the definition of "outstanding" in Clause 1 (*Definitions and Interpretation*) of the Trust Deed. Nothing herein shall prevent any of the proxies named in any block voting instruction or form of proxy from being a director, officer or representative of or otherwise connected with the Issuer.

14. Subject as provided in paragraph 13 hereof at any meeting:

(a) on a show of hands every person who is present in person and produces a Note in definitive form or voting certificate or is a proxy shall have one vote; and

(b) on a poll every person who is so present shall have one vote in respect of each

€1,000 in aggregate principal amount of the outstanding Notes so produced in definitive form or represented by the voting certificate so produced or in respect of which they are a proxy or in respect of which (being in definitive form) they are the holder. Without prejudice to the obligations of the proxies named in any block voting instruction any person entitled to more than one vote need not use all their votes or cast all the votes to which they are entitled in the same way.

15. The proxies named in any block voting instruction need not be Noteholders.

16. Each block voting instruction together (if so requested by the Trustee) with proof satisfactory to the Trustee of its due execution on behalf of the Principal Paying Agent shall be deposited by the Principal Paying Agent at such place as the Trustee shall approve not less than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the proxies named in the block voting instruction propose to vote and in default the block voting instruction shall not be treated as valid unless the Chairperson of the meeting decides otherwise before such meeting or adjourned meeting proceeds to business. A copy of each block voting instruction shall be deposited with the Trustee before the commencement of the meeting or adjourned meeting but the Trustee not thereby be obliged to investigate or be concerned with the validity of or the authority of the proxies named in any such block voting instruction.

17. Any vote given in accordance with the terms of a block voting instruction shall be valid notwithstanding the previous revocation or amendment of the block voting instruction or of any of the Noteholders' instructions pursuant to which it was executed **provided that** no intimation in writing of such revocation or amendment shall have been received from the Principal Paying Agent by the Issuer at its registered office (or such other place as may have been required or approved by the Trustee for the purpose) by the time being 24 hours and 48 hours respectively before the time appointed for holding the meeting or adjourned meeting at which the block voting instruction is to be used.

18. A meeting of the Noteholders shall in addition to the powers hereinbefore given have the following powers exercisable only by Extraordinary Resolution (subject to the provisions relating to quorum contained in paragraphs 5 and 6 above) namely:

(a) Approve any Basic Terms Modification.

(b) Power to sanction any compromise or arrangement proposed to be made between the Issuer, the Trustee, any Appointee and the Noteholders and Couponholders or any of them.

(c) Power to sanction any abrogation, modification, compromise or arrangement in respect of the rights of the Trustee, any Appointee, the Noteholders, the Couponholders or the Issuer against any other or others of them or against any of their property whether such rights shall arise under this Trust Deed or otherwise.

(d) Power to assent to any modification of the provisions of this Trust Deed which shall be proposed by the Issuer or the Trustee.

(e) Power to give any authority or sanction which under the provisions of this Trust Deed is required to be given by Extraordinary Resolution.

(f) Power to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interests of the Noteholders and to confer upon such committee or committees any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution.

(g) Power to approve of a person to be appointed a trustee and power to remove any trustee or trustees for the time being of this Trust Deed.

(h) Power to discharge or exonerate the Trustee and/or any Appointee from all Liability in respect of any act or omission for which the Trustee and/or such Appointee may have become or may become responsible under this Trust Deed.

(i) Power to authorise the Trustee and/or any Appointee (subject to it being indemnified and/or secured and/or prefunded to its satisfaction) to concur in and execute and do all such deeds, instruments, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution.

(j) Power to sanction any scheme or proposal for the exchange or sale of the Notes for or the conversion of the Notes into or the cancellation of the Notes in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash.

(k) (Other than as permitted under Clause 7.3 (*Substitution*) of the Trust Deed), power to approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under this Trust Deed.

19. Any Extraordinary Resolution (i) passed at a meeting of the holders duly convened and held in accordance with this Trust Deed, (ii) passed as an Extraordinary Resolution in writing in accordance with this Trust Deed or (iii) passed by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) to the Trustee in accordance with their operating rules and procedures shall be binding upon all the holders whether or not present or whether or not represented at any meeting and whether or not voting on such Extraordinary Resolution and upon all Couponholders and each of them shall be bound to give effect thereto accordingly and the passing of any such Extraordinary Resolution shall be conclusive evidence that the circumstances justify the passing thereof. Notice of the result of the voting on any Extraordinary Resolution duly considered by the holders shall be published in accordance with Condition 13 (*Notices*) by the Issuer within 14 days of such result being known, **provided that** the non-publication of such notice shall not invalidate such result.

20. The expression "**Extraordinary Resolution**" when used in this Trust Deed means (i) a resolution passed at a meeting duly convened and held in accordance with this Trust Deed by a majority consisting of not less than two thirds of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than two-thirds in principal amount of the Notes for the time being outstanding or (iii) a resolution passed by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) to the Trustee in accordance with their operating rules and procedures by or on behalf of the holders of not less than two-thirds in principal amount of the Notes outstanding.

21. Minutes of all resolutions and proceedings at every meeting of the Noteholders shall be made and entered in books to be from time to time provided for that purpose by the Issuer and any such Minutes as aforesaid if purporting to be signed by the Chairperson of the meeting at which such resolutions were passed or proceedings transacted shall be conclusive evidence of the matters therein contained and until the contrary is proved every such meeting in respect of the proceedings of which Minutes have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings transacted thereat to have been duly passed or transacted.

22. Subject to all provisions of this Trust Deed the Trustee may:

(a) without the consent of the Issuer, the Noteholders or the Couponholders prescribe such other or further regulations ("**Further Regulations**") regarding the requisitioning and/or the holding of meetings of Noteholders and attendance and voting thereat as the Trustee may in its sole discretion think fit; or

(b) concur with the Issuer in making Further Regulations if it is of the opinion that to do so is not materially prejudicial to the Noteholders.

SCHEDULE 4 FORM OF AUTHORISED OFFICERS' CERTIFICATE

[on Issuer letterhead]

[date]

To: Citicorp Trustee Company Limited (as Trustee)

KONINKLIJKE PHILIPS N.V.

€10,000,000,000 Euro Medium Term Note Programme

This certificate is delivered to you in accordance with Clause 6.7 of the trust deed dated 8 March 2024 (the "**Trust Deed**") and made between the Issuer and Citicorp Trustee Company Limited (the "**Trustee**"). All words and expressions defined in the Trust Deed shall (save as otherwise provided herein or unless the context otherwise requires) have the same meanings herein.

We hereby certify that to the best of our knowledge, information and belief, and having made all reasonable enquiries:

(a) as at the date herewith, no Event of Default or Potential Event of Default existed [other than **●**] and no Event of Default, Potential Event of Default had existed or happened at any time since [insert date of last certificate delivered]/[the certification date (as defined in the Trust Deed) of the last certificate delivered under Clause 6.7] [other than **●**]; and

(b) from and including [insert date of last certificate delivered]/[the certification date of the last certificate delivered under Clause 6.7] to and including [date], the Issuer has complied in all respects with its obligations under this Trust Deed [other than **●**].

For and on behalf of

KONINKLIJKE PHILIPS N.V.

By:.....Authorised Signatory

By:.....Authorised Signatory

SIGNATORIES TO THIS TRUST DEED

The Issuer

EXECUTED as a deed by)

KONINKLIJKE PHILIPS N.V.)

)

acting by:)

Title: Authorised Signatory)

)

in the presence of:)

Witness's Signature:

Witness's Name:

Witness's Address:

The Trustee

EXECUTED as a deed by)

CITICORP TRUSTEE)

COMPANY LIMITED)

acting by)

Exhibit 4 (b)

Services contract between the Company and Ms C.M. Hanneman

The following contract is the services contract of Ms C.M. Hanneman containing terms and conditions for the provision of services and other arrangements that apply with effect from June 1, 2024 as member of the Executive Committee and, subject to appointment by the Annual Meeting of Shareholders, as of October 1, 2024 as member of the Board of Management of Royal Philips ("Koninklijke Philips N.V.", hereinafter also referred to as "**the Company**").

1. Commencement of Engagement and roles

a. Subject to the terms and conditions of this contract for the provision of services (the "**Contract**") the Company hereby engages you as independent contractor starting on June 1, 2024 (the "**Commencement Date**").

b. *First period: Incoming CFO and member of the Executive Committee.*

From June 1, 2024, until October 1, 2024, you will act as Incoming CFO and member of the Executive Committee. As a member of the Executive Committee, you will perform your duties and responsibilities attached to that function within the corporate governance framework of the Company. In the capacity of Incoming CFO you will respect the articles of association of the Company and the Rules of Procedure of the Board of Management and Executive Committee in anticipation of your role during the second period described below.

c. *Second period: CFO and member of the Board or Management and Executive Committee*

Starting on October 1, 2024, you will fulfill the role of member of the Board of Management of the Company as Chief Financial Officer and, in conjunction with such role, of member of the Executive Committee of the Company. As a member of the Executive Committee, you will perform your duties and responsibilities attached to that function within the corporate governance framework of the Company. In your capacity as member of the Board of Management of the Company you will have and observe all rights and obligations pursuant to the articles of association of the Company, the Rules of Procedure of the Board of Management and Executive Committee, and statutory provisions. By signing this Contract, you declare that you have received a copy of the Company's articles of association and abovementioned Rules of Procedure and that you are familiar with their content.

d. By entering into this Contract all prior contracts of employment and/or prior contracts for the provision of services (if any) with other companies are explicitly terminated. Furthermore, the terms and conditions set forth in this Contract and its annexes are an integral part of this Contract.

e. This Contract is a contract for the provision of services, as defined in articles 7:400 and further of the Dutch Civil Code ("**DCC**"). You acknowledge and agree that there is no intention to enter into an employment agreement and that pursuant to article 2:132 section 3 DCC, your relationship with the Company and/or this Contract cannot be regarded an employment agreement as defined in article 7:610 DCC and further.

f. In this Contract the Company and you are together referred to as the "**Parties**" and each of you as a "**Party**".

2. Duration of the Engagement

a. The Contract shall be entered into for a fixed period of time. The Contract shall start on the Commencement Date and shall terminate by operation of law, without any prior notice being required, on the last day of the month in which the Annual General Meeting of Shareholders of the Company in the fourth calendar year following the Commencement Date takes place (the "**Contract End Date**").

b. No later than six months before the Contract End Date the Parties will discuss a possible extension of the Contract. The Contract will terminate in any event, without prior notice of termination being required, at the first day of the month following the month in which you have reached the state pension age based on the AOW ("*Algemene Ouderdomswet*") or future legislation amending the state pension age based on the AOW.

c. Both Parties shall have the right to terminate this Contract before the Contract End Date or (if renewed) before any later Contract expiration date against the end of a calendar month by giving written notice of termination. In this respect, the Parties agree to adhere to a notice period of six (6) months. If notice of termination is given by a Party for urgent cause ("*dringende reden*"), no notice period applies for the Party giving notice. For the definition of urgent cause ("*dringendere reden*"), reference is made to article 7:678 DCC and further.

d. If you are dismissed by the General Meeting of Shareholders of the Company, or if you resign, as member of the Board of Management of the Company (and, in direct relation thereto, as member of the Executive Committee of the Company) this Contract is terminated by operation of law without any prior notice of termination being required, which termination shall take effect (i) as per the date six (6) months after the end of the calendar month in which the General Meeting of Shareholders has adopted the resolution pursuant to which you are dismissed as member of the Board of Management of the Company, or, as the case may be, (ii) as per the date six (6) months after the end of the calendar month in which you have submitted your written resignation as member of the Board of Management of the Company.

In deviation from the previous sentence, this Contract shall terminate with immediate effect as from the date per which (i) the General Meeting of Shareholders has dismissed you as member of the Board of Management of the Company, or, as the case may be, (ii) you have resigned as member of the Board of Management of the Company, in the event such dismissal or resignation (as the case may be) is given/made for urgent cause ("*dringende reden*"). For the definition of urgent cause ("*dringende reden*"), reference is made to article 7:678 DCC and further.

e. In deviation from clause 2 (c), the Company cannot terminate this Contract during the first two (2) years of your sickness or incapacity for work (although it can already give notice of termination), except when notice of termination is given by the Company (i) for urgent cause ('*dringende reden*') or (ii) prior to the first day of your sickness/incapacity for work. In deviation from clause 2 (d), in the event of your dismissal as member of the Board of Management of the Company by the General Meeting of Shareholders during your sickness or incapacity for work other than for urgent cause ('*dringende reden*') and after the first day of your sickness/incapacity for work, this Contract shall terminate at the later of (i) the date which is six (6) months after the end of the calendar month in which the General Meeting of Shareholders has adopted the resolution pursuant to which you are dismissed as member of the Board of Management of the Company, or (ii) the date of your recovery from sickness/incapacity for work, but no later than at the date on which the incapacity for work has lasted for two (2) years. For the definition of urgent cause ('*dringende reden*'), reference is made to article 7:678 DCC and further. The Parties acknowledge and agree that this clause does not prevent the competent body from dismissing you as member of the Board of Management of the Company.

f. If the Contract is terminated at the initiative of the Company (whereby your dismissal by the General Meeting of Shareholders as member of the Board of Management of the Company shall also be deemed a termination "at the initiative of the Company" for the purposes of this clause) or by mutual agreement (at the initiative of the Company) before the Contract End Date, or before any other expiration date if the Contract has been renewed, other than for urgent cause ('*dringende reden*'), you shall be entitled to a one off compensation in the amount of one time your Annual Base Compensation as defined in clause 3 hereof. For the definition of urgent cause ('*dringende reden*'), reference is made to article 7:678 DCC and further. You shall not be entitled to such payment if the Contract is terminated immediately following a period of your long lasting sickness or disability which has lasted two years or longer (periods of incapacity for work that follow one another at intervals of less than four weeks shall be deemed one consecutive period of incapacity for work for the purposes of this clause).

g. If the Company does not elect to renew the Contract (e.g. because you are not re-appointed by the General Meeting of Shareholders of the Company as member of the Board of Management of the Company upon expiration of your term of appointment) you shall not be entitled to the compensation referred to above under f. but shall instead be entitled to a lump sum of one time your Annual Base Compensation divided by 12, times the number of months between the expiration date of the Contract and the date you reach the state pension age based on the AOW ("*Algemene Ouderdomswet*") or future legislation amending the state pension age based on the AOW, with a maximum of one time your Annual Base Compensation.

h. In case of termination of the Contract, you will resign, with effect from a date to be determined by the Company but ultimately per the effective date of such termination, as member of the Board of Management and, in direct relation thereto, as member of the Executive Committee of the Company.

i. The compensation as referred to in clauses f) and g) above, shall be deemed to include any amounts that may be payable to you in connection with the enforcement of the non-competition clause as set forth in the General Terms of Employment that are – mutatis mutandis – applicable to you.

3. Compensation

Your annual compensation as of the Commencement Date amounts to EUR 700,000 gross, which amount includes holiday allowances, to be paid in twelve equal monthly installments after deduction of the statutory tax and social security premiums to be withheld by the Company. Annual review and subsequent upwards adjustment, if any, of your annual compensation, will be determined at the discretion of the Supervisory Board of the Company and on the advice of the Remuneration Committee of the Supervisory Board. Only compensation increases determined and approved by the Supervisory Board will replace the compensation amount mentioned above. You will be informed in writing by means of a compensation statement. The annual compensation as may be amended on the basis of this clause from time to time shall be referred to as the **Annual Base Compensation**.

4. Annual Incentive

In addition to the Annual Base Compensation, you shall be eligible each year for an annual incentive, subject to certain targets being met. This incentive shall be determined annually by the Supervisory Board. You shall be notified in writing of these annual incentive targets.

The on-target (= 100% score) annual incentive amount to be realized by you is currently set by the Supervisory Board at 80% of your Annual Base Compensation.

The Supervisory Board shall determine in its sole reasonable discretion to what extent the annual incentive targets have been met. In the event that during an applicable notice period you are released from your duties, no annual incentive entitlement shall accrue in respect of such period.

5. Long Term Incentive Plan

The Supervisory Board, where relevant within the framework approved by the Company's General Meeting of Shareholders, can decide by discretion to grant Performance Shares under the Global Philips Performance Share Plan and/or other equity related incentives to the members of the Board of Management on a year-to-year basis. As a member of the Board of Management you are in principle eligible to participate in such plan.

The Long-Term Incentive grant value equals 150% of your Annual Base Compensation. The Company will provide you a new hire grant on the first grant date following the Commencement Date. This equals the Long-Term Incentive grant value, pro-rated for time. This new hire grant amounts to EUR 613,934.

To improve Philips' Corporate Governance and to further align the interests of senior Philips Executives with the interests of our shareholders, you are required to hold a certain level of Philips shares equal to 300% of your actual Annual Base Compensation. The Supervisory Board may decide to adapt the Philips Share Ownership Guidelines on an annual basis.

The minimum number of Philips shares required to be held can be accumulated by:

- Shares acquired pursuant to any grants under the Philips Long Term Incentive Plan;
- Shares currently owned;
- Shares purchased on the stock market or acquired in any other way.

For further details you are referred to the Philips Share Ownership Guidelines Executive Committee in the enclosed Information Package.

On the first grant date following the Commencement Date, the Company will provide you with the following buy-out equity award to partially compensate you for the unvested Long- Term Incentive grants that are forfeited upon resignation from your previous employer:

- Performance Shares with a value at grant of EUR 920,000. After three years, the Performance Shares will vest in accordance with the conditions of the Long-Term Incentive Plan.

6. Claw back

The Supervisory Board may in its sole discretion but acting in good faith, resolve to recoup some or all of the incentive compensation - including any benefits derived therefrom- in all appropriate cases (taking into account all relevant factors, including whether the assertion of a recoupment claim may in its opinion prejudice the interests of the Company and its group companies in any related proceeding or investigation), granted to you as an Annual Incentive, as Performance Shares grants, as shares acquired by you under such grants, as other equity related incentive or otherwise (hereinafter referred to as '**Incentive Compensation**'), if:

- The Incentive Compensation has been paid, granted, vested and/or delivered on the basis of incorrect financial or other data; or
- In assessing the extent to which the relevant performance conditions and/or targets in relation to the payment, grant, vesting and/or delivery of the Incentive Compensation was satisfied, such assessment was based on an error, inaccurate or misleading information or assumptions and that such error, information or assumptions would have resulted or did in fact result either directly or indirectly in that payment, grant, vesting and/or delivery (or being capable thereof) to a greater degree than would have been the case had that error not been made; or
- There are circumstances which would allow the Company to terminate this Contract for urgent cause ('*dringende reden*') (whereby for the definition of urgent cause ('*dringende reden*') reference is made to article 7:678 DCC and further), where such circumstances arose in, or related to, a period relevant to the date of payment, grant, vesting and/or delivery; or
- You were involved in, or directly or indirectly responsible for a violation of the Philips General Business Principles or applicable law; or
- The Company or the business in which you work/worked, or for which you were responsible, suffered a material failure of risk management, or
- Something which occurred in the period relevant to the payment, grant, vesting and/ or delivery has a sufficiently significant impact on the reputation of the Company or its group members to justify the operation of a recoupment claim.

By accepting a payment, grant, vesting and/or delivery of the Incentive Compensation, you agree to fully co-operate with the Company in order to give effect to this clause.

Furthermore, by accepting any payment, grant, vesting and/or delivery of the Incentive Compensation you provide an irrevocable power of attorney to the Company to transfer any shares held by you in the account administered by the Company's global plan administrator and to perform any other acts necessary or desirable to give effect to this clause. This power of attorney is governed by Dutch law exclusively.

7. Pension Rights

As from the Commencement Date, you shall be included in the Pension Regulations of "Stichting Philips Pensioenfonds" applicable to executives, in respect of your pensionable salary up to the current statutory limit of EUR 137,800 which may change from time to time ("**Statutory Pensionable Salary**") if and as soon as you meet the requirements set out in those pension regulations. In respect of your pensionable salary exceeding the Statutory Pensionable Salary, you shall be entitled to the pension allowance applicable to members of the Executive Committee, in accordance with the rules and conditions governing this pension allowance. The level of the pension allowance is and remains at the discretion of the Company. Currently the pension allowance for the part of your Annual Base Compensation exceeding the Statutory Pensionable Salary is set at 25% of your Annual Base Compensation exceeding the Statutory Pensionable Salary.

8. Car/Mobility Allowance

You are entitled to a monthly Car/Mobility Allowance amounting to EUR 2,630. The Car/ Mobility allowance can be used for a leasing an electric Vehicle or can be paid out in monthly (gross) installments.

9. Business Entertainment Expenses Allowance

With respect to your position within the Company, you may be eligible for a fixed allowance for business entertainment expenses. Currently the tax-free allowance in your case is EUR 6,000 per annum (i.e. EUR 500 per month). This sum is meant to enable you amongst others to cover the expenses you incur in entertaining guests on behalf of the Company.

Parties agree that changes in fiscal legislation could make it necessary or desirable for the Company to change the above arrangement.

10. Senior Executive Ambassador Program

You are invited to participate in the Senior Executive Ambassador Program to use Philips products that will be made available to you at your home.

11. Insurances

a. Accident Insurance

You will be covered by a 24-hours accident insurance policy. The maximum sum insured is three times your gross Annual Base Compensation. We refer you to the chapter benefits in the Information Package.

b. Directors and Officers Liability Insurance

You will be an Insured Person under the Directors and Officers liability insurance taken out by the Company. Subject to its terms and conditions, the Directors and Officers liability insurance policy protects your personal assets against liabilities and reimburse defense costs that arise based on your acts or omissions in your capacity as member of the Board of Management and Executive Committee. A copy of the Directors and Officers liability insurance policy (or a summary thereof) will be made available upon your request.

12. Incapacity for work

The present Company policy for Executive Committee members with regard to incapacity for work or sickness is that for a maximum period of three years from the start of disablement, but at the very latest up to the end of the Contract, the balance between your Annual Base Compensation at the start of the total disability and the aggregate amount of any statutory allowance distributed to you on account of the total disablement together with possible allowances distributed for the same reason by the Philips Pension Fund will - subject to your compliance with the Company's directives - be paid by the Company.

The Company shall not be bound by the aforesaid obligation to the extent you have a claim against third parties in respect of your disablement. Upon surrender to the Company of such claim - in so far as it relates to loss of Annual Base Compensation - an amount equal to the aforesaid balance shall - but for no longer than the period stated in the foregoing clause - be paid by the Company in advance.

This policy is subject to change at the discretion of the Company. No compensation will be paid in case the new policy is less favorable than the present policy.

13. Holidays

Your holiday entitlement is 25 working days per calendar year.

14. General Terms of engagement

By signing the Contract, you declare to have received, to have read and to agree with the General Terms of Employment of the Company, which apply mutatis mutandis to your engagement and are attached to this Contract as Annex 1. These General Terms of Employment amongst others contain a non-competition clause. You hereby acknowledge and agree that you are fully bound by the restrictions set out in the aforementioned non-competition clause for the duration of such non-competition clause as set out in the clause itself.

15. Philips rules about corporate governance and corporate citizenship

Underpinning Philips' commitment to responsible corporate citizenship, integrity and transparency, the following terms and principles have been set.

- General Business Principles;
- Financial Code of Ethics;
- Procurement Code of Ethics;
- Rules of Conduct with respect to Inside Information;
- Rules governing Internal and External Directorships;
- Rules of Procedure of the Board of Management and Executive Committee.

These terms and principles apply equally to corporate actions and to the behavior of members of the Executive Committee in conducting Philips' business. By signing this Contract, you declare that you are bound by, and that you shall adhere to and act according to, the terms and principles mentioned above. The Company may alter the terms and principles unilaterally at its discretion. For more information on the terms and principles, we refer you to the Information Package. Any changes will be available on the Philips Global Intranet website.

The Compliance Officer with respect to Inside Information will contact you, as you are designated as "Qualified Insider".

16. Privacy and data protection

You acknowledge that Philips may process your personal data for legitimate business purposes, such as human resources and personnel management, business process execution and internal management, internal communications, health safety and security, compliance with legal obligations, exercise or defense of legal claims. The processing of such personal data is further described in the relevant privacy notice(s) which is attached to this agreement or otherwise made available to you. By signing this agreement, you acknowledge to have read and agreed with the processing of your personal data, as described in the relevant privacy notice(s) attached to this agreement or otherwise made available to you.

During your employment with Philips, you agree to comply with all Philips privacy and security related policies, procedures, rules and regulations (including the Philips Privacy Rules), as announced by Philips from time to time or made available to you. At all times, you must maintain the confidentiality of the personal data that you have access to and cannot share, disclose or otherwise transfer personal data to any unauthorized third parties.

17. Applicable Law and jurisdiction

a. This Contract is governed by the laws of the Netherlands.

b. All disputes arising from this Contract, including disputes concerning the existence and validity thereof, shall be resolved in accordance with the Arbitration Rules of the Netherlands Arbitration Institute.

Exhibit 4 (f)

RELATIONSHIP AGREEMENT

Between **Koninklijke Philips N.V.** and **EXOR N.V.**

Dated 13 August 2023

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THIS AGREEMENT IS DATED 13 AUGUST 2023 AND MADE BETWEEN:

(1) Koninklijke Philips N.V., a public limited liability company, incorporated under the laws of the Netherlands, with seat in Eindhoven, the Netherlands, and address at High Tech Campus 52, Eindhoven, the Netherlands and registered with the Dutch Trade Register under number 17001910 ("**Philips**"); and

(2) EXOR N.V., a public limited liability company, incorporated under the laws of the Netherlands, with seat in Amsterdam, the Netherlands, and address at Gustav Mahlerplein 25 A, Amsterdam, The Netherlands and registered with the Dutch Trade Register under number 64236277 ("**Exor**", together with Philips, the "**Parties**" and each a "**Party**").

BACKGROUND:

(A) Exor has bought fifteen percent (15%) of the issued and outstanding Ordinary Shares and the voting rights in respect thereof ("**15% Threshold Stake**"), with the possibility to further increase the amount of Ordinary Shares and the voting rights in respect thereof legally and/or beneficially held ("**Interest**"), but shall in any event cause its and its Affiliates combined Interest not to exceed twenty percent (20%) of the issued and outstanding Ordinary Shares and the voting rights in respect thereof ("**20% Threshold Stake**").

(B) The Parties acknowledge and agree that the relationship is intended to be mutually beneficial and long term.

(C) Philips considers this investment from Exor to be beneficial to the overall long-term strategy, including but not limited to its plan to create long-term value with sustainable impact, as announced in January 2023.

(D) In turn, Exor intends to support Philips' strategy (including, but not limited to, its plan to create long-term value with sustainable impact, as announced in January 2023) and exercise its voting rights and other shareholder rights and powers to contribute to the long-term multi-stakeholder value creation of Philips and its enterprise.

(E) The Parties wish to enter into this relationship agreement (this "**Agreement**") to agree on certain arrangements relating to the governance of Philips and to manage the relationship between Philips and Exor as a shareholder of Philips, all in accordance with the laws and regulations applicable to Philips and Exor as companies listed on Euronext Amsterdam, a regulated market of Euronext Amsterdam N.V., and to Philips as a company listed on the New York Stock Exchange.

(F) The Parties agree that this Agreement will be announced and published on the Signing Date and for as long as this Agreement is in effect.

THE PARTIES AGREE AS FOLLOWS:

1 Definitions and construction

The definitions and provisions of Schedule 1 (*Definitions and interpretation*) shall apply throughout this Agreement.

2 Terms of Relationship and support

2.1.1 As soon as possible after the Signing Date and in any event prior to the opening of Euronext Amsterdam on the first trading day after the Signing Date, the Parties shall announce their relationship by way of the joint press release in the form attached as Schedule 2 (*Press release*).

3 Philips Supervisory Board composition

3.1 Appointment and dismissal

3.1.1 The members of the supervisory board of Philips (the "**Philips Supervisory Board**" and the "**Philips Supervisory Board Members**") shall be appointed, suspended and dismissed in accordance with the procedures set out in (i) the Articles of Association, (ii) the Rules of Procedure Supervisory Board, (iii) this Agreement, and (iv) applicable laws and regulations.

3.2 Nomination of the Exor Nominee

3.2.1 Notwithstanding Clause 3.1 (*Appointment and dismissal*), Exor shall have the right to nominate one (1) individual to serve as Philips Supervisory Board Member (the "**Exor Nominee**") for appointment by the general meeting of shareholders of Philips ("**General Meeting of Shareholders**"), unless such nomination right has expired in accordance with Clause 3.4 (*Expiry of nomination right*).

3.2.2 For the purpose of Clause 3.2.1, Exor shall only nominate the Exor Nominee after consultation with the CGNS Committee and shall only nominate an individual who (i) has knowledge and experience encompassing one or more of the aspects included in the profile included in the Rules of Procedure Supervisory Board, (ii) does not hold a board position in an entity that undertakes activities that materially compete with the Philips business, (iii) is not subject to any material criminal, administrative or similar investigation by any authority or proceedings, and (iv) is eligible for appointment to the Philips Supervisory Board under Dutch law.

3.2.3 Philips shall amend the Philips Supervisory Board profile to reflect Exor's nomination right as set out herein and to reflect that the Exor Nominee qualifies for the independence exception of principle 2.1.7(iii) of the Dutch Corporate Governance Code. Philips confirms that at the date of this Agreement, the composition of the Supervisory Board shall not restrict the nomination or appointment of the Exor Nominee in light of the diversity quorum of article 2:142b DCC.

3.2.4 Philips shall use its reasonable efforts to cause the Philips Supervisory Board to nominate the Exor Nominee in accordance with the Articles of Association for appointment as member to the Philips Supervisory Board in the next General Meeting of Shareholders after receiving Exor's proposal.

3.2.5 Subject to compliance with applicable rules and regulations in relation to such nominations, if the Exor Nominee must be replaced, or its position is vacant for any reason, Exor may nominate a new Exor Nominee. Philips shall use reasonable efforts to cause the Philips Supervisory Board to nominate the Exor Nominee for appointment in accordance with Clause 3.2.4 and to determine that the relevant designated individual shall temporarily be allowed to attend Supervisory Board meetings until appointment by the General Meeting of Shareholders at the next General Meeting of Shareholders held after Exor has nominated a qualifying individual in writing to the Philips Supervisory Board.

3.2.6 If the General Meeting of Shareholders fails to appoint the Exor Nominee, Exor shall have the right to nominate one (1) other Exor Nominee in accordance with Clause 3.2.1, whereby clauses 3.2.2 through 3.2.5 shall apply *mutatis mutandis*.

3.2.7 If the General Meeting of Shareholders fails to appoint the Exor Nominee during the second General Meeting of Shareholders, the Parties shall discuss and identify a further nomination and the relevant process for appointment, provided that Exor shall be entitled to terminate this Agreement in accordance with Clause 10.1.1(a), provided that the run-off period in respect of Clauses 4.1.1 and 6 (except for Clauses 6.3.2(a) and 6.3.2(b)) will not apply in case no Exor Nominee has ever been appointed to Philips Supervisory Board in accordance with this Agreement.

3.3 Conflict of interest

3.3.1 Exor acknowledges and shall procure that the Exor Nominee shall, in fulfilling its role as member of the Philips Supervisory Board, solely be guided by the best interest of Philips and its business, taking into account the interests of all the Philips shareholders and stakeholders of the Philips Group, as also set out in the Dutch Corporate Governance Code.

3.3.2 Exor shall procure that the Exor Nominee shall abstain from participating in the deliberation and decision-making on any matter presented to the Philips Supervisory Board in which it has a conflict of interest, as set out in the Rules of Procedure Supervisory Board, including any transaction, arrangement or agreement between any member of the Philips Group and Exor or any of its Affiliates, or any of the legal entities referred to in article 1.10(2) of the Rules of Procedure Supervisory Board.

3.3.3 No conflict of interest shall be deemed to arise:

- (a) by the mere fact that Exor owns Ordinary Shares and the Exor Nominee is also involved in Exor or any of its Affiliates as official, director, shareholder or otherwise;
- (b) by the mere fact that the Exor Nominee disagrees with another member of the Philips Supervisory Board;
- (c) on matters that affect Philips shareholders generally or require a vote or discussion in the General Meeting of Shareholders; or
- (d) on the positioning of the Philips Supervisory Board in relation to potential takeover offers or activist campaigns (unless Exor is in breach of the Standstill (as defined below)).

3.3.4 In case the Exor Nominee votes against a proposal by Philips to the General Meeting of Shareholders (i) to change the composition of the Philips Board of Management (the "**Philips BoM**") or the Philips Supervisory Board, or (ii) to significantly change the identity or nature of Philips or the enterprise affiliated with it, and Exor has informed Philips, subject to Clause 3.5 that Exor and/or its Affiliates intend to exercise their shareholder rights to vote against the proposal, then Philips can require the Exor Nominee to abstain from the further deliberations and decision-making on the matter until the vote of the General Meeting of Shareholders on the matter is completed.

3.4 Expiry of nomination right

3.4.1 Subject to Clauses 3.4.3 and 3.5, Exor shall no longer have the right to nominate the Exor Nominee pursuant to Clause 3.2.1, if Exor and its Affiliates combined Interest no longer equals or exceeds the 15% Threshold Stake and Exor and its Affiliates combined Interest has remained below the 15% Threshold Stake for six (6) consecutive months, as a result of (i) a Disposal of Ordinary Shares or (ii) a choice to receive cash dividend by Exor or its Affiliates.

3.4.2 The expiration of the right referred to in Clause 3.4.1 is definitive and Exor cannot remedy such expiration, unless agreed otherwise between Exor and Philips.

3.4.3 If Exor and its Affiliates combined Interest threatens to fall below the 15% Threshold Stake due to an issuance of new shares or rights to shares for a cash consideration or a consideration in kind (including in connection with M&A transactions), then Philips shall offer Exor to participate in such issuance pro rata up to a maximum number of Ordinary Shares to maintain the 15% Threshold Stake. In case Exor does not participate in such issuance in full and its and its Affiliates' combined Interest is diluted by more than one-and-a-half percent (1.5%) of the issued and outstanding Ordinary Shares as a result of such issuance, Exor shall retain its right to nominate the Exor Nominee pursuant to Clause 3.2.1, provided that:

(a) its and its Affiliates' combined Interest equals or exceeds at least ten percent (10%) of the issued and outstanding Ordinary Shares and the voting rights in respect thereof (the "**10% Temporary Threshold Stake**") following the issuance of Ordinary Shares in which Exor did not participate in full; and

(b) Exor and its Affiliates shall use reasonable best efforts, including, but not limited to, electing any stock dividend or reinvesting any cash dividends in any stock of Philips, in order to obtain the 15% Threshold Stake within three (3) years after the aforementioned issuance of new shares or rights to shares, it being understood that if Exor and its Affiliates combined Interest falls below the 10% Temporary Threshold Stake at any time and has remained below the 10% Temporary Threshold Stake for six (6) consecutive months after the issuance in which Exor did not fully participate, Exor shall no longer have the right to nominate the Exor Nominee pursuant to Clause 3.2.1.

3.4.4 Exor shall inform the Philips Supervisory Board in writing within five (5) Business Days if Exor and its Affiliates combined Interest no longer reaches the 15% Threshold Stake. Exor shall provide Philips with sufficient information to confirm the exact date on which Exor and its Affiliates combined Interest failed to reach the 15% Threshold Stake.

3.4.5 If Exor and its Affiliates combined Interest again reaches the 15% Threshold Stake before the expiration referred to in Clause 3.4.1, it will inform Philips in writing within five (5) Business Days and shall provide Philips with sufficient information to confirm the exact date on which Exor and its Affiliates combined Interest again reached the 15% Threshold Stake.

3.5 Resignation Exor Nominee

3.5.1 In case Exor and/or its Affiliates intends to undertake any of the actions as set out below in Clauses 3.5.2(a), 3.5.2(b), 3.5.2(c) or 3.5.2(d), the Parties shall take the following actions in the following order with the aim of reaching an amicable solution prior to Exor and/or its Affiliates taking any such action:

(a) first, Exor shall inform the chairman of the Philips Supervisory Board;

(b) secondly, the Parties shall each designate one senior executive to, in good faith, discuss and to seek mutual understanding on how to deal with the relevant matter;

(c) thirdly, if no mutual understanding can be reached by the relevant senior executives, the chairman of the Philips Supervisory Board and the CEO of Exor shall discuss the relevant matter.

3.5.2 In case the Parties have not reached an amicable solution pursuant to Clause 3.5.1 and Exor and/or its Affiliates have pursued any of the actions set out in Clauses 3.5.2(a), 3.5.2(b), 3.5.2(c) or 3.5.2(d) below, Clauses 3.5.3 through 3.5.5 will apply:

(a) Exor and/or its Affiliates vote (i) in favour of a resolution that is not proposed or supported by the Philips Supervisory Board and that is not adopted by the General Meeting of Shareholders, or (ii) against a proposal that is proposed or supported by the Philips Supervisory Board and adopted by the General Meeting of Shareholders;

(b) Exor and/or its Affiliates exercise any of their shareholder rights and powers attached to any Ordinary Shares held by Exor or its respective Affiliates, as the case may be, to request any items to be included on the agenda of the General Meeting of Shareholders within the meaning of article 2:114a DCC, without approval of the Philips Supervisory Board and that is not adopted by the General Meeting of Shareholders;

(c) Exor and/or its Affiliates initiate legal proceedings against Philips including but not limited to proceedings at the Dutch Enterprise Chamber within the meaning of article 2:345 DCC; or

(d) Exor and/or its Affiliates breach Clauses 4, 5, 6 or 7.1

3.5.3 For any action taken pursuant to Clauses 3.5.2(a) or 3.5.2(b) Philips and Exor shall reasonably discuss in good faith over at least a period of two (2) weeks after the General Meeting of Shareholders at which the relevant proposal is voted on, whether the Exor Nominee should resign from the Philips Supervisory Board, and after such discussions have taken place, the Supervisory Board shall decide whether the Exor Nominee should resign.

3.5.4 In case of Clauses 3.5.2(a) or 3.5.2(b), where the General Meeting of Shareholders follows the position or proposal (as the case may be) of Exor, Philips and Exor shall reasonably discuss in good faith whether the Exor Nominee should resign from the Philips Supervisory Board.

3.5.5 For any action taken pursuant to Clauses 3.5.2(c) or 3.5.2(d), unless such action or breach is reasonably capable of being remedied and has not been remedied by Exor and/or its Affiliates within forty-five (45) days after receipt of a written notice of such breach from Philips, Exor shall procure that the Exor Nominee shall resign immediately upon first request by the Philips Supervisory Board, unless the Philips Supervisory Board (excluding the Exor Nominee) decides that the resignation may take place later.

3.5.6 Notwithstanding Clauses 3.5.1 through 3.5.5, Exor shall procure that the Exor Nominee shall resign immediately upon first request by the Philips Supervisory Board, unless the Philips Supervisory Board (excluding the Exor Nominee) decides that the resignation may take place later in case:

(a) Exor no longer has the right to nominate the Exor Nominee pursuant to Clause 4 (*Expiry of nomination right*); or

(b) the Exor Nominee engages in gross negligence, wilful misconduct, fraud or maladministration (*onbehoorlijk bestuur*).

3.5.7 In case of a resignation of the Exor Nominee pursuant to Clauses 3.5.2 or 3.5.6(a), Exor shall no longer have the right to nominate an Exor Nominee in accordance with Clause 3.2, provided that a resignation pursuant to maladministration (*onbehoorlijk bestuur*) or gross negligence as set out in Clause 3.5.6(b) shall require the prior consent of Exor (not to be unreasonably withheld) and that a resignation pursuant to Clause 3.5.6(b) shall not affect the right of Exor to nominate a replacement on the terms of this Agreement for appointment at the next General Meeting of Shareholders.

3.6 Dismissal Exor Nominee

The Philips Supervisory Board shall not be permitted to propose a suspension or dismissal of the Exor Nominee to the General Meeting of Shareholders, unless:

(a) in case of gross negligence, wilful misconduct, fraud, maladministration (*onbehoorlijk bestuur*); or

(b) the Exor Nominee, whose resignation was to be procured by Exor under Clause 5 (*Resignation Nominee*), did not resign immediately after such obligation arose,

provided that a dismissal pursuant to maladministration (*onbehoorlijk bestuur*) or gross negligence as set out in Clause 3.6(a) shall require the prior consent of Exor (not to be unreasonably withheld) and that a dismissal pursuant to Clause 3.6(a) shall not affect the right of Exor to nominate a replacement on the terms of this Agreement for appointment at the same or next General Meeting of Shareholders, as indicated by Exor.

4 Standstill

4.1.1 Exor shall not, and shall procure that its Affiliates and its other Representatives acting on its or any of its Affiliates' behalf shall not, without the prior written consent of Philips, directly or indirectly:

(a) Acquire more than the 20% Threshold Stake;

(b) make or announce, or cause, assist, advise or coordinate with another Person to make or announce, a public offer for any Ordinary Shares that is not recommended by the Philips BoM;

(c) offer, sell or tender their Ordinary Shares, in whole or in part, whether or not in the open market to any party, or parties acting together, that have made, have announced to make or are reasonably expected to make or partake in a public offer on the Ordinary Shares in accordance with Article 5:70 or 5:74 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) that is not recommended by the Philips BoM, unless such party, or such parties, have Acquired an Interest of more than fifty percent (50%) in Philips or more (not caused or assisted by any action of Exor or any of its Affiliates);

(d) propose to enter into, directly or indirectly, any merger or business combination involving Philips or any of its Affiliates or to purchase, directly or indirectly, a material portion of the assets of Philips or any of its Affiliates;

(e) take any short position in any securities issued by Philips, except (i) as permitted under Clause 2.1(a) through 6.2.1(c) or (ii) in connection with a Permitted Disposal;

(f) act in concert with any hedge fund publicly engaged in any activist campaign against Philips at that point in time aimed at seeking control or influence over Philips' Supervisory Board, the Philips' BoM or policies; or

(g) advise, assist or encourage any Person in connection with any of the foregoing.

(such obligations together, the "**Standstill**").

4.1.2 If Philips intends to restructure its capital, in any way, as a result of which Exor would come to hold such a percentage of the Ordinary Shares that it would become obligated to make a Mandatory Offer, Philips shall inform Exor in writing at least thirty (30) Business Days before initiating such restructuring. In such case, Parties shall reasonably discuss in good faith to take such measures (including to participate in such restructuring, or to repurchase Exor's Ordinary Shares if appropriate) as are required to avoid that Exor will have to make such Mandatory Offer.

4.1.3 In case of any share buy-back program initiated by Philips, Parties shall reasonably discuss in good faith for Exor or its Affiliates to participate in such share buy-back program to the extent required to avoid that Exor and its Affiliates combined Interest will exceed the 20% Threshold Stake.

4.1.4 If, for whatever other reason Exor and its Affiliates combined Interest exceeds the 20% Threshold Stake, Philips may request that Exor and/or its Affiliates will Dispose of the excess Ordinary Shares in an orderly market manner within forty (40) Business Days, unless a longer period is agreed upon with Philips, failing which Philips will have the right (but not the obligation) to repurchase the excess Ordinary Shares at the prevailing market price.

5 Non-compete

For as long as Exor has a nomination right pursuant to Clause 2 (*Nomination of the Exor Nominee*), Exor shall not, and shall procure that its Affiliates and its other Representatives acting on its or any of its Affiliates' behalf shall not, without the prior written consent of Philips, directly or indirectly, either alone or together with another Person, Acquire any shares or other (options to) securities of a Philips Competitor, exceeding two percent (2%) of such Competitor's total issued share capital, provided that this restriction shall not apply to investments by or on behalf of the on arm's length, independently managed, asset management company Lingotto.

6 Lock-Up and Sell Down

6.1 General

Notwithstanding any other provision in this Agreement:

- (a) Exor's obligations in this Clause 6 will fall away with immediate effect when any third party has Acquired an Interest of fifty percent (50%) or more in Philips (not caused, assisted or supported by any action of Exor or any of its Affiliates in breach of this Agreement); and
- (b) the Lock-Up Period (*as defined below*) will fall away with immediate effect when Philips' long term issuer credit rating is downgraded to below investment grade.

6.2 Lock-up period

6.2.1 Subject to Clause 4 (*Standstill*), Clause 5 (*Non-compete*) and Clause 6 (*Lock-Up and Sell Down*), during the period commencing on the Signing Date and ending three (3) years thereafter (both days inclusive) (the "**Lock-Up Period**"), Exor shall not, and shall procure that its Affiliates shall not, undertake any action that causes Exor and its Affiliates combined Interest to fall below the 15% Threshold Stake or, for the avoidance of doubt, exceed the 20% Threshold Stake (the "**Lock-Up**"), provided that nothing in this Clause 6 shall prevent:

- (a) the entry into, exercise of rights and performance of obligations under, or any transfer pursuant to, an agreement documenting, or relating to, the Permitted Derivatives Transaction or Permitted Securities Lending Transaction;
- (b) the grant of a pledge, charge or any other security interest over any Ordinary Shares or the assignment of any rights in relation to any Ordinary Shares (including the creation and exercise of a right of use on one or more occasions at any time) (a "**Security Interest**") to or for the benefit of any Permitted Derivative Transaction Counterparty and/or any agent or trustee acting for any such counterparty; or
- (c) the sale, transfer or appropriation of any Ordinary Shares or exercise of any other enforcement rights pursuant to and following any enforcement of a Security Interest over, or in relation to, any Ordinary Shares granted by Exor to or for the benefit of any Permitted Derivative Transaction Counterparty.

6.3 Post Lock-Up Sell Down

6.3.1 Subject to Clause 4 (*Standstill*), and Clause 5 (*Non-compete*), and Clause 6 (*Lock-Up and Sell Down*) (for the avoidance of doubt, including Clause 6.2 (*Lock-up period*)), Exor and its Affiliates may Dispose all or part of their Ordinary Shares, whether or not in the open market (a "**Permitted Disposal**"). Notwithstanding the preceding sentence, Exor shall use reasonable best efforts to conduct (and shall procure that its Affiliates will use reasonable best efforts to conduct) any Permitted Disposal in an orderly market manner.

6.3.2 Any Permitted Disposal by Exor or any of its Affiliates (other than in regular stock market transactions in which Exor, nor its Affiliates, brokers or intermediaries acting on its behalf reasonably know the identity of the counterparty or have control over the settlement of the respective transaction) to the following parties requires prior written approval from Philips:

- (a) Philips Competitors;
- (b) activist parties:
 - (i) publicly acting at that point in time as an activist vis-à-vis Philips; or
 - (ii) other activist parties with a track-record of shareholder activism, as regularly determined by Philips and Exor jointly, each acting in good faith;
- (c) investors that as a result of the Permitted Disposal would come to legally or beneficially hold five percent (5%) or more of the issued and outstanding Ordinary Shares; and
- (d) investors that as a result of the Permitted Disposal would become required to make a Mandatory Offer.

6.3.3 In case of an intended Permitted Disposal by Exor and its Affiliates of more than three percent (3%) over a one-month period of the issued and outstanding Ordinary Shares in Philips, Exor will, to the extent allowed by applicable laws and regulations, consult with Philips as soon as reasonably possible about the (intended) Permitted Disposal and, if applicable, the intended bookrunner(s) to be appointed.

6.3.4 Philips shall reasonably cooperate with Exor in good faith in connection with any Permitted Disposal by Exor and its Affiliates of more than three percent (3%) of the issued and outstanding Ordinary Shares in Philips, including, but not limited to (i) providing access to information required for a due diligence which is appropriate for a company of the size and nature of Philips and which is customary and market practice for similar transactions, (ii) providing cooperation and assistance in connection with the preparation of a prospectus or a similar offering document required under applicable law to consummate such Permitted Disposal, (iii) providing cooperation and assistance with requests from the underwriters or advisers involved in the Permitted Disposal, including for management involvement in a Marketed Offering that is being carried out in order to consummate such Permitted Disposal or being a party to an underwriting agreement in connection with a Marketed Offering on terms that are customary and market practice for similar transactions, including indemnification provisions, it being understood that nothing in this Clause 6.3.4, implies an obligation on the part of Philips to apply for a (secondary) listing of the Ordinary Shares and (b) Philips will be under no obligation to share inside information (as defined by the MAR) relating to Philips in respect of the foregoing except to the extent allowed under the MAR. Furthermore, Philips may delay its compliance with its obligations under this Clause 6.3.4, if Philips determines in good faith that such compliance would violate applicable law, stock exchange requirements or Philips' insider trading policy.

6.3.5 The Parties will maintain an ongoing dialogue with Philips regarding investors who potentially could be interested in acquiring the Ordinary Shares held by Exor and/or its Affiliates, provided that Exor will be under no obligation to share inside information (as defined by the MAR) with Philips in this respect.

6.3.6 The Parties acknowledge and agree that the obligation of Philips to reasonably cooperate in good faith with due diligence under Clause 6.3.4 includes but is not limited to (i) management interviews, (ii) a review of the minutes of meetings of the Philips BoM and the Philips Supervisory Board and (iii) a limited documentary review relating to major litigation, acquisitions and disposals.

6.3.7 Each Party will bear its own fees and expenses in connection with a Permitted Proposal, provided that any fees and expenses incurred by Philips in connection with the preparation of such Permitted Disposal as a direct result of a request by Exor to co-operate with such Permitted Disposal will be borne by Exor, it being understood that if the Permitted Disposal also includes the issue or sale of Ordinary Shares by Philips, Exor and Philips will each bear its pro rata share of such fees and external expenses based on the number of Ordinary Shares actually issued or sold by them in such Permitted Disposal.

6.3.8 In case of an Accelerated Bookbuilding Offering or a Marketed Offering, Exor will give Philips the opportunity to provide suggestions on the execution thereof including the allocation of placement of Ordinary Shares, provided that the final allocations will be decided between Exor and its banks.

6.4 Intragroup disposal of shares

The Parties acknowledge that Exor may at any time Dispose its (directly or indirectly held) Ordinary Shares to a Permitted Exor Transferee, provided that (i) the Permitted Exor Transferee first becomes a party to this Agreement by signing a Deed of Adherence and (ii) Exor remains jointly and severally liable with such Permitted Exor Transferee for all obligations under this Agreement. If the Permitted Exor Transferee is at any time no longer an Affiliate of Exor, the Ordinary Shares shall be transferred back to Exor or such other Permitted Exor Transferee of Exor in compliance with this Clause 4.

7 Public Communications

7.1 Non-disparagement

Each Party shall refrain from making, and shall cause its Affiliates and its and their respective Representatives not to make or cause to be made, any false or bad faith statement or announcement (including through any press, media, analysts or other Persons) that derogates or is reasonably likely to damage the reputation of the other Party and any of its Affiliates, or any of its or their respective current or former Representatives.

7.2 General communications

Any communication about Philips by Exor and/or its Affiliates, including any filings with the SEC (e.g., Schedule 13D and/or 13G) upon and after obtaining the 15% Threshold Stake, shall be made only after consultation with Philips. Such consultation shall not be required for any communication:

- (a) which is in line with communication arrangements pre-agreed between the Parties, if any;
- (b) which is in the ordinary course of business of investor communication; or
- (c) confirming facts or information that are already in the public domain other than as a result of a breach of this Agreement.

7.3 Communication on Permitted Disposals

7.3.1 In view of the necessity of a clear and coordinated communication regarding any Permitted Disposal, public communications by either Party with respect to a Permitted Disposal will be made only in accordance with applicable law and after consultation with the other Party regarding the contents of such communication, to the extent reasonably practicable and subject to Clause 8 (*Information Requirements*). Such consultation shall not be required for any communication:

- (a) which is in line with communication arrangements pre-agreed between the Parties, if any;
- (b) which is in the ordinary course of business of investor communication and not disclosing specific information on an actual Permitted Disposal; or
- (c) confirming facts or information that are already in the public domain other than as a result of a breach of this Agreement.

7.3.2 Each Party shall ensure that any communication by it relating to a Permitted Disposal will not result in violations of securities laws or inconsistencies with any prospectus or similar offering document regarding such Permitted Disposal.

8 Information Requirements

8.1 Duty to disclose

Nothing in this Agreement shall prohibit or restrict either Party from disclosing (in accordance with article 17 MAR or such other laws, or applicable rules or regulations, including the rules and regulations of any relevant stock exchange or other regulatory body (including the AFM and the SEC) to which either Party is or becomes subject) any inside information, as defined in the MAR, if and when such disclosure is in the reasonable opinion of such Party required and cannot or can no longer be delayed under applicable law or by any rules or regulations (including the rules and regulations of any relevant stock exchange or other regulatory body such as the AFM and the SEC).

8.2 No selective disclosure

Nothing in this Agreement will require a providing Party to disclose inside information, as defined in the MAR, to the receiving Party to the extent that such disclosure without general publication would violate applicable law. The Parties confirm their view, which view is based on the current interpretation of the relevant courts of applicable laws pertaining to inside information and the disclosure thereof, that to the extent that the information a Party discloses to another Party pursuant to this Agreement qualifies as inside information, this disclosure is made in the normal course of the exercise of that Party's duties, within the meaning of article 10(1) MAR.

8.3 Price sensitive information relating to the other party

8.3.1 The Parties acknowledge that each Party is subject to certain duties under the MAR and that Philips is also subject to certain duties under US federal securities laws and the rules of the New York Stock Exchange, and that such laws and rules may impose duties and restrictions as to the timely publication and/or use of inside information or other material information.

8.3.2 Each Party acknowledges that any disclosure of price sensitive information (*voorwetenschap*), as defined in the MAR, relating to such Party and/or its shares could also qualify as price sensitive information in relation to the other Party and/or its shares.

8.4 Periodical Information Meetings

Subject to applicable rules and regulations, including Philips' investor relations policy, Philips shall undertake that Exor shall have the opportunity to meet with Philips' investor relations team, the Philips BoM and chairman of the Philips Supervisory Board on a regular basis.

8.5 Interest disclosure

Philips may at any time reasonably request Exor to inform Philips how many Ordinary Shares Exor and its Affiliates legally or beneficially hold. Upon such request, Exor shall inform Philips as requested in writing within fifteen (15) Business Days.

8.6 Exor information rights

8.6.1 To the extent permitted under applicable law and regulation (including the MAR), Philips shall supply Exor with all such information reasonably required by Exor:

- (a) to complete any tax return or other filing which may be required by law or regulation;
- (b) for any audit or regulatory reason; or
- (c) to meet its financial reporting requirements.

8.7 Confidentiality

8.7.1 Subject to Clause 8.7.2, each Party shall keep confidential all non-public information provided to it by the other Party or otherwise obtained by it under or in connection with this Agreement regarding the business and financial affairs of the other Party or any of its Affiliates ("**Confidential Information**").

8.7.2 Each Party shall be entitled to disclose Confidential Information:

- (a) to any of its officers, employees, auditors, bankers or professional advisers, whose position makes it necessary to know that information in order to assist that Party, as applicable; provided that the recipient thereof agrees to be bound by the same duty of confidentiality as applies to the disclosing Party and that such Party shall be responsible for any breach of confidentiality by such recipient;
- (b) in respect of Exor or the Exor Nominee, to any of its respective direct or indirect Affiliates and its respective officers, employees, auditors, bankers or professional advisers, in any event only if and when it is necessary that such party or person receives that information to assist Exor in relation to its shareholding in Philips provided that the recipient thereof agrees to be bound by the same duty of confidentiality as applies to the disclosing Party and that the disclosing Party shall be responsible for any breach of confidentiality by such recipient;
- (c) if such information has ceased to be Confidential Information as a result of having become public without breach of this Agreement or any other duty of confidentiality relating to that information of which the relevant Party was aware;
- (d) as may be required by law, rules or regulations or by any relevant securities exchange or governmental authority, regulatory body or antitrust authority to which that Party is subject (wherever situated), including information required to be disclosed in any shareholder circular, or for tax, financial reporting, audit or accounting purposes, whether or not the requirement for disclosure of such information has the force of law;
- (e) as may be required for the purpose of any arbitral or judicial proceedings arising out of this Agreement or the related agreements; or

(f) with the written consent of the other Party.

9 General Restrictions

9.1 General

9.1.1 Exor shall, and shall procure that its Affiliates shall, not take any action that would have the effect of preventing the Philips Group from:

(a) complying with their obligations under applicable laws and regulations; or

(b) managing their affairs in accordance with the principles of good governance set out in the Dutch Corporate Governance Code (save as disclosed by Philips).

9.1.2 Exor shall, and shall procure that its Affiliates shall, not exercise any of its voting rights or other shareholder rights and powers attached to any Ordinary Shares held by Exor or its Affiliates, as the case may be, in a way that would be inconsistent with, or breach any of the provisions of this Agreement, applicable laws and regulations (including related to insider trading) or the Dutch Corporate Governance Code (including applicable deviations).

9.1.3 Other than the obligations set out in Clause 9.1.1 and 9.1.2, no limitations shall apply to Exor and its Affiliates in exercising their voting rights or other shareholder rights and powers attached to any Ordinary Shares held by Exor or its respective Affiliates, as the case may be.

9.2 Constitutional documents

Philips and Exor shall procure that the Philips BoM and the Philips Supervisory Board shall not propose, implement or approve any amendment to (i) the Articles of Association and (ii) the Rules of Procedure Supervisory Board, if such amendment would be contradictory to the arrangements set forth in this Agreement.

10 Duration and termination

10.1 Duration and termination

10.1.1 This Agreement shall enter into force on the date hereof and terminate automatically upon the occurrence of the earlier of:

(a) Exor no longer having the right to nominate the Exor Nominee pursuant to Clause 4 (*Expiry of nomination right*), the Exor Nominee ceasing to be a member of the Philips Supervisory Board, without Exor having nominated a replacement within eight (8) weeks (if applicable), or no Exor Nominee has been appointed pursuant to and subject to Clause 3.2.7, provided that in each of these events Clause 4.1.1 will continue to apply for a period of eighteen (18) months, the Lock-Up (as set out in Clause 6.2) will continue to apply until the earlier of (i) the expiry of the Lock-Up Period and (ii) a period of six (6) months and the other provisions of Clause 6 shall continue to apply for a period of twelve (12) months;

(b) a Party becoming subject to bankruptcy or suspension of payments;

(c) the Ordinary Shares ceasing to be admitted to listing on the regulated market of Euronext Amsterdam; or

(d) the dissolution or liquidation of a Party, provided that if a Party ceases to exist as a result of a merger, demerger, conversion, or other similar corporate transaction, such Party's legal successor shall be deemed to have become a party to this Agreement in such Party's place and this Agreement shall not terminate,

provided that this Clause 10, Clause 2 and Clauses 12 up to and including 18 shall survive termination of this Agreement.

10.1.2 Except as provided in Clause 10.1.1, this Agreement may only be terminated by mutual agreement of the Parties in writing.

11 Validity

11.1 Signing

11.1.1 This Agreement does not have any legal effect until each Party has validly signed this Agreement.

11.1.2 If this Agreement is signed in counterparts, these counterparts will count as one agreement.

11.2 Invalidity

11.2.1 In this Clause 11.2 "**enforceable**" includes legal, valid and binding (and derivative terms are to be construed accordingly).

11.2.2 If any provision in this Agreement is held to be or becomes unenforceable (in each case either in its entirety or in part) under any law of any jurisdiction:

(a) that provision will to the extent of its unenforceability be deemed not to form part of this Agreement but, subject to the restrictions of article 3:41 of the Dutch Civil Code, the enforceability of the remainder of this Agreement will not be affected; and

(b) the Parties shall use reasonable efforts to agree a replacement provision that is enforceable to achieve so far as possible the intended effect of the unenforceable provision.

12 Entire Agreement

This Agreement contains the entire agreement of the Parties in relation to its subject matter. All previous agreements and arrangements made by the Parties in relation to that subject matter are hereby terminated.

13 Amendments and waivers

13.1 Amendments and waivers

This Agreement may not be amended, supplemented or waived except by a written agreement between the Parties.

13.2 No deemed waivers

No failure to exercise, nor any delay in exercising, by a Party, any right or remedy under this Agreement will operate as a waiver. No single or partial exercise of any right or remedy will prevent any further or other exercise or the exercise of any other right or remedy.

13.3 Further assurances

The Parties shall at their own costs and expenses from time to time execute and procure to be executed such documents and perform and procure to be performed such acts as may be reasonable required by each of them to give the Parties the full benefit of this Agreement.

14 Third party rights

Except where this Agreement expressly provides otherwise:

- (a) it contains no stipulations for the benefit of a third party (*derdenbedingen*) which may be invoked by a third party against a Party; and
- (b) where this Agreement contains a stipulation for the benefit of a third party, this Agreement (including the relevant third party's rights under this Agreement) may be terminated, amended, supplemented or waived (in each case either in its entirety or in part) without that third party's consent.

15 Rescission, errors and suspension

15.1 No rescission; errors

15.1.1 No Party may fully or partly rescind (*ontbinden*) this Agreement.

15.1.2 If a Party has made an error (*heeft gedwaald*) in relation to this Agreement, it shall bear the risk of that error.

15.2 No suspension

No Party may suspend (*opschorten*) performance of its obligations under or in connection with this Agreement on whatever grounds.

16 No assignment

No Party may fully or partly assign or encumber rights and obligations under this Agreement without the other Party's prior written consent. Without this consent, no assignment or encumbrance is effected.

17 Notices

17.1 Communications in writing

Any communication to be made under or in connection with this Agreement must be made in writing and sent by regular mail or e-mail.

17.2 Addresses

The address and e-mail addresses (and the department of the officer, if any, for whose attention the communication is made) of each Party for any communication to be made under or in connection with this Agreement are any substitute address or department or officer as the Party may notify to the other Party by not less than five (5) days' notice.

18 Governing law and dispute resolution

18.1 Governing law

This Agreement shall be governed by and construed in accordance with the laws of the Netherlands.

18.2 Dispute resolution

18.2.1 Any dispute arising out of, or in connection with, this Agreement or other agreements and arrangements connected to or resulting from this Agreement, whether contractual or non-contractual, shall be submitted to the CEOs of Exor and Philips from time to time to be settled and resolved by them within twenty (20) Business Days of the matter being referred to them, following and upon the written request of either of the Parties.

18.2.2 If the dispute cannot be resolved by the CEOs of Exor and Philips within twenty (20) Business Days of the matter being referred to them in accordance with Clause 18.2.1, the Parties shall refer the dispute to proceedings under the rules of arbitration of the Netherlands Arbitration Institute (*Nederlands Arbitrage Instituut*) ("**NAI**", unless it concerns an urgent matter as referred to in Section 254 of the Dutch Code of Civil Procedure, in which case the dispute will be finally resolved in accordance with the Dutch Code of Civil Procedure. The place of arbitration will be in Amsterdam, the Netherlands. The language of arbitration will be in English.

18.2.3 The arbitral tribunal will consist of three (3) arbitrators to be nominated and/or appointed as follows:

(a) The claimant Party shall nominate one arbitrator in its request for arbitration, and the respondent Party shall nominate one arbitrator in its answer. If a Party fails to nominate an arbitrator, the relevant arbitrator will be appointed by the NAI;

(b) The third arbitrator will act as chairman of the arbitral tribunal. The third arbitrator will be nominated jointly by the two arbitrators referred to in paragraph (a) above within 30 days of the date of the last of their confirmations and/or appointments. If these two arbitrators fail to nominate jointly the third arbitrator, that arbitrator will be appointed by the NAI.

18.2.4 The arbitral tribunal shall decide and make its arbitral award or awards in accordance with the applicable rules of law. The arbitral tribunal shall not assume the powers of an *amiabile compositeur* or decide *ex aequo et bono*.

18.2.5 An arbitration pursuant to this Clause 18.2 shall not be consolidated with any other arbitration, whether on the basis of article 1046 of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*) or otherwise, except for another arbitration pursuant to this Clause 18.2.

18.2.6 The Parties shall not be entitled to any form of discovery or disclosure, and the arbitral tribunal shall have no power to order discovery or disclosure of (a) documentary evidence, (b) oral testimony, or (c) any other materials.

18.2.7 Severability

If any provision of this Agreement is held by any court or other competent authority to be void or unenforceable in whole or in part, the other provisions of this Agreement and the remainder of the effective provisions will continue to be valid. The Parties will then use all reasonable endeavours to replace the invalid or unenforceable provision(s) with a valid and enforceable substitute provision(s) the effect of which is as close as possible to the intended effect of the invalid or unenforceable provision(s).

THIS AGREEMENT HAS BEEN SIGNED ON THE DATE STATED AT THE BEGINNING OF THIS AGREEMENT BY:

Koninklijke Philips N.V.

By: W.R.O. Jakobs

Title: CEO

By: F. Sijbesma

Title: Chairman of the Supervisory Board

EXOR N.V.

By: G. de Boer

Title: CFO

Schedule 1 Definitions and Interpretation

1 Definitions

"**10% Temporary Threshold Stake**" has the meaning given to it in Clause 3.4.3;

"**15% Threshold Stake**" has the meaning given to it in Recital (A);

"**20% Threshold Stake**" has the meaning given to it in Recital (A);

"**Accelerated Bookbuilding Offering**" means an offering of Ordinary Shares for which the risk has not been transferred to a third party (such as in a Bought Deal);

"**Acquire**" means the act or process of obtaining, directly or indirectly, (economic) ownership, possession, or control including lending or holding for another Person;

"**Affiliates**" means, in respect of a Party, a Person which is Controlling or Controlled by such Party, or Controlled by a Person who also Controls such Party, or which otherwise qualifies as a "subsidiary" or "group company" of that Party as referred to in articles 2:24a and 2:24b Dutch Civil Code (*Burgerlijk Wetboek*); for the avoidance of doubt, for purposes of this Agreement, Philips and its Affiliates shall not be considered to be Affiliates of Exor and vice versa;

"**AFM**" means Stichting Autoriteit Financiële Markten;

"**Agreement**" has the meaning given to it in Recital (A);

"**Articles of Association**" means the articles of association of Philips, as amended from time to time;

"**Bought Deal**" means a sale and transfer of Ordinary Shares in which an investment bank or other third party is taking a risk position other than taking a settlement risk;

"**Business Day**" mean a day (other than a Saturday or a Sunday) on which banks are open for general business in the Netherlands;

"**CGNS Committee**" means the Corporate Governance and Nomination & Selection Committee of the Philips Supervisory Board;

"**Clause**" means a clause of this Agreement;

"**Confidential Information**" has the meaning given in Clause 8.7.1;

"**Control**" means the possession, directly or indirectly, solely or jointly, whether through ownership of voting interests, by contract or otherwise, of (a) more than 50% of the voting power at general meetings of a Person, (b) the power to appoint and dismiss a majority of the managing directors or supervisory directors of a Person or (c) the power to otherwise direct or cause the direction of the management and policies of a Person, and "**Controlling**" and "**Controlled**" shall be construed accordingly;

"**DCC**" means the Dutch Civil Code;

"**Deed of Adherence**" as attached as Schedule 3 (*Deed of Adherence*);

"**Disposal**" or "**Dispose**" means (i) to directly or indirectly, sell, transfer, assign or otherwise dispose of any legal or beneficial interest in any Ordinary Share and the voting rights in respect thereof, (ii) to directly or indirectly grant any Encumbrance over any Ordinary Share or (iii) any arrangement, structuring device or other transaction having a similar economic or legal effect to the transactions referred to under (i) and (ii), it being understood that a Disposal of Ordinary Shares to a legal successor under universal title shall not be considered a Disposal, and where "**Encumbrance**" means any security interest, claim, lien, charge, pledge, or other restriction that creates or may create a security interest over the Ordinary Shares;

"**Dutch Corporate Governance Code**" means the Dutch Corporate Governance Code of 20 December 2022;

"**Exor**" has the meaning given in the preamble of this Agreement;

"**Exor Nominee**" has the meaning given in Clause 3.2.1;

"**General Meeting of Shareholders**" has the meaning given to it in Clause 3.2.1;

"**Interest**" has the meaning given to it in Recital (A);

"**Lock-Up**" has the meaning given to it in Clause 6.2.1;

"**Lock-Up Period**" has the meaning given to it in Clause 6.2.1;

"**Mandatory Offer**" means a mandatory public offer for Philips in accordance with Articles 5:70 and 72(1) of the Financial Supervision Act (*Wet op het financieel toezicht*);

"**MAR**" means Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation);

"**Marketed Offering**" means an offering of Philips securities which entails Philips' involvement in the form of a management road show and/or the preparation of a prospectus, registration statement or similar offering document;

"**NAI**" has the meaning given to it in Clause 18.2.1;

"**Ordinary Shares**" means the ordinary shares in the share capital of Philips;

"**Parties**" or "**Party**" has the meaning given to it in the preamble of this Agreement;

"**Permitted Derivative Transaction**" means the financial instrument entered into by Exor on or around the date of this Agreement to facilitate the purchase of Ordinary Shares by Exor to increase its shareholding to the initial 15% Threshold Stake, which may provide price protection in relation to such purchase and which has a final maturity date falling not more than 18 months following the date of this Agreement;

"**Permitted Derivative Transaction Counterparty**" means any party to a Permitted Derivative Transaction;

"**Permitted Disposal**" has the meaning given in Clause 6.3.1;

"**Permitted Exor Transferee**" means Exor Nederland N.V., Exor S.A., Ancom USA Inc, Exor SN LLC, and Exor Investments Limited, as well as any other Person that Exor notifies to Philips and is Controlled by Exor;

"**Permitted Securities Lending Transaction**" means any stock borrowing or lending, or repurchase or collateral arrangement or right of use relating to Ordinary Shares created pursuant to or in accordance with the terms of a Permitted Derivative Transaction or Security Interest to facilitate the transfer of Ordinary Shares to the Permitted Derivative Transaction Counterparty for the purposes of facilitating the hedging activities of the Permitted Derivative Transaction Counterparty to prevent the termination of the Permitted Derivative Transaction and under which Exor has a right to receive equivalent Ordinary Shares at or prior to maturity of the relevant Permitted Derivative Transaction;

"**Person**" means any individual, company, legal entity, partnership or unincorporated association, whether or not having separate legal personality;

"**Philips BoM**" has the meaning given to it in Clause 3.3.4;

"**Philips Competitor**" means any party identified between the Parties at the date hereof, provided that the list of Philips Competitors can be updated in good faith between the Parties every two years following the date of this Agreement and that Clause 5 shall not apply to investments held by Exor or its Affiliates in a party at the date that such party is qualified as a Philips Competitor;

"**Philips Group**" means Philips and its Affiliates;

"**Philips Shareholder**" means any Person holding any Ordinary Shares;

"**Philips Supervisory Board Member**" has the meaning given to it in Clause 3.2.1;

"**Philips Supervisory Board**" has the meaning given to it in Clause 3.2.1;

"**Philips**" has the meaning given in the preamble of this Agreement;

"**Representatives**" means, in respect of a Party, its Affiliates as well as the directors, officers, employees, agents and professional advisers (including lawyers, accountants, consultants and financial advisers) of such Party or any of its Affiliates;

"**Rules of Procedure Philips Supervisory Board**" means the rules of procedure of the Philips Supervisory Board, as amended from time to time;

"**Schedule**" means a schedule to this Agreement;

"**SEC**" means the United States' Securities and Exchange Commission;

"**Security Interest**" has the meaning given to it in Clause 6.2.1(b);

"**Signing Date**" means the date on which the Agreement is duly signed by all Parties;

"**Standstill**" has the meaning given to it in Clause 4.1.1;

2 Headings and references to Clauses and Schedules

2.1 Headings have been inserted for convenience of reference only and do not affect the interpretation of any of the provisions of this Agreement.

2.2 A reference in this Agreement to:

(a) a Clause is to the relevant clause of this Agreement; and

(b) a Schedule is to the relevant schedule to this Agreement.

3 Legal terms

In respect of any jurisdiction other than the Netherlands, a reference to any Dutch legal term shall be construed as a reference to the term or concept which most nearly corresponds to it in that jurisdiction.

4 Other references

4.1 Whenever used in this Agreement, the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation".

4.2 Whenever used in this Agreement, the words "as of" shall be deemed to include the day or moment in time specified thereafter.

4.3 Any reference in this Agreement to any gender shall include all genders, and words importing the singular shall include the plural and vice versa.

Schedule 2 Press release

Schedule 3 Deed of Adherence

THIS DEED is made on [●]

BETWEEN:

- (1) [] (the "**New Shareholder**"); and
- (2) [[●] (the "**Original Shareholder**")].
- (3) [●] (the "**Company**").

WHEREAS:

(A) The Company and the Original Shareholder at the date of this deed of adherence are parties to a relationship agreement dated [●] (the "**Agreement**";)

(B) The Original Shareholder intends to transfer the Agreement to the New Shareholder

(C) This Deed is made by the New Shareholder in compliance with Clause [●] of the Agreement.

IT IS AGREED as follows:

1. The New Shareholder confirms that it has been supplied with a copy of the Agreement.
2. The New Shareholder undertakes to the each of the parties to the Agreement to be bound by the Agreement in all respects as if the New Shareholder was a Party to the Agreement and named in it as Exor and to observe and perform all the provisions and obligations of the Agreement applicable to or binding on Exor under the Agreement insofar as they fall to be observed or performed on or after the date of this Deed.
3. This Deed is made for the benefit of (a) the Parties to the Agreement and (b) every other person who after the date of the Agreement (and whether before or after the execution of this deed) assumes any rights or obligations under the Agreement or adheres to it.
4. The contact details of the New Shareholder are as follows:

Attn:

E-mail:

Address:

With copy to:

5. This Deed shall be governed by and construed in accordance with the laws of the Netherlands. Any dispute arising out of, or in connection with, this Deed shall be resolved in accordance with the provisions of the Agreement.

IN WITNESS WHEREOF this Deed has been executed and has been delivered on the date which appears on the first page of this Deed.

[New Shareholder]

By:

Its:

The Company

By:

Its:

Exhibit 4G

CERTAIN IDENTIFIED ATTACHMENTS HAVE BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE THEY ARE NOT MATERIAL. SECTION VI OF EXHIBIT B HERETO CONTAINS A LIST OF THESE OMITTED ATTACHMENTS. [*] INDICATES THAT INFORMATION HAS BEEN EXCLUDED.**

PERSONAL INJURY MASTER SETTLEMENT AGREEMENT

This Personal Injury Master Settlement Agreement (the “MSA”), dated May 9, 2024, is between the undersigned counsel for Plaintiffs (“Plaintiffs’ Negotiating Counsel” or the “PNC”), on the one hand, and Defendants Philips RS North America LLC (“Philips RS”), Koninklijke Philips N.V., Philips North America LLC, Philips Holding USA, Inc., and Philips RS North America Holding Corporation (collectively, the “Philips Defendants”), on the other. The Philips Defendants and the PNC are each a “Party,” and, collectively, are the “Parties.”

This MSA reflects the terms of a private settlement program (as defined below, the “Program”) intended to resolve the claims or potential claims of all United States Citizens or Residents who have a Qualifying Injury and who allege that they sustained such Qualifying Injury from (i) use of one or more of the Recalled Devices, and/or (ii) any asserted defects, delays or inadequacies relating to the Philips RS recall programs.

RECITALS

A. Beginning on June 14, 2021, Philips RS announced recalls of certain CPAP, BIPAP and ventilator products (the “Recalled Devices,” defined further below).

B. Individuals have asserted actual or potential Personal Injury Claims against the Philips Defendants, including through the filing of lawsuits or other proceedings against the Philips Defendants and also through joining the Census Registry. The Philips Defendants deny any and all liability for all Personal Injury Claims.

C. The filed Personal Injury Claims have been centralized in, *inter alia*, the MDL Court and the Massachusetts Court.

D. The Parties have concluded that, given the facts and circumstances of the Personal Injury Claims, including the claims asserted and the legal and factual defenses thereto, it would be in the Parties’ best interests to enter into this MSA to avoid the uncertainties, burdens and risks of new and continued litigation. The Parties have further concluded that, based on, among other things, the total number of persons who have asserted Personal Injury Claims and, separately, the total number of persons with Personal Injury Claims that the Parties anticipate will participate in the Program, the Program is fair, reasonable and adequate.

E. The Parties agree that this MSA and the Program are intended to resolve, in lieu of further litigation, all Released Claims of all Eligible Claimants. For persons represented by counsel, to be an Eligible Claimant, the person must have retained counsel on or before April 29,

2024. The Program is not available to persons represented by counsel where that representation began after April 29, 2024.

F. Pursuant to Pretrial Order No. 8, the PNC were authorized by the MDL Court to prosecute litigation relating to the Recalled Devices, including the negotiation of any potential settlements. This MSA is a result of work performed and expenses incurred by the Court-appointed plaintiffs' leadership for the common benefit of Plaintiffs, including as a result of extensive negotiations between the Parties with the assistance of the Court-appointed mediator, the Honorable Diane M. Welsh (Ret.) (the "Settlement Mediator").

G. The Program is intended to resolve all claims or potential claims of Eligible Claimants who allege any injury the undersigned counsel for Plaintiffs believe can be sustained. Based on their assessment, the remaining injuries (*i.e.*, Nonqualifying Injuries, which are not part of the Settlement or the Program) will not be pursued going forward by the undersigned counsel for Plaintiffs.

H. The Philips Defendants are paying no more than the consideration set forth in this MSA (*i.e.*, in the aggregate, \$1.075 billion) to resolve all Released Claims of all Eligible Claimants.

I. The Parties expressly agree and acknowledge that the Settlement and the Program are available only to United States Citizens and Residents.

J. Nothing in the Settlement will be construed as evidence of, or as an admission by, the Philips Defendants of any fault, liability, wrongdoing, causation, or damages whatsoever. The Philips Defendants maintain that use of the Recalled Devices did not cause any injuries, including any of the Qualifying Injuries. The Philips Defendants are not endorsing or agreeing to any particular allocation methodology or injury value for any particular Qualifying Injury or Eligible Claimant.

ARTICLE 1 DEFINITIONS

Cash and the \$: Any reference in this MSA to "\$" means U.S. dollars.

Census Registry means the Census Registry Program established by Pretrial Order Nos. 25 (ECF 739) and 25a (ECF 870).

Days mean calendar days, but if a deadline falls on a weekend or federal holiday, then the period continues to run until the next day that is not a Saturday, Sunday, or federal holiday.

Deficient Claimant means any person who attempts to register for the Program but fails to provide proof of a Qualifying Injury, proof of use of a Recalled Device, and/or proof that they are a United States Citizen or Resident. The Settlement Administrator shall implement a process to allow time for Deficient Claimants to rectify the deficiency(ies). Absent agreement of the Parties, the amount of time for this deficiency cure process shall be no less than 45 days and not more than 90 days. Deficient Claimants who timely rectify the deficiency(ies) are Eligible Claimants and Registered

Claimants. Deficient Claimants who do not timely rectify the deficiency(ies) are neither Eligible Claimants nor Registered Claimants, and will be deemed Ineligible Claimants.

Disengaged Claimant means an Eligible Claimant listed on an Identification Order Declaration with an unfiled claim who fails to submit a Registration Form by the Registration Deadline and is identified by Primary Counsel on a Disengaged Claimant Declaration within 7 days after the Registration Deadline.

Disengaged Claimant Declaration means the declaration under penalty of perjury submitted by Primary Counsel substantially in the form of Exhibit 1.

Eligible Claimant means a United States Citizen or Resident who, as of the applicable Identification Order Declaration Deadline, alleges a Qualifying Injury caused by their use of one or more Recalled Devices and/or any asserted defects, delays or inadequacies relating to the Philips RS recall programs, and either (i) retained counsel on or before April 29, 2024 and is included on an Identification Order Declaration alleging a Qualifying Injury by the applicable Identification Order Declaration Deadline, or (ii) is a *pro se* plaintiff who has filed a Personal Injury Claim or Claims in the MDL Court or Massachusetts Court alleging a Qualifying Injury or submits an Identification Order Declaration alleging a Qualifying Injury by the applicable Identification Order Declaration Deadline.

Ineligible Claimant means anyone who is not an Eligible Claimant. An Ineligible Claimant is not entitled to participate in or receive any benefits under the Settlement or the Program unless both Plaintiffs' Negotiating Counsel and the Philips Defendants agree to deem that person an Eligible Claimant (*e.g.*, allowing for the untimely submission of an Identification Order Declaration and/or an untimely submission of a Registration), in which case that person will be considered an Eligible Claimant for all purposes.

Lienholders means all government program insurers that hold Liens.

Liens means liens or claims asserted under the Medicare Secondary Payer Act or the Medicare, Medicaid, and SCHIP Extension Act related to a Registered Claimant's Qualifying Injury and payment pursuant to the Program.

Massachusetts Court means the Honorable Christopher K. Barry-Smith, or his successor, who presides over the consolidated proceeding currently captioned *St. John, Christine et al. v. Philips North America, LLC et al.*, Docket No. 2281CV01788 (Massachusetts Middlesex County Super. Ct., Woburn).

MDL Court means the Honorable Joy Flowers Conti, or her successor, who presides over *In re Philips Recalled CPAP, Bi-Level PAP, and Mechanical Ventilator Prods. Litig.*, MDL No. 3014 (W.D. Pa.) (the "MDL").

Master Settlement Agreement or MSA: This Personal Injury Master Settlement Agreement dated May 9, 2024 and all exhibits attached hereto.

Nonqualifying Injuries means any injury other than a Qualifying Injury.

Ozone Cleaning Companies means manufacturers of ozone-based cleaning devices for CPAP, BiPAP, ventilator or other similar devices, as well as their former, present, and future owners, shareholders, directors, officers, employees, attorneys, affiliates, parent companies, subsidiaries, predecessors and successors, including, but not limited to, SoClean Inc. and DW Management Services, LLC d/b/a DW Healthcare Partners.

Personal Injury Claims means any and all actual or potential claims, demands, rights, remedies, relief, actions, or causes of action, suits at law or in equity, whether sounding in tort, contract, arising under statute, or otherwise, and whether asserted or unasserted, for personal or bodily injuries, including for pecuniary, non-pecuniary, and punitive, statutory or other exemplary damages or remedies of whatever kind or character for those personal or bodily injuries (including, but not limited to, past, present or future lost wages, lost earning capacity, economic, property or business losses, or medical costs or expenses, including for pain and suffering and mental or emotional harm, and attorneys' fees, costs and expenses, as well as derivative claims such as loss of consortium or wrongful death) against the Philips Defendants or any other Released Party relating to the Recalled Devices. Personal Injury Claims includes claims for Qualifying Injuries and also Nonqualifying Injuries.

Plaintiffs' Negotiating Counsel or **PNC** means the undersigned law firms for Plaintiffs that comprise the law firms that participated in the negotiations of this MSA.

PolyTech Defendants means Polymer Technologies, Inc. and Polymer Molded Products LLC.

Primary Counsel means (1) for any Eligible Claimant with a Personal Injury Claim in the MDL, or participating in the Census Registry, the lawyer or law firm listed as the registering Law Firm in MDL Centrality; (2) for any Eligible Claimant with a Personal Injury Claim filed in state court, counsel of record for the Eligible Claimant; or (3) for any Eligible Claimant with an unfiled Personal Injury Claim and who is not participating in the Census Registry, counsel with an engagement or retainer agreement with such Eligible Claimant. Counsel shall not be Primary Counsel for an Eligible Claimant if counsel's representation of that Eligible Claimant terminated prior to the Identification Order Declaration Deadline.

Program means the Personal Injury Settlement Program to be set forth in this MSA.

Qualified Settlement Fund or QSF: The fund established pursuant to this MSA set up in accordance with Section 468B(d)(2) of the Internal Revenue Code of 1986, as amended, and 26 CFR § 1.468B-1 1, *et seq.* of the Treasury Regulations.

Qualifying Injury means either a Qualifying Respiratory Injury or a Qualifying Cancer.

Qualifying Respiratory Injury means, as demonstrated through proof of diagnosis or treatment, respiratory impairment (*e.g.*, new or worsening asthma, new or worsening COPD, chronic bronchitis, bronchiectasis, sarcoidosis, acute respiratory distress syndrome, reactive airways dysfunction syndrome, pulmonary fibrosis, pneumonitis, other interstitial lung disease, other obstructive or restrictive lung disease).

Qualifying Cancer means one of the following, as demonstrated through proof of diagnosis or treatment: lung cancer; certain blood cancers (acute myeloid leukemia (AML), chronic myeloid leukemia (CML), or mucosa associated lymphoid tissue (MALT) of the air-pathway lymphoid tissue); or ENT/pathway cancers (*e.g.*, oral cavity cancers; oropharynx cancer; nasal cavity/sinus cancer; nasopharynx cancer; larynx cancer; hypopharynx cancer; salivary cancer; esophageal cancers; thyroid cancers).

Recalled Device(s) means the following CPAP, BiPAP and ventilator devices:

- C-series S/T, AVAPS (C-series and C-series HT);
- DreamStation ASV;
- DreamStation BiPAP;
- DreamStation CPAP;
- DreamStation Go;
- DreamStation ST, AVAPS;
- E30;
- OmniLab Advanced Plus;
- System One 50 Series ASV4 (Auto SV4);
- System One 50 Series Base;
- System One 50 Series BiPAP;
- System One 60 Series ASV4 (Auto SV4);
- System One 60 Series Base;
- System One 60 Series BiPAP;
- Trilogy 100/200, Garbin Plus, Aeris LifeVent; and
- V30 auto.

Registered Claimant means an Eligible Claimant who registers for the Program by the Registration Deadline and provides proof that they are a United States Citizen or Resident, proof of use of a Recalled Device, and proof of a Qualifying Injury. An Eligible Claimant who is not a Registered Claimant is not entitled to participate in or receive any benefits under the Settlement or the Program unless both Plaintiffs' Negotiating Counsel and the Philips Defendants agree to deem that person a Registered Claimant (*e.g.*, allowing for the untimely submission of a Registration), in which case that person will be considered a Registered Claimant for all purposes.

Registration Deadline means December 10, 2024; provided, however, that the Registration Deadline may be extended by written agreement of the Parties.

Released Claims has the meaning set forth in the Release attached hereto as Exhibit 2.

Released Parties means any individual who, or entity that, is or could be responsible or liable in any way whatsoever, whether directly or indirectly, for Released Claims. Without in any way limiting the foregoing, the Released Parties include, without limitation, (1) the Philips Defendants, (2) any of their past, present, or future parents, owners, predecessors, successors, subsidiaries, divisions, affiliates/related entities, stockholders, officers, directors, board members, supervisors, members, partners, managers, and employees, (3) any of their current, former or future suppliers, agents, testing laboratories, attorneys, vendors, consultants, claim administrators, recall administrators, contractors and subcontractors, including the PolyTech Defendants, (4) any and all

current, former or future distributors, sellers, insurers, reinsurers, resellers, lessors, retail dealers, and DME providers for the Recalled Devices, (5) prescribing doctors, healthcare providers, and healthcare practices with respect to the Recalled Devices, (6) any and all individuals and entities indemnified by any other Released Party with respect to Released Claims, and (7) all of their predecessors, successors, assigns, legatees, legal representatives, and any other stakeholders, as well as all other persons acting by, through, or under them, including those who are, may be, or are alleged to be jointly or jointly and severally liable with them, or any of them. In addition, Released Parties includes the Ozone Cleaning Companies. For the avoidance of doubt, nothing herein precludes the Philips Defendants from pursuing contribution claims against the Ozone Cleaning Companies.

United States Citizen or Resident means a person who currently is a United States citizen or resident, or a current United States military, diplomatic personnel or employee living or stationed overseas, or a person who succeeds to the rights or interests of such person (*e.g.*, estate representatives).

ARTICLE 2 IDENTIFICATION OF ELIGIBLE CLAIMANTS

Section 2.1 The Settlement is intended to resolve all Released Claims of all Eligible Claimants. The purpose of the identification requirements set forth in this section is to identify and create an initial list of the Eligible Claimants.

Section 2.2 Identification Order

2.2.1 Promptly after the execution of this MSA, the Parties agree to request that the MDL Court and the Massachusetts Court enter Identification Orders requiring, within 30 days of the Orders (the “Identification Order Declaration Deadline”), (i) all counsel with clients in suit or on the Census Registry to identify all Eligible Claimants (whether claims or potential claims with respect to the Eligible Claimant client have been filed in suit, asserted on the Census Registry, or otherwise) for which they are Primary Counsel, and (ii) *pro se* litigants to identify themselves if they believe they suffered a Qualifying Injury caused by their use of one or more Recalled Devices and/or any asserted defects, delays or inadequacies relating to the Philips RS recall programs (the “Identification Order Declarations”).

2.2.2 The Identification Orders shall be substantially in the form of Exhibit 3.

2.2.3 The Identification Orders shall require each Primary Counsel to take any and all steps necessary to identify all Eligible Claimants they represent or claim to represent (whether claims or potential claims with respect to the Eligible Claimant client have been filed in suit, asserted on the Census Registry, or otherwise), and submit to the Settlement Administrator an Identification Order Declaration under penalty of perjury that identifies all Eligible Claimants represented by that Primary Counsel and affirms under penalty of perjury that the Identification Order Declaration includes all of Primary Counsel’s Eligible Claimant clients.

2.2.4 Identification Order Declarations may also be submitted by counsel who do not have clients in suit or on the Census Registry. The filing of suit and/or enrollment in the Census Registry is not a condition to participating in the Program.

2.2.5 Promptly upon the execution of the MSA, (i) the Parties will jointly request that the MDL Court enter an Identification Order substantially in the form of Exhibit 3, (ii) the Philips Defendants will request that the MDL Court enter a Docket Management Order substantially in the form of Exhibit 4, which the PNC will not oppose, and (iii) the Philips Defendants will request that the Massachusetts Court enter both an Identification Order and a Docket Management Order in substantially the same form, which the PNC will not oppose.

2.2.6 The Philips Defendants shall have the option, in their sole discretion, to terminate the Settlement if either the Identification Order or the Docket Management Order are not entered by the MDL Court. This option shall expire 30 days after the MSA is signed, although the Parties can agree on a reasonable extension if the entry of those orders is then still under consideration by the MDL Court.

Section 2.3 For each filed case and potential claim that had been on the Census Registry, there must be a single designation of a Primary Counsel. Primary Counsel must identify clients by serving a list of all Eligible Claimant clients (whether in suit, on the Census Registry or otherwise) for which such counsel is Primary Counsel as of the date of the designation.

Section 2.4 If any law firm fails to submit an Identification Order Declaration by the applicable Identification Order Declaration Deadline, Plaintiffs' Negotiating Counsel agrees to invoke the full scope of their rights under the Attorney Participation Agreement, including enforcing the Attorney Participation Agreement in the MDL Court by requiring that the noncompliant law firm(s) provide a list of their clients and imposing the full extent of sanctions permitted under the Attorney Participation Agreement.

Section 2.5 Any person who, as of the applicable Identification Order Declaration Deadline, is not included on an Identification Order Declaration, or (for *pro se* plaintiffs only) who has not filed a Personal Injury Claim or Claims in the MDL Court or the Massachusetts Court alleging a Qualifying Injury, shall be deemed an Ineligible Claimant. An Ineligible Claimant is not entitled to participate in or receive any benefits under the Settlement or the Program unless both Plaintiffs' Negotiating Counsel and the Philips Defendants agree to deem that person an Eligible Claimant (*e.g.*, allowing for the untimely submission of an Identification Order Declaration), in which case that person will be considered an Eligible Claimant for all purposes.

Section 2.6 Within 14 days after the submission of Identification Order Declarations, and in consultation with the Parties, the Settlement Administrator shall provide the Parties with a de-duplicated list of Eligible Claimants (the "Identification Order Report").

Section 2.7 The Parties may challenge the contents of the Identification Order Report, including that such report either includes claimants who are not Eligible Claimants or fails to include Eligible Claimants or both. A challenge pursuant to this Section shall be made in writing to the Settlement Administrator and served on the other Parties within 14 days of the issuance of the Identification Order Report. Any Party that opposes the challenge may submit a written

response within 10 days of such challenge. The Settlement Special Master shall review any such challenge and issue a determination, which may include amending the Identification Order Report, within 10 days of such response. The determination by the Settlement Special Master shall be final, binding and not subject to any right to further review by any party or court. The Parties may agree in writing on reasonable extensions of these deadlines.

Section 2.8 The Philips Defendants will be terminating the Census Registry on or around the date of this MSA. The Philips Defendants agree to the tolling of any and all time limitations for filing or pursuing a Personal Injury Claim for all claimants included on the Identification Order Report, to the extent such time limitations have not already expired as of the date of this MSA, for the time period from the date of this MSA until 14 days after the expiration of the Philips Defendants' Termination Rights. The tolling of limitations is not intended to, and shall not for any purposes be deemed to, limit or adversely affect any defense, other than a limitations defense, the Philips Defendants may have or would have had in the absence of this tolling. Further, this tolling does not have any impact on any tolling provided under the Prior Tolling Agreement or the Census Registry Program.

ARTICLE 3

REGISTRATION AND IDENTIFICATION OF REGISTERED CLAIMANTS

Section 3.1 All Eligible Claimants who appear on the Identification Order Report will have an opportunity to Register for the Program, and thereby become a Registered Claimant.

Section 3.2 To access the benefits of the Program, Eligible Claimants must complete and submit to the Settlement Administrator a Registration Form electing to participate in the Program, including all required signatures and attachments.

Section 3.3 The deadline for Registration shall be the Registration Deadline, which is December 10, 2024.

Section 3.4 Eligible Claimants who comply with and complete the Registration Form and elect to participate in the Program become Registered Claimants. For the avoidance of doubt, only Eligible Claimants may become Registered Claimants, and inclusion on the Identification Order Report does not guarantee eligibility to become a Registered Claimant. Conversely, Eligible Claimants not included on the Identification Order Report may become Registered Claimants only by agreement of the Parties (*e.g.*, allowing for the untimely submission of an Identification Order Declaration) pursuant to Section 2.5 or determination by the Settlement Special Master pursuant to Section 2.7.

Section 3.5 For purposes of completing a Registration Form, a beneficiary, recognized under state law, of the deceased Eligible Claimant may initially execute the Registration Form. In the event that the allocation to the deceased Eligible Claimant is \$75,000 or more, the Release shall not be effective until executed by a representative for the deceased Eligible Claimant appointed in accordance with applicable state law. For any deceased Eligible Claimant who will receive less than \$75,000, the Release shall be effective if signed by all beneficiaries identified in a family settlement affidavit or the representative satisfies the small estate administration rules

consistent with applicable state law. For the avoidance of doubt, no claimant shall be paid until a valid and effective Release has been completed and signed.

Section 3.6 The Registration Form, which shall be mutually agreed on by the Parties, shall provide information to Eligible Claimants about the benefits of the Settlement and the consequences of failing to register. The Registration Form and accompanying materials may be revised by agreement of the Parties. The Registration Form shall require each Eligible Claimant electing to participate in the Settlement to submit to the Settlement Administrator:

3.6.1 Identifying information about the Eligible Claimant and the Eligible Claimant's counsel, if any.

3.6.2 An election as to whether the Eligible Claimant wishes to participate in the Program; and if so elected, such information as is necessary to participate in the Program, including proof the Eligible Claimant is a United States Citizen or Resident, proof of a Qualifying Injury, and proof of use of a Recalled Device (which may include, among other things, information from Care Orchestrator, registrations as part of the Philips RS recall programs, and enrollments and claims submitted as part of the economic loss class action settlement); the Philips Defendants will reasonably cooperate with the Settlement Administrator and the PNC to make such data available as part of the Program.

3.6.3 A full and complete release of all Released Claims against the Released Parties, a sworn representation that the person has the authority to release such claims and has not sold or otherwise transferred such claims, and an indemnification against the matters set forth in the Release and Indemnification section below, in the form attached as Exhibit 2.

3.6.4 If the Eligible Claimant has filed a Released Claim or Claims in a court or other tribunal, a dismissal with prejudice of the Released Claim or Claims. Such dismissal shall only be filed in the appropriate court or other tribunal after the Philips Defendants' Termination Rights have expired.

3.6.5 Evidence of representative capacity (if applicable). The Settlement Administrator will adopt a procedure specifying the proof required of the authority of an Eligible Claimant to act on behalf of a deceased or incapacitated or legally incompetent user or user's estate, where required by this Agreement. For purposes of completing a Registration Form, a beneficiary, recognized under state law, of the deceased Eligible Claimant may initially execute the Registration Form.

3.6.6 The Settlement Administrator may request additional information or communicate with Primary Counsel and Eligible Claimants in conjunction with Primary Counsel, or *pro se* Eligible Claimants, concerning any questions that may arise in this process and/or to request additional information or documentation from any Eligible Claimant. The Settlement Administrator may respond to Eligible Claimants who contact the Settlement Administrator directly.

Section 3.7 A person who attempts to register for the Program but fails to provide proof of a Qualifying Injury, proof of use of a Recalled Device, and/or proof that they are a United States Citizen or Resident will be deemed a Deficient Claimant. The Settlement Administrator shall implement a process to allow time for Deficient Claimants to rectify the deficiency(ies). Absent agreement of the Parties, the amount of time for this deficiency cure process shall be no less than 45 days and not more than 90 days. Deficient Claimants who timely rectify the deficiency(ies) are Eligible Claimants and Registered Claimants. Deficient Claimants who do not timely rectify the deficiency(ies) are neither Eligible Claimants nor Registered Claimants, and will be deemed Ineligible Claimants, and will have their Registration Form and accompanying materials returned by the Settlement Administrator and will not be bound by the Program.

Section 3.8 For all Registered Claimants with filed complaints (or similar pleadings), a stipulated dismissal with prejudice shall be filed in the appropriate court or tribunal after the Philips Defendants' Termination Rights have expired and consistent with Section 4.3.

Section 3.9 No Punitive Damages. By completing a Registration Form that elects to participate in the Program and submitting a Release, each Registered Claimant waives the right to receive any punitive damages arising out of or related to any Released Claim, and each Registered Claimant understands and agrees that no amount paid pursuant to the Program is, or shall be deemed to be, attributable to punitive damages.

Section 3.10 No Withdrawal of Registration Forms. Submission of a Registration Form electing to participate in the Program is irrevocable. No Registered Claimant may under any circumstances or reason withdraw a Registration Form or accompanying materials, request the return of his/her Release or dismissal with prejudice, or otherwise withdraw from the Program regardless of the amount of any non-zero final award from the Program. Any purported withdrawal of a Registration Form or accompanying materials is not effective unless by the written agreement of all Parties.

Section 3.11 Failure to Register. Eligible Claimants who do not register by the Registration Deadline shall not be eligible to participate in the Program unless the Parties jointly agree to waive this requirement on a case-by-case basis.

Section 3.12 Disengagement from Eligible Claimants Who Cannot Be Located or Reached. Within 7 days after the Registration Deadline, to the extent applicable, Primary Counsel shall submit a Disengaged Claimant Declaration, in the form of Exhibit 1, to the Settlement Administrator and the Philips Defendants, listing all their Eligible Claimant clients Primary Counsel was unable to contact prior to the Registration Deadline, despite repeated good faith attempts to do so. Pursuant to that Declaration, Primary Counsel will affirm that they have disengaged with and ceased all representation of any Disengaged Claimants.

ARTICLE 4 RELEASE AND INDEMNIFICATION

Section 4.1 Each Registered Claimant shall fully and forever release all Released Parties from and against all Released Claims. Each Registered Claimant shall fully indemnify and

hold harmless the Released Parties from any and all claims by Lienholders. The Release shall be in the form of Exhibit 2.

Section 4.2 Each Registered Claimant shall acknowledge and warrant that the Registered Claimant is solely liable for the payment of taxes and/or liens, if any, associated with the Settlement, the Program and the releases, and that all present and future liens that arise out of or as a result of the Registered Claimant's claims or their settlement and release (including, but not limited to, any Medicare or Medicaid liens, liens by any governmental entity, other entity or insurer, workers' compensation liens, employer ERISA plan liens, Social Security liens, hospital, physician, health care provider or attorney liens) are the Registered Claimant's sole and exclusive responsibility.

Section 4.3 The releases, indemnities, and dismissals with prejudice provided as part of the Registration process shall be held in escrow by the Settlement Administrator, until after the Philips Defendants' Termination Rights have expired. The Philips Defendants shall have access to such releases, indemnities, and dismissals with prejudice and may review them at any time. If the Philips Defendants do not exercise any of their Termination Rights, such releases, indemnities, and dismissals with prejudice shall be provided to them, and the dismissals with prejudice shall be filed.

ARTICLE 5 PARTICIPATION AND TERMINATION

Section 5.1 Participation Level. The Participation Level is the percentage of Eligible Claimants who become Registered Claimants. The Participation Level shall be equal to $(\text{Number of Registered Claimants} + \text{Number of Eligible Claimants who do not become Registered Claimants but whose claims are dismissed with prejudice}) / (\text{Number of Eligible Claimants} - \text{Number of Disengaged Claimants}) * 100$.

Deficient Claimants and Ineligible Claimants are neither Eligible Claimants nor Registered Claimants and are not included as part of the Participation Level calculation.

Any Registration submissions that are materially incorrect or fraudulent will not be considered in the Participation Level calculations.

Eligible Claimants who are unable to execute a release as a result of bankruptcy or death shall count as Registered Claimants if:

- a. In the event of death, Primary Counsel asserts the Eligible Claimant's intention to participate in the Program, but is awaiting authorization to execute the Release; or
- b. In the event of a bankruptcy, Primary Counsel confirms its good faith belief that the Personal Injury Claim is property of the bankruptcy estate and provides evidence of an active bankruptcy during the pendency of such claimant's litigation against the Released Parties.

Section 5.2 The Settlement Administrator shall report the Participation Level 14 days after the Registration Deadline, subject to the Parties' mutual agreement to an extension for the Settlement Administrator to do so.

Section 5.3 Minimum Participation Level. The Philips Defendants shall have the option, in their sole discretion, to terminate the Settlement if the following Participation Level threshold is not met (a "Termination Right"):

Overall Participation Level. 95% of Eligible Claimants become Registered Claimants per the formula in Section 5.1.

Section 5.4 Either Party may challenge the Settlement Administrator's calculation of the Participation Level within 14 days of being provided notice of the Participation Level. Within 10 days of such challenge, any Party opposing such challenge may submit a written response. The Settlement Special Master shall review any such challenge and issue a determination within 10 days of such response. The determination by the Settlement Special Master shall be final, binding, and not subject to any right to further review by any Party or court. The Parties may agree in writing on reasonable extensions of these deadlines.

Section 5.5 The Philips Defendants' Termination Rights shall expire 14 days after the Participation Level is finalized, either 14 days after the Settlement Administrator calculates and communicates to the Philips Defendants the Participation Level thresholds, or in the event of a challenge to the Participation Level pursuant to Section 5.4, 14 days after the resolution of that challenge process, whichever is later.

Section 5.6 If the Program is terminated or otherwise not effectuated, then: (1) the documents executed as part of Registration are null and void; (2) any releases and indemnities will be rescinded and will have no effect; and (3) any dismissals provided as part of the Registration process will not be filed with the applicable court and will be returned by the Settlement Administrator to the Primary Counsel or *pro se* claimant who submitted them. None of the Parties' claims and defenses in litigation will be prejudiced by entering the MSA under these circumstances.

ARTICLE 6 ADMINISTRATORS AND ROLES

Section 6.1 Administration. This is a private agreement. Each Party, and, by inclusion on an Identification Order Declaration and/or submission of a Registration Form, each Eligible Claimant and all counsel for each such Eligible Claimant, agree that authority over the process contemplated by the Program, including any Eligible Claimants registering under the Program, resides with the Parties and those persons appointed by the MDL Court pursuant to this MSA to exercise that authority, as such authority is specified in this MSA.

Section 6.2 The administration of this MSA requires a Settlement Special Master, a Settlement Administrator, and an Allocation Special Master. Other administrators may be appointed to assist in implementing the Program, at the discretion of the Parties. All of the costs and expenses of claims and other administration for the Program will be paid for out of the

Settlement Fund, including all costs and expenses incurred by the Settlement Administrator, the Settlement Special Master, the Allocation Special Master, and any other administrators, as well as all costs and expenses incurred for purposes of lien resolution. The Philips Defendants shall not be responsible for any costs or expenses beyond their payments into the Settlement Fund, as described in Article 9 below.

Section 6.3 The Settlement Administrator shall be BrownGreer, PLC. Subject to the approval of the Parties, some or all of the duties enumerated below may be modified as needed to ensure the efficient operation of this Settlement, to minimize expense, and/or to mitigate any risks to the corpus of the settlement funds. The Settlement Administrator shall be charged with the following primary administrative responsibilities conforming to the MSA and the execution of this Program: claims administrator; and administrator of the 26 C.F.R. § 1.468B-1 Qualified Settlement Fund (“QSF”). The following subsection lists the enumerated duties and responsibilities of the Settlement Administrator but is not intended to be an exhaustive list of obligations. The Parties agree that the Settlement Administrator shall perform the following duties to effect the Parties’ negotiated Program.

6.3.1 The Settlement Administrator shall be responsible for coordination with and implementation of any Program design, allocation methodology, and settlement document(s) requirements of the Parties. By way of example, this may include coordination and data administration; implementation, application, and generation of Registered Claimant’s settlement offer *vis-à-vis* the Allocation Special Master methodology; and building and transmitting a Settlement disclosure packet to Eligible Claimants, among other tasks. The Settlement Administrator shall work collaboratively with the Allocation Special Master to create and distribute a Program disclosure packet to Eligible Claimants, and on reviewing, and coordinating review of, the information submitted by Eligible Claimants, including as part of the allocation methodology.

6.3.2 The Settlement Administrator shall be responsible for all data administration related to the Program. This shall include performing eligibility determinations and qualifying Eligible Claimants for participation in the Program consistent with this Agreement. The Settlement Administrator shall review all Eligible Claimant submissions and supporting records. The Settlement Administrator shall certify the proper execution of compulsory documents in the Settlement disclosure packet per the Parties’ requirements herein, including the release and stipulated dismissals with prejudice, and coordinate with the Philips Defendants for verification of same.

6.3.3 The Settlement Administrator shall work with the Parties to design and implement fraud protection measures, including to identify and reject fraudulent claims for awards from the Program.

6.3.4 The Settlement Administrator in consultation and coordination with the Parties shall prepare all motions, proposed court order(s), and documents needed to establish and administer the QSF in accordance with this MSA and court order(s), and distribute funds from the QSF to law firms and Registered Claimants in accordance with the Program. The Settlement Administrator shall obtain a Federal Taxpayer Identification Number (TIN) and open custodial bank account(s).

Section 6.4 The Settlement Administrator shall report to the Parties on a periodic basis concerning all aspects of implementation of this MSA and the Program.

Section 6.5 Tax Management of QSF by Settlement Administrator.

6.5.1 To the fullest extent allowable under applicable law, the Qualified Settlement Fund shall be treated as being at all times a “qualified settlement fund” within the meaning of Treasury Regulation §1.468B-1 et seq. The Settlement Administrator and, as required, the Parties, shall timely make such elections as are necessary or advisable to carry out the provisions of this Section, including the “relation-back election” as defined in Treasury Regulation §1.468B-1, back to the earliest permitted date. Such elections shall be made in compliance with the procedures and requirements contained in such regulation. It shall be the sole responsibility of the Settlement Administrator to timely and properly prepare and deliver the necessary documentation for signature by all necessary parties, and thereafter to cause the appropriate filing to occur.

6.5.2 Custodial Bank shall mean Huntington Bank, which will enter into an agreement to carry out the tasks more fully detailed in that agreement, including to receive, hold, invest, and disburse funds and pay reasonable administrative expenses pursuant to the Program. Upon mutual agreement, the Parties may replace Huntington Bank with another financial institution.

6.5.3 Tax Returns. For the purpose of Section 468B of the Internal Revenue Code, the “administrator” shall be the Settlement Administrator. The Settlement Administrator shall timely and properly provide all informational and other tax returns necessary or advisable with respect to the QSF and the amounts held in the Qualified Settlement Fund including the returns described in Treasury Regulation §1.468B-2(k)(l). Such returns (as well as the election described in Section 468B) shall be consistent with Section 468B and in all events shall reflect that all taxes (including any estimated taxes, interest or penalties, or tax detriments) on the income earned by the Qualified Settlement Fund shall be paid exclusively out of the Qualified Settlement Fund, in accordance with Section 468B.

6.5.4 The Parties agree to cooperate with the Settlement Administrator, each other, and their tax attorneys and accountants to the extent reasonably necessary to carry out the provisions of this Section. The Settlement Administrator shall be empowered to take all such actions, including such actions as may be inconsistent with those expressly set forth in this Article 6, as deemed necessary to ensure that the Trust is treated as a “Qualified Settlement Fund” under Section 468B of the Internal Revenue Code and the Regulations promulgated pursuant thereto. The overarching purpose of the Qualified Settlement Fund is to be at all times in compliance with Internal Revenue Code Section 468B and all administrative authority and announcements thereunder.

Section 6.6 The Settlement Special Master shall be Judge Diane M. Welsh (ret.).

6.6.1 The Settlement Special Master may decide any disputes regarding the MSA, or arising out of its or the Program’s implementation, on agreement of the Parties.

Section 6.7 The Allocation Special Master shall be Matt Garretson. The Allocation Special Master shall create an allocation methodology to calculate the settlement offer for each Eligible Claimant (which shall be a non-zero amount for each Eligible Claimant), including an allocation methodology and process for reviewing and determining any extraordinary injury fund (“EIF”) application. The Allocation Special Master shall work with the Settlement Administrator to create and distribute a Settlement disclosure packet to Eligible Claimants, and on reviewing, and coordinating review of, the information submitted by Eligible Claimants as part of the allocation methodology. The responsibility to create the allocation methodology resides with the Allocation Special Master, but the Allocation Special Master may consult with the Parties as part of that process. In entering into this Settlement, the Philips Defendants are not endorsing or agreeing to any particular allocation methodology or injury value for any particular Eligible Claimant or alleged injury. The Philips Defendants are not responsible for the allocation methodology determined by the Allocation Special Master.

ARTICLE 7 GOOD FAITH PARTICIPATION AND OBLIGATIONS OF COUNSEL FOR ELIGIBLE CLAIMANTS

Section 7.1 By the submission of a Registration Form, Eligible Claimants and their counsel agree to abide by any Orders entered by the MDL Court and/or the Massachusetts Court, as applicable, in furtherance of the Settlement, including the Identification Orders and Docket Management Orders.

Section 7.2 Counsel for Eligible Claimants must act in good faith with respect to participation or nonparticipation in the Program by their clients. By the submission of a Registration Form for one of their Eligible Claimants, counsel for Eligible Claimants represent and warrant that they will use their best efforts to secure all documentation required for timely Registration and compliance with the Program, including releases, indemnities and, where applicable, dismissals with prejudice, from all of their clients who elect to register in the Program and to otherwise effectuate the terms of the Program and, subject to the exercise of their independent professional judgment as to the circumstances of individual clients, they will endorse Registration in the Program to their Eligible Claimant clients.

Section 7.3 By the submission of a Registration Form for one of their Eligible Claimants, counsel for Eligible Claimants affirm that they are not actively advertising for, soliciting, seeking, or taking steps to obtain new clients to assert Personal Injury Claims against one or more of the Released Parties, and have no present intent to do so in the future.

Section 7.4 Each counsel is expected to exercise his or her independent judgment in the best interest of each client. The Parties agree that a central objective of the Program is that, with respect to any counsel for a Registered Claimant, all other Eligible Claimants represented by such counsel will also be Registered Claimants. While nothing in this Program is intended to operate as a “restriction” on the right of any person’s counsel to practice law within the meaning of Rule 5.6(b) of the ABA Model Rules of Professional Conduct (or its equivalent) in any jurisdictions in which such counsel practices or whose rules may otherwise apply, it is agreed that: (1) by the

submission of a Registration Form for one of their Eligible Claimants, counsel is representing that they have reviewed the Program, are able to represent that this Program is in the best interest of Eligible Claimants, and have recommended, or will recommend, to 100% of their Eligible Claimant clients that they complete a Registration Form for the Program; and (2) if any such Eligible Claimant disregards such recommendation, or for any other reason chooses not to participate in the Program, such counsel shall, to the extent permitted by Rules 1.16 and 5.6 of the ABA Model Rules of Professional Conduct (or their equivalent) in the relevant jurisdiction(s), take (or have taken, as the case may be) all necessary steps to disengage and withdraw from the representation of such Eligible Claimant, forego any fee interest in such Eligible Claimant, and seek to withdraw (subject to court approval, if applicable) from the representation of such Eligible Claimant.

Section 7.5 By the submission of a Registration Form for one of their Eligible Claimants, counsel for Eligible Claimants also agree: (1) to abide by MDL Pretrial Order No. 24 (ECF 717) (“Common Benefit Assessment Order”) and permit the payment of the specified common benefit assessment percentage of the Gross Monetary Recovery of any final award, as defined in the Common Benefit Assessment Order, to the Common Benefit Fund, as described further in Section 10.2; (2) to comply with any Orders entered by the MDL Court in furtherance of Revised Pretrial Order No. 13 (ECF 586) and Pretrial Order No. 24; (3) to consent to the jurisdiction of the MDL Court; (4) that the Program is a result of work performed and expenses incurred by the Court-appointed plaintiffs’ leadership for the common benefit of Plaintiffs; and (5) to be bound by the Court’s determination on common benefit attorney fee awards, attorney fee allocations, and expense awards, and knowingly and expressly waive any right to appeal those decisions or the ability to assert the lack of enforceability of the Court’s Orders or to otherwise challenge their adequacy. This MSA and the Program shall not alter any contractual obligation between lawyers and their clients regarding attorneys’ fees.

ARTICLE 8 LIEN RESOLUTION RESPONSIBILITIES

Section 8.1 The Parties intend that the Settlement Fund shall fulfill and address all of the Philips Defendants’ responsibilities with respect to the Released Claims of Registered Claimants, and that the Philips Defendants shall have no obligations or responsibilities with respect to Lienholders or other third parties claiming to have a right of recovery related to such Released Claims.

Section 8.2 Plaintiffs’ Negotiating Counsel will select a Lien Administrator to assist with resolution of Liens. The Lien Administrator shall be responsible for the negotiation and resolution of Liens asserted by Lienholders, and such other duties as Plaintiffs’ Negotiating Counsel and the Lien Administrator so agree. If the Lien Administrator is unable to negotiate the resolution of Liens asserted by Lienholders against Registered Claimants, the Registered Claimants (not the Philips Defendants) shall be responsible for the negotiation and resolution of such Liens.

Section 8.3 If the Lien Administrator and Plaintiffs’ Negotiating Counsel agree that Lien Administrator has attained a satisfactory repayment amount with respect to a Registered

Claimant, the Lien Administrator shall: (i) satisfy such repayment amount out of any monetary award to such Registered Claimant; and (ii) provide that reasonable compensation of the Lien Administrator for such efforts will be paid out of the monetary award to such Registered Claimant.

If the Lien Administrator and Plaintiffs' Negotiating Counsel agree that the Lien Administrator has exhausted administrative efforts with any Lienholder to resolve groups of Liens globally, the Lien Administrator shall put in place a mechanism for resolving these Liens on an individual basis by each individual Registered Claimant. In all events, the responsibility to negotiate and resolve the Liens shall fall on the Registered Claimant, not the Philips Defendants.

Section 8.4 Nothing herein is intended to, nor should be construed as, creating a right of reimbursement for lienholders of obligations upon Registered Claimants or Registered Claimants' Counsel where none would otherwise exist under applicable state or federal law.

Section 8.5 All costs and expenses for use of the Lien Administrator shall be paid by the Registered Claimant. The Philips Defendants shall not be responsible for any of the costs or expenses associated with the Lien Administrator beyond their two payments into the Settlement Fund, as described in Article 9 below.

ARTICLE 9 SETTLEMENT FUND

Section 9.1 Administrative Expenses. Within 14 days of the execution of this MSA, the Philips Defendants shall pay \$25 million into the Settlement Fund to fund initial administrative costs and expenses connected with the Program. Such payment is irrevocable and shall not be returned to the Philips Defendants in the event that they exercise a Termination Right. The Philips Defendants shall have no further funding obligation with respect to administrative expenses, even if the administrative expenses exceed \$25 million. Any administrative expenses that exceed \$25 million will be paid for out of the Settlement Fund discussed below in Section 9.2.

Section 9.2 Settlement Fund. On the later of January 6, 2025, or 14 days after the expiration of the Philips Defendants' Termination Rights, the Philips Defendants shall pay \$1,050,000,000 (\$1.05 billion) into the Settlement Fund, which will be available to pay benefits to Registered Claimants and any additional costs and expenses associated with the Program (including relating to lien resolution, Program administration, etc.). The Philips Defendants shall have no further funding obligation under the Settlement or the Program, including for any attorneys' fees, costs or expenses whatsoever.

Section 9.2.1 In accordance with the terms of this MSA, the payments by the Philips Defendants shall be deposited into the QSF. The payments by the Philips Defendants shall remain the property of the QSF and will be held in a fiduciary capacity. Interest accrued shall be distributed to Registered Claimants and/or to pay costs and expenses associated with the Program, not to the Philips Defendants.

ARTICLE 10 ATTORNEYS' FEES

Section 10.1 Individual Counsel Attorneys' Fees. This agreement does not alter any contractual obligation between lawyers and clients regarding attorneys' fees.

Section 10.2 Common Benefit Fund. Work performed and expenses incurred for the benefit of all claimants as defined more fully in the Revised Pretrial Order No. 13 (ECF 586) and Pretrial Order No. 24 shall be paid from the Common Benefit Fund, created by an assessment of the gross monetary recovery pursuant to those Orders. Payments are subject to procedures set in place by the MDL Court now or in the future. In connection with any payments to or for the benefit of Registered Claimants, the Settlement Administrator shall withhold and hold back on a per-Registered-Claimant basis the Common Benefit Assessment as set forth in the MDL Court's Orders in place now or in the future implemented. The Settlement Administrator must provide proof of compliance to the PNC and the MDL Court.

ARTICLE 11 MISCELLANEOUS

Section 11.1 No Party makes any representation regarding the tax consequences relating to this Settlement or the Program. Eligible Claimants should consult with their own tax advisors.

Section 11.2 This MSA is the product of arm's-length negotiations between the Parties, including mediations and negotiations between the Parties assisted by the Honorable Diane M. Welsh (Ret.). No Party shall be deemed to be the drafter of this MSA or any provision thereof. No presumption shall be deemed to exist in favor of or against any Party as a result of the preparation or negotiation of this MSA.

Section 11.3 This MSA shall be binding on the Parties regardless of any change in the law that might occur after the date the Parties execute this MSA.

Section 11.4 The terms of this MSA may not be modified or waived except in writing, signed by the Parties hereto. The Parties hereby acknowledge that they have read this MSA and had an opportunity to obtain the advice of competent counsel of their choosing regarding it. As such, the Parties hereby also acknowledge that they understand the terms of this MSA, and that they freely and voluntarily sign and enter into it. The waiver by any Party of any breach of this MSA shall not be deemed or construed as a waiver of any other breach, whether prior to, subsequent to, or contemporaneous with this MSA.

Section 11.5 This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, including all matters of construction, validity, performance, and enforcement, and without giving effect to the principles of conflict of laws. Other than as expressly set forth herein (*e.g.*, disputes for the Settlement Special Master), any disputes related to this MSA will be brought in the United States District Court for the Western District of Pennsylvania (Conti, J.).

Section 11.6 This MSA may be executed in counterparts and taken together shall constitute one and the same MSA.

Section 11.7 This MSA shall be binding on, and inure to the benefit of, the successors and assigns of the Parties hereto. Nothing in this MSA, express or implied, is intended to confer upon any person or entity other than the Parties hereto or their respective successors, heirs, issue, and assigns, any rights or benefits under or by reason of this MSA. This MSA shall not be assignable by any Party hereto without prior written consent of the other Party.

Section 11.8 Electronic signatures shall be accepted for execution of any settlement document required of Eligible Claimants or Eligible Claimants' Counsel. The Parties will work with the Settlement Administrator to ensure compliance with applicable standards and protections.

Section 11.9 Neither this MSA, nor any exhibit, document, or instrument delivered hereunder, nor any statement, transaction, or proceeding in connection with the negotiation, execution, or implementation of this MSA or the Program, is intended to be or shall be construed as or deemed to be evidence of an admission or concession by the Philips Defendants of any fault, liability, wrongdoing, causation, or damages, or of the truth of any allegations asserted by any plaintiff or claimant against it, including by any Eligible Claimant, or as an admission by any Eligible Claimant of any lack of merit in their Personal Injury Claim.

No Party or claimant shall seek to introduce and/or offer the terms of this Settlement, any statement, transaction, or proceeding in connection with the negotiation, execution, or implementation of this Settlement, or any statements in the documents delivered in connection with this Settlement, or otherwise rely on the terms of this Settlement, in any judicial proceeding, except insofar as necessary to enforce the terms of this Settlement or the releases provided pursuant to the Settlement, in connection with the determination of any income tax liability of a party, or in relation to any instrument executed and delivered pursuant to this Settlement (including any Registration Form and the executed attachments thereto). If a person seeks to introduce and/or offer any of the matters described herein in any proceeding against the Philips Defendants or any other Released Party, the restrictions of this section shall not be applicable to such Released Party with respect to that person.

Section 11.10 The Parties shall keep confidential, pursuant to mediation privileges and confidentiality, the content of the negotiations, points of discussion, documents, communications, and supporting data utilized or prepared in connection with the negotiations and settlement discussions related to the MSA.

Section 11.11 Nothing in this MSA shall be interpreted to require any Party, any Eligible Claimant, or any counsel to engage in any conduct that is a violation of law and/or unethical under applicable ethical rules.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first set forth above.

/s/ John P. Lavelle, Jr.
John P. Lavelle, Jr.
Lisa C. Dykstra

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Plaintiffs' Negotiating Counsel

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

IN RE: PHILIPS RECALLED CPAP, BI-)	Master Docket: Misc. No. 21-1230
LEVEL PAP, AND MECHANICAL)	
VENTILATOR PRODUCTS LIABILITY)	MDL No. 3014
LITIGATION)	

DECLARATION OF DISENGAGEMENT

In accordance with the Personal Injury Master Settlement Agreement (“MSA”), I, _____, on behalf of myself and the law firm _____ (collectively, “Counsel”), do hereby represent and certify to the following under penalty of perjury:

1. Based on Counsel’s good-faith investigation, the individual(s) listed below (the “Disengaged Claimants”) are Eligible Claimants within the meaning of the MSA, and Personal Injury Claims on their behalf have not been filed.

2. As set forth below, Counsel has made repeated attempts to communicate, including by each of electronic mail, regular mail and phone, with each of the Disengaged Claimants regarding the MSA.

3. The Disengaged Claimants have failed to respond to any of those repeated communications.

4. Counsel has taken any and all steps required by applicable law to disengage from any further representation of Disengaged Claimants and to terminate any attorney-client relationship between Counsel and the Disengaged Claimants.

5. Counsel agrees to submit to the jurisdiction of the U.S. District Court for the Western District of Pennsylvania for any matters relating to this Declaration.

6. Counsel represents and certifies that a true and correct copy of this Declaration has been submitted to the Settlement Administrator and to the Philips Defendants pursuant to the terms of the MSA.

Claimant MDL-C Plaintiff Identification No.	Claimant First Name	Claimant Last Name

DATE:

/s/
[NAME OF ATTORNEY]
[NAME OF LAW FIRM]
[ADDRESS]
[ADDRESS]
[ADDRESS]
[TELEPHONE NUMBER]
[EMAIL ADDRESS]

RELEASE

I, the undersigned Releasor, have chosen to participate in the Philips Respiroics PAP Personal Injury Settlement Program set forth in the Personal Injury Master Settlement Agreement, dated May 9, 2024.¹ I have received disclosures from my counsel, if applicable, or the Settlement Administrator regarding the allocation of the Settlement Fund under the Program, and those disclosures enable me to estimate my Individual Plaintiff Settlement Payment. I understand that along with this Release, I am submitting a Registration Form to the Settlement Administrator. I understand that the terms of the Settlement, the Program and this Release govern the resolution of my Released Claims. I understand and agree that this Release shall become effective concurrent with the Philips Defendants' funding payment under the Settlement Agreement. I understand that the Philips Defendants' funding payment shall be held in trust for purposes of making payments to Registered Claimants under the Program. I understand that at the time determined by the Settlement Agreement, I or my counsel will execute a stipulated dismissal with prejudice dismissing all pending Released Claims I have filed, if any. Once effective, this Release shall release any and all Released Claims I and the other Releasing Parties have, or may have in the future, whether known or unknown, against the Philips Defendants and the other Released Parties.

Accordingly, in consideration for the Philips Defendants' agreement to establish the Program, the significant expenses being incurred by the Philips Defendants in connection with the Program, and my Individual Plaintiff Settlement Payment, I hereby give and make the following Release. This Release is also entered into by any Derivative Claimant who executes a signature page hereto, in which case the agreement of such Derivative Claimant set forth on his, her or its signature page is incorporated in, and is part of, this Release.

By signing this Release, both I and any such Derivative Claimant understand and acknowledge that although I have received disclosure documents regarding the allocation of the Settlement Fund, which enables me to estimate my Individual Plaintiff Settlement Payment, there is no assurance at this time as to the precise amount of such payment, and this fact shall in no way affect the validity or effect of this Release.

Definitions:

Derivative Claimant means any and all persons who have asserted or do assert the right to sue any of the Released Parties related to the Released Claims by reason of their personal relationship with me, and/or otherwise by, through or under, or otherwise in relation to, me, whether their right to sue is independent, derivative, or otherwise. Derivative Claimants include, but are not limited to, my parents, guardians, heirs, beneficiaries, surviving spouse (including, but not limited to, a putative or common law spouse), surviving domestic partner and/or next of kin, if any, solely in respect to Derivative Claims.

¹ Capitalized terms are either (i) defined below, or (ii) in the Personal Injury Master Settlement Agreement. Capitalized terms that are used but not otherwise defined herein shall have the meanings given such terms in the Personal Injury Master Settlement Agreement.

Derivative Claims means Released Claims against any of the Released Parties relating to a Derivative Claimant's personal relationship with me as it relates to the Released Claims, and/or otherwise by, through or under, or otherwise in relation to, me.

Individual Plaintiff Settlement Payment means any gross payment from the Settlement Fund made to a Registered Claimant or Derivative Claimant pursuant to the Program.

Law means a law, statute, ordinance, rule, regulation, case or other legal provision or authority.

Released Claims means any and all Personal Injury Claims, whether known or unknown, suspected or unsuspected, accrued or unaccrued, concealed or hidden, past, present or future, including for injuries not yet manifested and injuries or symptoms that develop further and/or are later worsened or exacerbated, relating to a Recalled Device or the Philips RS recall programs, including any alleged defects, delays or inadequacies relating to the Philips RS recall programs, as well as any claims or relief for medical screening and/or medical monitoring, whether in the form of monetary or non-monetary relief, including individual claims for monetary relief for medical monitoring, except that Released Claims does not include Personal Injury Claims for a cancer that is unknown to the Registered Claimant as of the Registration Deadline.

Releasing Parties means (i) myself and (ii) any Derivative Claimant.

Settlement Program means the Philips Respironics PAP Personal Injury Settlement Program set forth in the Personal Injury Master Settlement Agreement.

Releases: On my own behalf and on behalf of each other Releasing Party, I hereby knowingly and voluntarily release, relinquish, and forever discharge the Released Parties from the Released Claims. Further, on my own behalf and on behalf of each other Releasing Party, I hereby release the Released Parties from responsibility or liability for the Program, the Settlement, and the determination of any Individual Plaintiff Settlement Payment, or the associated allocation, division or computation leading to that determination. This Release is not conditional on receipt of any particular Individual Plaintiff Settlement Amount or allocation.

I acknowledge that I and/or any other Releasing Party may in the future learn of additional and/or different facts relating to the Released Claims. I understand and acknowledge the significance and consequences of releasing all of the Released Claims, whether known or unknown, and hereby (on my own behalf and on behalf of each other Releasing Party) assume full risk and responsibility for any and all such additional and/or different facts and any and all Released Claims that I (and/or any other Releasing Party) may hereinafter incur or discover. To the extent that any law may at any time purport to preserve my and/or any other Releasing Party's right to hereafter assert any such unknown and/or unanticipated Released Claim, I hereby (on my own behalf and on behalf of each other Releasing Party) specifically and expressly waive (to the fullest extent permitted by applicable Law) my and any other Releasing Party's rights under such Law. I further acknowledge having had an opportunity to obtain advice of counsel of my choosing regarding this waiver, and having had the opportunity to discuss it with such counsel to my satisfaction.

On my own behalf and on behalf of each other Releasing Party, I acknowledge and agree that the releases set forth in this Release are irrevocable and unconditional, inure to the benefit of and may be enforced by each Released Party, and are intended to be as broad as can possibly be created with respect to the Released Claims.

WITHOUT LIMITATION OF THE FOREGOING, THIS RELEASE IS SPECIFICALLY INTENDED TO OPERATE AND BE APPLICABLE EVEN IF IT IS ALLEGED, CHARGED, OR PROVED THAT SOME OR ALL OF THE RELEASED CLAIMS ARE CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE, NEGLIGENCE PER SE, GROSS NEGLIGENCE, BREACH OF WARRANTY, FAILURE TO WARN, VIOLATION OF LAW, DEFECTIVE PRODUCT, MALICE, AND/OR CONDUCT OF ANY TYPE BY ANY OF THE PHILIPS DEFENDANTS, ANY OF THE OTHER RELEASED PARTIES, AND/OR ANY OTHER PERSON.

Waiver of Statutory Rights:

I, on my own behalf and on behalf of each other Releasing Party, expressly waive and relinquish, to the fullest extent permitted by law, the provisions, rights, and benefits of California Civil Code Section 1542, or any other similar provision under federal or state law, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

To the extent the provisions apply, the Releasing Parties likewise expressly, knowingly, and voluntarily waive the provisions of Section 28-1-1602 of the Montana Code Annotated, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN THE CREDITOR'S FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH, IF KNOWN BY THE CREDITOR, MUST HAVE MATERIALLY AFFECTED THE CREDITOR'S SETTLEMENT WITH THE DEBTOR.

To the extent the provisions apply, I, on my own behalf and on behalf of each other Releasing Party, likewise expressly, knowingly, and voluntarily waive the provisions of Section 9-13-02 of the North Dakota Century Code, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN THE CREDITOR'S FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY THE CREDITOR,

MUST HAVE MATERIALLY AFFECTED THE CREDITOR'S SETTLEMENT WITH THE DEBTOR.

To the extent the provisions apply, I, on my own behalf and on behalf of each other Releasing Party, likewise expressly, knowingly, and voluntarily waive the provisions of Section 20-7-11 of the South Dakota Codified Laws, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

To the extent the laws apply, I, on my own behalf and on behalf of each other Releasing Party, expressly waive and relinquish all rights and benefits that they may have under, or that may be conferred upon them by, Section 1542 of the California Civil Code, Section 28-1-1602 of the Montana Code Annotated, Section 9-13-02 of the North Dakota Century Code, Section 20-7-11 of the South Dakota Codified Laws, and all similar laws of other States, to the fullest extent that they may lawfully waive such rights or benefits pertaining to the Released Claims .

In connection with such waiver and relinquishment, I, on my own behalf and on behalf of each other Releasing Party, acknowledge that I am aware that I or my attorneys may hereafter discover claims or facts in addition to or different from those that we now know or believe to exist with respect to the Released Claims, but that it is my intention to accept and assume that risk and fully, finally, and forever release, waive, compromise, settle, and discharge all the Released Claims against the Released Parties. The Release thus shall remain in effect notwithstanding the discovery or existence of any additional or different claims or facts in the future.

No Withdrawal of Registration Form: I understand and agree that submission of a Registration Form electing to participate in the Program is irrevocable and that I may not under any circumstances or reason withdraw a Registration Form, request the return of my Release or dismissal with prejudice, or otherwise withdraw from the Program regardless of the amount of any Individual Plaintiff Settlement Payment from the Program.

Attorneys' Fees; Division of Any Individual Plaintiff Settlement Payment: I understand that the Released Parties are not responsible for any attorneys' fees, costs or expenses I have incurred or may at any time incur, including, but not limited to, in connection with entering into this Release and any other documents. I understand that, with respect to any Individual Plaintiff Settlement Payment, any dispute regarding the division of such Individual Plaintiff Settlement Payment between me, any Derivative Claimant executing this Release, and our respective counsel (if any) shall in no way affect the validity of this Release. I agree that in the event of any dispute regarding fees, costs or expenses, the Released Parties shall not have any responsibility in connection with such dispute.

Pursuit of Certain Claims: I agree that other than to enforce this Release, I will never (i) take any legal or other action to initiate, pursue, maintain, or otherwise attempt to execute upon, collect, or otherwise enforce, any of the Released Claims against any Released Party; (ii) institute or participate in any new legal action against any Released Party to any extent, or in any way, arising out of, relating to, resulting from and/or connected with the Released Claims; or (iii) take any legal or other action against any Released Party concerning the administration, settlement allocation, Individual Plaintiff Settlement Payment, or any other aspect of the Program or the Settlement.

Indemnification for Claims by Lienholders: I hereby agree, jointly and severally with any Derivative Claimant executing this Release, to indemnify and hold harmless each Released Party from and against any and all claims by lienholders.

Pursuit of Certain Claims: Other than to participate in the Settlement, I agree that from and after the date on which this Release is executed until the earlier of either (i) the date on which this Release is delivered to the Philips Defendants, or (ii) I exit the Program and this Release is returned to me, I shall be prohibited from, and refrain from, taking any action (including any legal action) to initiate, pursue, maintain, or otherwise attempt to execute upon, collect or otherwise enforce, any actual or alleged Released Claims against any of the Released Parties. I will also cooperate in all reasonable respects with the Philips Defendants to seek to stay, and to continue in effect any then outstanding stay with respect to, any pending legal proceedings instituted by me and/or Derivative Claimants against any Released Party in connection with Released Claims, and I will refrain from instituting any new legal action against any Released Party in connection with any Released Claim. I will also be prohibited from and refrain from attempting to execute or collect on, or otherwise enforce, any judgment that may be entered against any Released Party in connection with any Released Claim.

Confidentiality: I agree to maintain in confidence, and shall not disclose to any person, the amount of any Individual Plaintiff Settlement Payment, except as may be required by applicable Law and to effectuate the Settlement; provided, that I understand that I may disclose such information to my immediate family members and to my counsel, accountants and/or financial advisors, if any (each of whom I shall, upon such disclosure, instruct to maintain and honor the confidentiality of such information). I agree that if I breach this confidentiality provision, money damages would not be a sufficient remedy and, accordingly, without limitation of any other remedies that may be available at law or in equity, the Philips Defendants shall be entitled to specific performance and injunctive or other equitable relief as remedies for such breach.

ACKNOWLEDGEMENT OF COMPREHENSION: I AM ENTERING INTO THIS RELEASE FREELY AND VOLUNTARILY, WITHOUT BEING INDUCED, PRESSURED, OR INFLUENCED BY, AND WITHOUT RELYING ON ANY REPRESENTATION OR OTHER STATEMENT MADE BY OR ON BEHALF OF, ANY PHILIPS DEFENDANT OR ANY OTHER PERSON. I UNDERSTAND AND ACKNOWLEDGE THE NATURE, VALUE, AND SUFFICIENCY OF THE CONSIDERATION DESCRIBED IN THIS RELEASE. I ACKNOWLEDGE THAT I HAVE READ THIS RELEASE AND THE DISCLOSURE DOCUMENTS PROVIDED TO ME REGARDING THE SETTLEMENT AGREEMENT, THE PROGRAM AND THE ALLOCATION OF THE SETTLEMENT FUND, AND I HAVE HAD AN OPPORTUNITY

TO OBTAIN ADVICE FROM, AND ASK QUESTIONS OF, COUNSEL OF MY CHOOSING REGARDING THE TERMS AND LEGAL EFFECT OF THESE DOCUMENTS AND MY DECISION TO PARTICIPATE IN THE PROGRAM. I FURTHER ACKNOWLEDGE THAT I UNDERSTAND THIS RELEASE AND THAT ALTHOUGH I HAVE RECEIVED DISCLOSURE DOCUMENTS REGARDING THE ALLOCATION OF THE SETTLEMENT FUND WHICH ENABLES ME TO ESTIMATE MY INDIVIDUAL PLAINTIFF SETTLEMENT PAYMENT, THERE IS NO GUARANTEE THAT I WILL RECEIVE ANY PARTICULAR AMOUNT UNDER THE PROGRAM. I FURTHER ACKNOWLEDGE THAT THE INDIVIDUAL PLAINTIFF SETTLEMENT PAYMENT FROM THE PROGRAM SHALL BE THE ONLY PAYMENT TO ME BY ANY RELEASED PARTY. I FURTHER ACKNOWLEDGE THAT THIS RELEASE IS THE PRODUCT OF A MEDIATED SETTLEMENT, THAT THE MEDIATOR HAD NO DUTY TO PROTECT MY INTERESTS OR PROVIDE ME WITH INFORMATION ABOUT MY LEGAL RIGHTS, AND THAT I SHOULD CONSULT WITH COUNSEL IF I AM UNCERTAIN OF MY RIGHTS.

Waiver of Certain Provisions Regarding Timing of Any Payments: If I have any civil action pending in any jurisdiction that has enacted, promulgated, or otherwise adopted any Law containing provisions that establish specific time periods within which settlement funds, if any, must be paid to me in connection with the settlement of such civil action and/or impose sanctions, penalties or other similar obligations against the paying party if the settlement funds are not paid within such time periods and/or invalidate or otherwise affect the terms of the settlement of such civil action, I hereby (i) specifically and expressly waive (to the fullest extent permitted by applicable Law) my rights under any such provisions and (ii) agree that payment of my Individual Plaintiff Settlement Payment shall be made solely in accordance with the terms and conditions of the Program.

No Admission of Fault: I understand and agree that the Philips Defendants have entered into the Settlement Agreement and Program solely by way of compromise and settlement. These documents are not, and shall not be construed at any time to be, an admission of liability, responsibility, causation, fault or damages of or by any of the Philips Defendants or any other Released Party.

Representations and Warranties: I hereby represent and warrant that I have full power, authority and capacity to enter into this Release, which is enforceable in accordance with its terms. Except as set forth in the section “Attorneys’ Fees; Division of Any Individual Plaintiff Settlement Payment” above, I have the sole right to receive any and all Individual Plaintiff Settlement Payments with respect to my claim under the Settlement, other than holders of rights in respect of any Liens. Neither I nor any other Releasing Party has sold, assigned, transferred or otherwise disposed of, or pledged or otherwise encumbered, any of the Released Claims in whole or in part, other than any Liens on my settlement proceeds.

I hereby acknowledge and warrant that I am solely liable for the payment of taxes and/or liens, if any, associated with the Settlement and the Program, and that all present and future liens that arise out of or as a result of the Settlement and Program (including, but not limited to, any Medicare or Medicaid liens, liens by any governmental entity, other entity or insurer, workers’ compensation

liens, employer ERISA plan liens, Social Security liens, hospital, physician, health care provider or attorney liens) are my sole and exclusive responsibility.

GOVERNING LAW: THIS RELEASE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE SUBSTANTIVE LAW OF THE COMMONWEALTH OF PENNSYLVANIA, WITHOUT REGARD TO ANY CHOICE-OF-LAW RULES THAT WOULD REQUIRE THE APPLICATION OF THE LAW OF ANOTHER JURISDICTION.

Severability: I agree that if any provision of this Release is adjudicated to be invalid, illegal or unenforceable in any jurisdiction, the relevant provision shall be deemed modified to the extent necessary to make it enforceable in such jurisdiction and, if it cannot be so modified, this Release shall be deemed amended to delete herefrom the invalid or unenforceable provision, and this Release shall be in full force and effect as so modified. Any such modification or amendment in any event shall apply only with respect to the operation of this Release in the particular jurisdiction in which such adjudication was made and shall not affect such provision in any other jurisdiction. To the fullest extent permitted by applicable Law, I hereby (on my own behalf and on behalf of each other Releasing Party) specifically and expressly waive any provision of Law that renders any provision of this Release invalid, illegal or unenforceable in any respect.

Electronic Signatures: This Release, and any exhibits thereto, to the extent signed and delivered electronically or by facsimile, shall be treated in all manner and respects as an original agreement, and shall be considered to have the same binding legal effect as if it were the original signed version thereof, delivered in person.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, I have executed this Release on the date below, to be effective as of the date set out in the first paragraph of this Release above:

RELEASOR

By:

Name: _____

Dated: _____

SIGNATURE PAGE AND AGREEMENT BY DERIVATIVE CLAIMANT

I am a person having or asserting the right to sue one or more of the Released Parties by reason of my relationship with Releasor (or, if Releasor is a legal representative of a Recalled Device user, such Recalled Device user). I hereby enter into the Release to which this signature page is attached and agree to be bound by all of its terms (and, without limitation, hereby give and make all releases, waivers, acknowledgements, agreements, representations and warranties therein) on the same basis as Releasor set forth therein (including, but not limited to, all joint and several indemnification obligations set forth therein). This agreement was executed on the date below, and is effective as of the date set out in the first paragraph of the Release above.

DERIVATIVE CLAIMANT

By:

Name: _____

Dated: _____

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

IN RE: PHILIPS RECALLED CPAP, BI-
LEVEL PAP, AND MECHANICAL
VENTILATOR PRODUCTS LIABILITY
LITIGATION

Master Docket: No. 21-mc-1230-JFC

MDL No. 3014

This Document Relates to:

*Personal Injury Claimants
and Potential Claimants*

[PROPOSED] CASE MANAGEMENT ORDER NO. __ (Identification Order)

In accordance with the terms of the Master Settlement Agreement (“MSA”),¹ the Court hereby enters this Identification Order. This Order requires (i) all Primary Counsel for all Eligible Claimants, and (ii) all *Pro Se* Eligible Claimants, to provide certain information ***within 30 days of this Order, i.e., no later than June __, 2024*** (the “Identification Order Deadline”).²

I. IDENTIFICATION OF ALL ELIGIBLE CLAIMANTS

Each counsel shall take any and all steps necessary by the Identification Order Deadline to identify all Eligible Claimants for whom they are Primary Counsel, ***whether claims or potential claims with respect to those Eligible Claimants have been filed in suit, asserted on the Census***

¹ Terms not defined herein have the same meaning as in the MSA. The MSA is available on the website of the Settlement Administrator, MDLCentrality.com/CPAP, and will be publicly available at RespironicsPISettlement.com.

² As set forth in the MSA, Primary Counsel means (1) for any Eligible Claimant with a Personal Injury Claim in the MDL, or participating in the Census Registry, the lawyer or law firm listed as the registering Law Firm in MDL Centrality; (2) for any Eligible Claimant with a Personal Injury Claim filed in state court, counsel of record for the Eligible Claimant; or (3) for any Eligible Claimant with an unfiled Personal Injury Claim and who is not participating in the Census Registry, counsel with an engagement or retainer agreement with such Eligible Claimant. Counsel shall not be Primary Counsel for an Eligible Claimant if counsel’s representation of that Eligible Claimant terminated prior to the Identification Order Deadline.

Registry, or otherwise. Each Primary Counsel shall also submit the information set forth below concerning all their Eligible Claimant clients by the Identification Order Deadline.

Similarly, *Pro Se* Eligible Claimants, whether claims or potential claims with respect to those *Pro Se* Eligible Claimants have been filed in suit, asserted on the Census Registry, or otherwise, shall submit the information set forth below concerning their own claim(s) by the Identification Order Deadline.

Complete, accurate, and timely submission of this information is a requirement not only of this Order but also to participate in the Settlement Program described in the MSA.

II. SERVICE OF IDENTIFICATION ORDER DECLARATIONS IDENTIFYING ALL ELIGIBLE CLAIMANTS

All counsel must submit an Identification Order Declaration *via* MDL Centrality, executed under penalty of perjury, that identifies all of that counsel's Eligible Claimants for whom they are Primary Counsel and affirms under penalty of perjury that the Identification Order Declaration includes all of the Primary Counsel's Eligible Claimant clients. The Identification Order Declarations shall be in substantially the form set forth in Exhibit "A" attached hereto and shall include in Excel format, for each Eligible Claimant, the following information:

- the name of the Eligible Claimant;
- the Eligible Claimant's complete social security number;
- the address of the Eligible Claimant;
- the Eligible Claimant's email address, if any;
- the Eligible Claimant's date of birth;
- the Eligible Claimant's Qualifying Injury;
- the docket number, if a case has been filed for the Eligible Claimant; and
- the MDL Centrality Plaintiff ID number (if the Eligible Claimant has ever registered via MDL Centrality).

Through the Identification Order Declarations, all Primary Counsel shall certify, under penalty of perjury, that they have identified all Eligible Claimants for whom they serve as Primary Counsel. That identification obligation applies (i) regardless of whether the Eligible Claimant intends to participate in the Settlement Program set forth in the MSA, and (ii) regardless of whether the Eligible Claimant's claims or potential claims have been filed in suit, asserted on the Census Registry, or otherwise.

All Primary Counsel shall identify all Eligible Claimants they represent. Only Eligible Claimants must be identified, and Primary Counsel shall not identify Ineligible Claimants (*i.e.*, claimants alleging only Nonqualifying Injuries).

Pro Se Eligible Claimants must submit an Identification Order Declaration, executed under penalty of perjury, with the same information set forth above concerning their own claims or potential claims. For all *Pro Se* Eligible Claimants, the Identification Order Declarations shall be in substantially the form set forth in Exhibit "B" attached hereto.

Technical Support is available from MDL Centrality by phone at (888) 361-0741 or by email at MDLCentrality@browngreer.com.

Counsel and *Pro Se* Eligible Claimants have an ongoing duty to update all of the information required by this Order including, for example, when the personal information for an Eligible Claimant is incorrect or outdated. Any updated information must be served within fourteen (14) days of learning of such updated information, and shall be served through MDL Centrality.

All Identification Order Declarations are hereby designated as "Confidential" under the Amended Stipulated Protective Order entered in this matter (ECF No. 765). There is no need or

requirement for the Identification Order Declarations to be separately marked as “Confidential” in order for them to receive Confidential treatment under the Amended Stipulated Protective Order.

III. DEADLINE AND COMPLIANCE

Each Identification Order Declaration required under this Order shall be submitted via MDL Centrality no later than the Identification Order Deadline. The timely submission of complete and accurate Identification Order Declarations is critical to the effective administration of the Settlement Program and to the Court’s management of its docket. Failure by Primary Counsel or *Pro Se* Eligible Claimants to comply with the terms of this Order will be a violation and shall be subject to sanctions, including sanctions of Primary Counsel.

In the event any Primary Counsel or *Pro Se* Eligible Claimant fails to fully comply with the requirements of this Order, Counsel for Defendants shall notify the Court of the alleged violations, and the Court shall enter an Order to Show Cause why the Primary Counsel or *Pro Se* Eligible Claimant should not be sanctioned. Said Primary Counsel or *Pro Se* Eligible Claimant shall have 21 days to respond to the Order to Show Cause. If the Primary Counsel or *Pro Se* Eligible Claimant fails to cure the violations or show good cause why they should not be sanctioned within 21 days of the entry of the Order to Show Cause, the Court may impose appropriate sanctions or other penalties on the Primary Counsel or *Pro Se* Eligible Claimant.

SO ORDERED, on this day .

Honorable Joy Flowers Conti
Senior United States District Judge

EXHIBIT "A"

DECLARATION OF PRIMARY COUNSEL

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

IN RE: PHILIPS RECALLED CPAP, BI-
LEVEL PAP, AND MECHANICAL
VENTILATOR PRODUCTS LIABILITY
LITIGATION

Master Docket: No. 21-mc-1230-JFC

MDL No. 3014

This Document Relates to:

*Personal Injury Claimants
and Potential Claimants*

IDENTIFICATION ORDER DECLARATION OF PRIMARY COUNSEL

1. My name is [INSERT NAME OF COUNSEL], and I am an attorney at [INSERT NAME OF LAW FIRM].

2. On behalf of myself and my firm, I submit this Identification Order Declaration in accordance with the Master Settlement Agreement (“MSA”) and the Court’s Identification Order.

3. Attached hereto is a chart that identifies all Eligible Claimants for whom I or my firm are Primary Counsel, as defined in the MSA. I certify that this chart identifies all Eligible Claimants for whom I or my firm are Primary Counsel. I understand that the obligation to identify all Eligible Claimants for whom I or my firm are Primary Counsel applies regardless of whether the Eligible Claimants intend to participate in the Settlement Program set forth in the MSA. I also understand that this obligation applies regardless of whether the Eligible Claimant’s claims or potential claims have been filed in suit, asserted on the Census Registry, or otherwise.

4. I understand that to comply with the MSA and the Court’s Identification Order, this Identification Order Declaration must be submitted by the Identification Order Deadline, which is 30 days after the Court’s Identification Order. The attached chart will be timely served in Excel format through MDL Centrality in conformance with the Identification Order.

5. I understand and agree that my failure to identify all Eligible Claimants for whom I or my firm is Primary Counsel is a violation of the Identification Order and will result in sanctions and other penalties as determined by the Court.

I swear under penalty of perjury that the foregoing is true and correct.

DATE: [MONTH] [DAY], [YEAR]

/s/

[NAME OF COUNSEL]

[NAME OF LAW FIRM]

[ADDRESS]

[ADDRESS]

[ADDRESS]

[TELEPHONE NUMBER]

[EMAIL ADDRESS]

IDENTIFICATION OF ELIGIBLE CLAIMANTS

PRIM ARY COU NSEL	PRIM ARY COUN SEL EMAI L ADDR ESS	CLAI MANT NAME (FIRS T)	CLAI MANT NAME (LAST)	S S N	CL AI MA NT EM AIL AD DR ESS	CLAI MAN T ADDR ESS	DOB mm/d d/year	Cour t Of Filin g	Dock et Num ber	MDL -C Num ber	QUALI FYING INJUR Y

EXHIBIT "B"

DECLARATION OF *PRO SE* ELIGIBLE CLAIMANT

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

IN RE: PHILIPS RECALLED CPAP, BI-
LEVEL PAP, AND MECHANICAL
VENTILATOR PRODUCTS LIABILITY
LITIGATION

Master Docket: No. 21-mc-1230-JFC

MDL No. 3014

This Document Relates to:

*Personal Injury Claimants
and Potential Claimants*

IDENTIFICATION ORDER DECLARATION OF *PRO SE* ELIGIBLE CLAIMANT

1. My name is [INSERT NAME OF PRO SE ELIGIBLE CLAIMANT], and I am an Eligible Claimant and not represented by counsel.

2. I submit this Identification Order Declaration in accordance with the Master Settlement Agreement (“MSA”) and the Court’s Identification Order.

3. Attached hereto is a chart that identifies my personal information and the other information required by the Identification Order. I certify that this information is accurate. I understand that in submitting this Declaration, I am not making the determination of whether or not to participate in the Settlement Program set forth in the MSA.

4. I understand that to comply with the MSA and the Court’s Identification Order, this Identification Order Declaration must be submitted by the Identification Order Deadline, which is 30 days after the Court’s Identification Order. The attached chart will be timely served in Excel format through MDL Centrality in conformance with the Identification Order.

5. I understand and agree that my failure to provide the information required by the Identification Order will result in sanctions and other penalties as determined by the Court.

I swear under penalty of perjury that the foregoing is true and correct.

DATE: [MONTH] [DAY], [YEAR]

/s/

[NAME OF CLAIMANT]

[ADDRESS]

[ADDRESS]

[ADDRESS]

[TELEPHONE NUMBER]

[EMAIL ADDRESS]

IDENTIFICATION OF *PRO SE* ELIGIBLE CLAIMANT

CLAIMANT NAME (FIRST)	CLAIMANT NAME (LAST)	S S N	CLAIMANT EMAIL ADDRESS	CLAIMANT PHONE NUMBER	CLAIMANT ADDRESS	DOB mm/dd /year	Court Of Filing	Doc ket Number	MDL- C Number (if applic able)	QUALIFYING INJURY

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

IN RE: PHILIPS RECALLED CPAP, BI-
LEVEL PAP, AND MECHANICAL
VENTILATOR PRODUCTS LIABILITY
LITIGATION

Master Docket: Misc. No. 21-01230

This Document Relates To:

MDL No. 3014

All Litigating Plaintiff Cases

[PROPOSED] CASE MANAGEMENT ORDER NO. :
DOCKET MANAGEMENT ORDER FOR CLAIMS OF LITIGATING PLAINTIFFS

This Case Management Order (the “Order”) applies to all Litigating Plaintiffs, who are defined as individuals asserting Personal Injury Claims against one or more of the Philips Defendants who do not register for the Settlement Program by the Registration Deadline set forth in the May 9, 2024 Personal Injury Master Settlement Agreement (“MSA”).¹ An individual who has asserted such claims on or prior to the Registration Deadline becomes a Litigating Plaintiff as of the Registration Deadline. An individual who first asserts such claims after the Registration Deadline becomes a Litigating Plaintiff as of the date of the filing of such claims.

Consistent with the Court’s inherent authority to manage these proceedings, and in light of the Settlement Program agreed to after years of litigation and complex and extensive discovery and motion practice before this Court and the Special Masters, the Court finds it appropriate at this time to exercise its discretion to enter this Order to fairly, effectively and efficiently manage the

¹ Terms not defined herein have the same meaning as in the MSA. The MSA is available on the website of the Settlement Administrator, MDLCentrality.com/CPAP, and will be publicly available at RespirationPISettlement.com.

cases of any Litigating Plaintiffs. This Order requires all Litigating Plaintiffs to produce certain specified information regarding their claim(s), including medical records and evidence relating to device usage, their alleged injury(ies), and causation, and provides deadlines to meet those requirements prior to further proceedings, including any further discovery, motion practice, or trial on the merits. Litigating Plaintiffs shall be bound by the requirements of this Order and shall fully comply with all obligations required by this Order. The Court expects complete and full compliance with this Order and reserves its ability to dismiss a Litigating Plaintiff's case with prejudice for failure to adhere to the terms of this Order.

I. BACKGROUND AND STATUS OF PROCEEDINGS

1. On June 14, 2021, Philips RS North America LLC voluntarily recalled certain prescription medical devices, including certain Continuous Positive Airway Pressure ("CPAP"), Bi-Level Positive Airway Pressure ("BiPAP"), and mechanical ventilator devices (the "Recall" and the "Recalled Devices").

2. On October 8, 2021, the United States Judicial Panel on Multidistrict Litigation ("JPML") established MDL 3014 to centralize cases concerning the Recalled Devices. More than 800 cases have been filed in or removed to this MDL to date, and more than 58,000 potential claimants entered the Census Registry.

3. District courts have inherent authority to manage their dockets. This is especially true in large litigations, such as this MDL.² A district court's power extends to, for example,

² See, e.g., *In re Asbestos Prods. Liab. Litig.*, 718 F.3d 236, 246 (3d Cir. 2013) ("[D]istrict judges must have authority to manage their dockets, especially during [a] massive litigation.") (quoting *In re Fannie Mae Sec. Litig.*, 552 F.3d 814, 823 (D.C. Cir. 2009)); see also *Ramirez v. T&H Lemont, Inc.*, 845 F. 3d 772, 776 (7th Cir. 2016) ("[A] court has the inherent authority to manage judicial proceedings and to regulate the conduct of those appearing before it.").

“controlling and scheduling discovery, including orders affecting disclosures and discovery under Rule 26 and Rules 29 through 37,” “adopting special procedures for managing potentially difficult or protracted actions that may involve complex issues, multiple parties, difficult legal questions, or unusual proof problems,” and “facilitating in other ways the just, speedy, and inexpensive disposition of the action.” Fed. R. Civ. P. 16(c)(2)(F), (L) & (P).

⁴ This Court is granted wide discretion with regard to case management,³ and has the authority to streamline litigation in complex cases through rigorous Case Management Orders, particularly in mass tort cases.⁴

³ As the U.S. Court of Appeals for the Third Circuit has recognized, “multidistrict litigation ‘presents a special situation, in which the district judge must be given wide latitude with regard to case management in order to effectively achieve the goals set forth by the legislation that created the [JPML].’ This wide latitude applies, in particular, to issuing discovery orders, and to dismissing actions for non-compliance with such orders.” *In re Avandia Mktg., Sales Pracs. & Prods. Liab. Litig.*, 687 F. App’x 210, 214 (3d Cir. 2017) (citation omitted); *see also In re Guidant Corp. Implantable Defibrillators Prods. Liab. Litig.*, 496 F.3d 863, 866 (8th Cir. 2007) (affirming MDL court’s dismissal of claims for failure to comply with discovery orders); *In re Phenylpropanolamine Prods. Liab. Litig.*, 460 F.3d 1217, 1229 (9th Cir. 2006) (“*In re PPA*”) (“[A]dministering cases in multidistrict litigation is different from administering cases on a routine docket.”; finding no abuse of discretion in MDL court’s dismissal of claims for failure to comply with discovery and product identification case management orders); *Freeman v. Wyeth*, 764 F.3d 806, 809 (8th Cir. 2014) (affirming MDL court’s dismissal of claims for failure to provide medical authorizations); *In re Asbestos Prods. Liab. Litig.*, 718 F.3d at 246 (“[A]dministering cases in multidistrict litigation is different from administering cases on a routine docket.”) (quoting *In re PPA*, 460 F.3d at 1229).

⁴ *In re Vioxx Prods. Liab. Litig.*, 557 F. Supp. 2d 741, 743 (E.D. La. 2008) (internal citations omitted). Appellate courts have regularly upheld these sorts of Case Management Orders in MDL proceedings. *See, e.g., In re Phenylpropanolamine (PPA) Prods. Liab. Litig.*, 460 F.3d 1217, 1232 (9th Cir. 2006) (stating that “[c]ase management orders are the engine that drives disposition on the merits,” and finding no abuse of discretion in MDL court’s dismissal of claims for failure to comply with discovery and product identification case management orders); *United States v. Graf*, 610 F.3d 1148, 1169 (9th Cir. 2010) (*citing United States v. W.R. Grace*, 526 F.3d 499, 508-09 (9th Cir. 2008) (en banc)) (“A district court has broad authority to enter pretrial case management orders to ensure that the trial proceeds efficiently.”); *In re Avandia*, 687 F. App’x at 214 (affirming

MDL court's dismissal for failure to comply with an order requiring that future plaintiffs provide an expert report); *Dzik v. Bayer Corp.*, 846 F.3d 211, 216 (7th Cir. 2017) (affirming MDL court's

⁵ The broad discretion afforded to the Court enables it to enter case management orders after substantial discovery has taken place in a mature mass tort or multidistrict litigation where, as here, a defendant has taken steps to settle a significant portion of the claims pending against it.⁵ Many MDL courts have exercised their discretion and inherent authority to enter orders establishing discovery and other requirements for future cases filed against settling defendants in mass tort litigation.⁶

6. In the nearly three years since this MDL was formed, the parties and the Court have expended extraordinary resources to manage these matters effectively and expeditiously. Among other things: The parties and the Court have participated in a Science Day. The Parties have briefed various motions to dismiss, including motions to dismiss amended master complaints, and

dismissal for plaintiff's failure to comply with discovery order and stating that "[d]istrict courts handling complex, multidistrict litigation 'must be given wide latitude with regard to case management' in order to achieve efficiency") (citation omitted); *Acuna v. Brown & Root, Inc.*, 200 F.3d 335, 340 (5th Cir. 2000) ("*Lone Pine* orders are designed to handle the complex issues and potential burdens on defendants and the court in mass tort litigation. In the federal courts, such orders are issued under the wide discretion afforded district judges over the management of discovery under Fed. R. Civ. P. 16").

⁵ See *Avila v. Willits Env't Remediation Tr.*, 633 F.3d 828, 833 (9th Cir. 2011) (noting such orders are authorized by district judge's "broad discretion to manage discovery and to control the course of litigation under Federal Rule of Civil Procedure 16").

⁶ See, e.g., *In re Am. Med. Sys., Inc. Pelvic Repair Sys. Prods. Liab. Litig.*, MDL No. 2325, Pretrial Order # 239, ECF No. 4272 (S.D.W. Va. June 7, 2017) (establishing requirements for future claims against a defendant due to "recent settlement developments" of thousands of claims after more than three years of litigation); *In re Testosterone Replacement Therapy Prods. Liab. Litig.*, MDL No. 2545, Case Management Order No. 126, ECF No. 2716 at 1-2 (N.D. Ill. June 11, 2018) (finding it appropriate to enter an order to manage remaining litigation in light of the parties' settlement agreements entered after years of litigation); *In re Zostavax (Zoster Vaccine Live) Prods. Liab. Litig.*, No. CV 18-MD-2848, 2022 WL 952179, at *2-3 (E.D. Pa. Mar. 30, 2022) (quoting 28 U.S.C. § 1407(a)) ("A *Lone Pine* management order is the only viable way that 'will promote the just and efficient conduct of [these] actions.'"); *In re Proton-Pump Inhibitor Prods. Liab. Litig. (No. II)*, MDL 2789, Case Management Order No. 109, ECF 955 (D.N.J. Oct. 2, 2023)

(recognizing the utility of docket control orders “when a defendant has taken steps to settle a significant portion of the claims pending against it”) (collecting cases).

this Court (with the assistance of a Special Master) has determined various aspects of those motions, in whole or in part. The parties successfully settled the economic loss claims on a class-wide basis. The Census Registry has been active since September 2022, and more than 57,000 potential claimants have registered. This Court has provided notice of the Census Registry on the Court's website since September 2022. The Personal Injury Plaintiffs have been participating in the Short Form Complaint and Plaintiff Fact Sheet process since October 2022, submitting over 170,000 documents to MDL Centrality. The Philips Defendants have submitted nearly 600 Defendant Fact Sheets. The parties have taken more than 50 depositions, including of third parties, and exchanged millions of documents on all relevant issues, including extensive testing relating to general causation, both prior to and after the Recall. The Special Master has resolved many discovery disputes among the parties. The Court has heard argument on privilege issues, jurisdictional issues, and numerous rounds of dispositive motions, and the parties have participated in numerous conferences with the Court and the Special Masters. In short, proceedings in this MDL are very mature.

7. Recognizing that continued litigation in pursuit of remaining claims will require enormous strain on the parties and the judiciary, and without admission of fault or liability, the parties entered into the MSA, which creates a program to resolve those Personal Injury Claims for which Plaintiffs' Negotiating Counsel believe there is any expert and/or scientific support (*i.e.*, claims asserting Qualifying Injuries).

8. For these and other reasons, the Court orders as follows:

II. STAY OF PROCEEDINGS PENDING SETTLEMENT REGISTRATION PROCESS

9. So as to afford plaintiffs the opportunity to consider the Settlement Program, and to ensure the orderly and effective administration of the Settlement Program, all deadlines for the

Personal Injury and Medical Monitoring Tracks set in this Court's Order of April 16, 2024 (ECF No. 2727) are hereby vacated. Further, absent agreement of the Philips Defendants and Plaintiffs' Negotiating Counsel, all Personal Injury Claims against one or more of the Philips Defendants are hereby stayed through and including the Registration Deadline.

10. If after the Registration Deadline, any cases remain for which a Litigating Plaintiff has moved to remand to state court, the Court will set a schedule for those motion(s), including oral argument, following the Registration Deadline.

11. In light of the withdrawal of the Philips Defendants from the Census Registry Program Agreement and the termination of the Census Registry Program, the Clerk is hereby directed to remove the Census Registry Program Agreement from the Court's website.

III. PRESERVATION NOTICE REQUIREMENTS

12. No later than 30 days after the date on which an individual becomes a Litigating Plaintiff as defined above, counsel for the Litigating Plaintiff (or, if unrepresented, the *pro se* Litigating Plaintiff) shall notify the following individuals or entities, in writing, that they may have records relevant to the Litigating Plaintiff's claims and that any records relating to the Litigating Plaintiff must be preserved pending collection by the Litigating Plaintiff (the "Notice" or "Notices"):

- a. All physicians and/or other healthcare providers who treated the Litigating Plaintiff, including mental health treatment providers for a Litigating Plaintiff alleging injury related to mental health;
- b. All physicians and/or other healthcare providers who prescribed the Recalled Device(s) to the Litigating Plaintiff;
- c. Any person (if not the Litigating Plaintiff) in possession, custody or control of the Recalled Device(s);

- d. For Litigating Plaintiffs alleging death, all pathologists and coroners; and
- e. If a Litigating Plaintiff is seeking lost wages, all of his or her employers for the period from three years prior to the date for which he or she is seeking lost wages, through the last day for which the Litigating Plaintiff is seeking lost wages.

13. All copies of the Notices shall be preserved by counsel for the Litigating Plaintiff or the *pro se* Litigating Plaintiff for so long as the claim remains pending. Counsel for the Litigating Plaintiff or the *pro se* Litigating Plaintiff shall also serve a statement identifying the names and addresses of all individuals or entities to which Notices were sent, along with copies of the Notices and a signed certification that the Notices were sent as required by this Order, with their Plaintiff Fact Sheet.

14. Litigating Plaintiffs may not seek to introduce into evidence at trial any document or information from anyone to whom Notice was required to be provided if a Notice was not sent to such person as required by this Order, except with leave of Court for good cause shown.

IV. LITIGATING PLAINTIFFS' REQUIREMENTS TO PRODUCE CERTAIN SPECIFIED INFORMATION REGARDING THEIR CLAIMS

15. All Litigating Plaintiffs shall serve the following documents and/or information upon counsel for Defendants within the timeframe provided in Section V. All Litigating Plaintiffs' productions shall comply with the search, production, and certification requirements of Pretrial Order No. 18 (ECF No. 660).

a. Litigating Plaintiffs' Production Requirements⁷

- i. All disclosures required by Fed. R. Civ. P. 26(a)(1).

- ii. Litigating Plaintiff Fact Sheet. Each Litigating Plaintiff must prepare and submit to Defendants a Fact Sheet and all accompanying authorizations for the release of records, in the forms attached to the Litigating Plaintiff Fact Sheets, signed under penalty of perjury.
- iii. Medical Records. All medical records relating to the Litigating Plaintiff from any time before, during and after the Litigating Plaintiff's use of the Recalled Device, including mental health records if Litigating Plaintiff alleges an injury related to mental health.
- iv. Autopsy Reports and Death Certificates. For all Litigating Plaintiffs alleging death, all autopsy reports regarding the deceased, as well as any accompanying notes or records.
- v. Records Relating to Use of the Recalled Device and any CPAP, BiPAP, or mechanical ventilator acquired to replace the Recalled Device (a "Replacement Device"). All documents evidencing any use (or non-use) of the Recalled Device or Replacement Device, including but not limited to DreamMapper data, photos, videos,

⁷ All documents produced pursuant to Section 12(a) will be deemed "Confidential" under the Amended Stipulated Protective Order, ECF No. 765, in the first instance, subject to a later process of re-designating these materials and challenges to any re-designation.

messages, emails, chats, social media, materials indicating instructions or habits with respect to cleaning the Recalled Device or Replacement Device, or other communications relating to the use or non-use of the Recalled Device or Replacement Device.

vi. Record Collection Production. The Litigating Plaintiff and his/her counsel shall affirmatively collect and produce such records from all available sources in the Litigating Plaintiff's possession, custody, or control, which includes but is not limited to any relevant records that can be collected from the Litigating Plaintiff's medical facilities and health care providers that treated the Litigating Plaintiff. Counsel for the Litigating Plaintiff (or the *pro se* Litigating Plaintiff) shall be responsible for submitting necessary authorizations or other requests required to obtain the Litigating Plaintiff's medical records, personnel files and other documents required by this Order. Because of the need to ensure timely and thorough collection and production and review of all relevant records by the parties, a Litigating Plaintiff and his/her counsel, if any, must **both collect and produce records** **and** provide authorizations in order to comply with this Order.

vii. Declaration. A Declaration under penalty of perjury signed by the Litigating Plaintiff's counsel attesting (i) that the Litigating Plaintiff has provided a Litigating Plaintiff Fact Sheet, executed under penalty of perjury; (ii) that all available records in the Litigating

Plaintiff's possession, custody or control described in the foregoing sections have been collected and produced; (iii) that the Litigating Plaintiff's production complies with all of the requirements of Pretrial Order No. 18; and (iv) that counsel has met with the Litigating Plaintiff, personally investigated the merit of Litigating Plaintiff's claim(s) and satisfied himself or herself that the claim(s) is/are meritorious, and discussed with the Litigating Plaintiff their claims and likelihood of success. If any of the documents or records described in the foregoing sections do not exist or exist but cannot be obtained, the signed affidavit by the Litigating Plaintiff's counsel shall state that fact and the reasons why such materials do not exist or cannot be obtained, and shall provide a "No Records Statement" from each records custodian (or proof of return to sender from the United States Postal Service if the last known address of the medical provider is no longer valid).

b. Litigating Plaintiffs' Proof of Injury Requirements

16. All Litigating Plaintiffs shall serve upon Defendants, within the timeframe provided in Section V, all medical records that document the Litigating Plaintiff's alleged diagnosis and related injuries, including but not limited to a contemporaneous statement from the diagnosing physician that the Litigating Plaintiff was diagnosed with the alleged injury, all diagnostic reports, x-rays, CT scans, PET scans, laboratory reports, treatment plans, Emergency Room and Urgent Care records, and pharmaceutical records.

a. Litigating Plaintiffs' Expert Reports

17. All Litigating Plaintiffs shall serve upon counsel for Defendants, within the timeframe provided in Section V, expert report(s) in compliance with Federal Rule of Civil Procedure 26, including, but not limited to, on the following topics:

- i. an opinion that the Litigating Plaintiff has a specified personal injury both generally and specifically caused by a Recalled Device, and how the Recalled Device both generally and specifically caused such Litigating Plaintiff's alleged personal injury;
- ii. an opinion ruling out alternative causes for the Litigating Plaintiff's alleged personal injury;
- iii. a detailed description of facts, medical and scientific literature, testing, and any other authorities relied upon by the expert to support such opinions;
- iv. a description of all of the Litigating Plaintiff's alleged damages; and
- v. a complete set of records relied upon in forming the expert's opinions, including any medical records and test results.

18. Form or template reports are not permitted and will be stricken by the Court.

V. COMPLIANCE

a. Deadline

19. The items required by Section IV shall be produced no later than 60 days after the date on which an individual becomes a Litigating Plaintiff, except that expert reports shall be produced no later than 90 days after such date.

b. Failure to Comply

20. The Court has entered this Order establishing requirements and setting deadlines for the purpose of ensuring that further pretrial litigation against the Defendants in this mature MDL will progress as smoothly and efficiently as possible. Should any Litigating Plaintiff fail to fully comply with the obligations of this Order, such Litigating Plaintiff's case is subject to dismissal with prejudice.

21. In the event any Litigating Plaintiff fails to fully comply with the requirements of this Order, Counsel for Defendants shall notify the Court of the alleged deficiencies, and the Court shall enter an Order to Show Cause why the Litigating Plaintiff's case should not be dismissed with prejudice. Counsel for Litigating Plaintiffs (or, if unrepresented, the *pro se* Litigating Plaintiffs) shall have 21 days to respond to said Order to Show Cause. If any of the Litigating Plaintiffs fail to cure the deficiencies or show good cause why their case should not be dismissed with prejudice within 21 days of the entry of the Order to Show Cause, those Litigating Plaintiffs' claims will be dismissed with prejudice.

VI. ADDITIONAL CASE-SPECIFIC DISCOVERY AND RELATED MOTION PRACTICE FOR INDIVIDUAL LITIGATING PLAINTIFFS

22. If a Litigating Plaintiff provides all of the materials contemplated by this Order, the Court shall set further deadlines for management of the case, including deadlines (i) for Defendants' expert reports on general causation, (ii) for motion practice on general causation, including under Rule 702, (iii) for additional case-specific discovery following decision(s) on general causation, and (iv) for motion practice on remaining issues, including specific causation and summary judgment.

23. Based upon the outcome of these motions, if appropriate, the Court will set Case Management Conferences to determine whether any non-duplicative discovery, including additional expert disclosures, is necessary and to discuss other case management issues.

The filing and briefing of summary judgment motions and Rule 702 motions (which the Court will schedule) shall not prejudice or otherwise foreclose the opportunity for any party to file later, non-duplicative summary judgment and Rule 702 motions after completing any additional discovery. Any party seeking to file non-duplicative dispositive motions, including motions related to personal jurisdiction, must first file a motion requesting a Case Management Conference. The Court will set deadlines for filing such motions.

24. Upon the expiration of the Registration Deadline, counsel for the Philips Defendants shall notify the Court that the deadline for registration in the Settlement Program has expired and shall request a conference with the Court within 60 days thereafter.

HONORABLE JOY FLOWERS CONTI

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

IN RE: PHILIPS RECALLED CPAP, BI-LEVEL)
PAP, AND MECHANICAL VENTILATOR)
PRODUCTS LIABILITY LITIGATION)

THIS DOCUMENT RELATES TO:

*Personal Injury Cases Brought By Litigating
Plaintiffs*

) Case No. 2:21-mc-01230-JFC
) MDL No. 3014
)
) Honorable Joy Flowers Conti
)
)

LITIGATING PLAINTIFF FACT SHEET

This Litigating Plaintiff Fact Sheet (“PFS”) must be completed by all Litigating Plaintiffs, as defined by Case Management Order No. _____. ***Please answer every question truthfully and accurately to the best of your knowledge.***

1. You must answer every question and provide all requested materials in this PFS. It is not sufficient to answer a question by saying “see medical records”; you must complete this form by providing a response to each question.
2. If you have previously submitted a version of this PFS prior to the Court’s Case Management Order No. ____, such submission ***does not satisfy*** your PFS requirement under the Order. You must answer every question and provide all requested materials as detailed in ***this*** PFS, which seeks additional information specific to Litigating Plaintiffs.
3. Please consult with your lawyer if you need any assistance.
4. ***Please do not leave any questions unanswered***; if a question does not apply, then please respond with “N/A”. The PFS will be considered deficient and will require supplementation in accordance with the deficiency process set forth in Case Management Order No. ____ if questions are left unanswered.
5. By signing the declaration at the end of this document, you are making your responses ***under oath and under penalty of perjury*** as if you were testifying in court.
6. You must supplement your responses if you learn that they are incomplete or incorrect, or if your circumstances have changed, in any material respect.
7. For each question where the space provided does not allow for a complete answer, please attach additional sheets so that you can provide complete answers. When attaching additional sheets, clearly label to which question your answer pertains and upload and produce the additional sheets via MDL Centrality.

8. You must authorize the disclosure of your personal records (including medical information protected by HIPAA, 45 CFR 164.508) for the purpose of review and evaluation in connection with your claim. For each health care provider, physician, pharmacy, retailer, and government agency identified in your responses to the PFS, please provide completed and signed (***but undated***) authorizations attached as Exhibit C as described in part VI below. You may not provide a blank authorization form. All authorizations must be completed to include the addressee.

9. Definitions:

- **“Health Care Provider”** means any hospital, clinic, medical center, physician’s office, infirmary, medical or diagnostic laboratory, or other facility that provides medical, dietary, psychiatric, or psychological care or advice, and any pharmacy, weight loss center, x-ray department, laboratory, physical therapist or physical therapy department, rehabilitation specialist, physician, psychiatrist, osteopath, homeopath, chiropractor, psychologist, nutritionist, dietician, or other persons or entities involved in the evaluation, diagnosis, care, and/or treatment of the plaintiff or plaintiff’s decedent.
- **“Durable medical equipment”** (“DME”) means any equipment or supplies ordered by a healthcare provider for a patient due to a medical condition or illness.
- **“Respironics Device”** means any Continuous Positive Airway Pressure device, Bi-Level Positive Airway device, or mechanical ventilator device manufactured by Philips RS North America LLC that you acquired or used at any time.
- **“Other Device”** means any Continuous Positive Airway Pressure device, Bi-Level Positive Airway device, or mechanical ventilator device that you acquired or used at any time, other than a Respironics Device.

Information provided in response to this PFS, including any response to any authorizations, will only be used for purposes related to this litigation, and shall be deemed

Confidential pursuant to the Amended Stipulated Protective Order (ECF No. 765). A completed PFS shall be considered discovery responses pursuant to Fed. R. Civ. P. 33 and 34 and will be governed by the standards applicable to written discovery under the Federal Rules of Civil Procedure.

I. GENERAL INFORMATION

1. Legal name of person completing this PFS (first, middle, last):
2. Legal name of person or entity on whose behalf a claim is being made (if different from the person identified in response to question 1) (first, middle, last):
3. Legal name of person who uses or used the Respironics Device(s) (if different from the person identified in response to question 2) (first, middle, last):
4. Previous or Additional Names used by person who uses/used the Respironics Device(s):
5. Identify each person that you believe has knowledge or information regarding the facts, circumstances, injuries, conditions, damages, or allegations contained in your Complaint.
6. If you are completing this PFS in a representative capacity (*e.g.*, on behalf of the estate of a deceased person or on behalf of a minor), please complete the following information about yourself and the person on whose behalf you are completing the PFS (the “Represented Person”):

Your Address	Represented Person’s Address (Respironics Device User/Plaintiff’s Last Known Address)	Capacity in which you are representing the individual or estate	Relationship to the Represented Person (Respironics Device User/Plaintiff)

- a. If you represent a decedent’s estate complete the following:

Date of death:

State of death:

7. Case Information:

This PFS pertains to the following case:

Case Name:	
Case Number:	

The rest of this PFS requests information about the person who used the Respironics Device(s). If you are completing this form in a representative capacity, please respond to the remaining questions with information about the person who used the Respironics Device(s). Whether you are completing this PFS for yourself or for someone else, “you” means the person who used the Respironics Device.

II. RESPIRONICS DEVICE USAGE

COMPLETE THE QUESTIONS IN THIS SECTION FOR EACH RESPIRONICS DEVICE. (ATTACH SEPARATE SHEETS AS NECESSARY FOR ADDITIONAL DEVICES.)

8. Please complete the following chart for each Respiroics Device. For each Health Care Provider and DME identified in this section, please complete an authorization attached as Exhibit C, as explained in Section VI., Paragraph 3.

Respiroics Device Model Name and Number	Respiroics Device Serial Number	Approximate Purchase Date of Respiroics Device	How much of the total purchase price of the Respiroics Device did you pay?	Reason for Use of the Respiroics Device	Name and Address of Health Care Provider(s) who prescribed/recommended the use of the Respiroics Device	Name and address of the DME that provided the Respiroics Device

9. For each Respiroics Device in the table above, complete the following:

Respiroics Device Name and Serial Number	What date did you start using the Respiroics Device?	In general, how many nights per 7 day week do/did you use the Respiroics Device?	In general, how many hours per night do/did you use the Respiroics Device?	Did you use the Respiroics Device during the daytime? (Y/N)	If yes daytime use, approximately how many hours per day do/did you use the Respiroics Device?

- a. Identify every city and state you have resided in which you used the Respiroics Device(s) listed above and the dates of residence for each location.

Dates of residence	Location (city and state)

10. For each Respiroics Device listed above, where do/did you store the Respiroics Device when it is/was not in use?

Respiroics Device Name and Serial Number	Where was the Respiroics Device stored?

11. Have you paused or stopped your usage of the Respiroics Device?

a. If so, when and for what period of time?

Have you paused/stopped using the Respiroics Device?	When and for what period of time?

12. Other than advice from your attorneys, identify and describe any advice or guidance you received regarding your use or usage, or continued use or usage, of your Respiroics Device(s), including but not limited to any such advice or guidance after the Philips RS recall, including from your Health Care Provider.

13. Have you or anyone on your behalf ever cleaned your Respiroics Device?

Respironics Device Name and Serial Number	Have you or anyone on your behalf ever cleaned your Respironics Device(s)?	How did you clean the Respironics Device(s)	What products did you use to clean the Respironics Device(s)? (Please identify all products, including any products advertised by third parties as CPAP cleaning devices.)

14. Have you ever noticed any particulate or dark matter in or on the Respironics Device(s)?
- If yes, please identify when you first noticed the particulate/dark matter?
 - Identify any and all evidence you have, if any, that the foam in your Respironics Device actually degraded.

15. Have you used any optional accessories (e.g., humidifier, cleaners, wipes, masks/headgear, tubing hoses, filters, nasal cushions, etc.) in combination with the Respironics Device?

- If yes, please complete the chart below.

Accessory Name	Accessory Type	From Whom Did You Acquire the Accessory?	When Did You Acquire the Accessory?

16. When did you first hear about the recall notification for your Respironics Device?

17. Did you participate in the recall?

- If yes, when?
- What is your Philips Device Registration Confirmation Code Number?

III. PERSONAL INFORMATION

18. Current address and date you moved there:

Current Address	Date you moved there

19. Most recent former address and dates (approximate) during which you resided there:

Most Recent Former Address	Dates during which you resided there (approximately)

20. Social Security Number:

21. Date of birth:

22. Are you currently employed? YES NO

If yes, please identify your current employer with name, address and telephone number:

Current Employer	Address	Phone Number

If not, did you leave your last job for a medical reason? YES NO

If yes, describe the medical reason:

23. Have you ever been out of work for more than thirty (30) days for reasons related to your health in the past five (5) years? YES NO

If yes, please state the approximate dates you were out of work, employer, and health condition:

Approximate Dates you were out of work	Employer at the time	Health Condition

24. Have you ever served in any branch of the military? If yes, please identify.

- a. Were you ever discharged for any reason relating to your medical or physical condition? If yes, state what that condition was:

25. If you have Medicare, please state your Health Insurance Claim Number (“HICN”) number:

IV. PERSONAL MEDICAL BACKGROUND

26. Current height and weight:

Height	Weight

27. Approximate weight at date of CPAP prescription:

28. Medical Conditions:

- a. To the best of your knowledge, have you ever experienced or been diagnosed with any of the following conditions from the time ***beginning ten (10) years before your first use of the Device(s) to the present?*** Please select Yes or No for each condition. For each condition for which you answer Yes, please complete the Treating Physician information. For each Treating Physician identified in this section, please complete an authorization attached as Exhibit C, as explained in Section VI., Paragraph 3.

Condition Experienced or Diagnosed	Yes	No	Do Not Know	Treating Physician
Acute Inhalation Injury				
Acute Respiratory Failure				
Allergies or Allergic Reaction				
Asthma				
Atrial Fibrillation				
Bronchitis				
Cancer				
Chronic Obstructive Pulmonary Disease				
Chronic Kidney Disease				
Chronic Sinusitis				
Heart Failure				

Lung Injury or Damage				
Nasal Turbinate Hypertrophy				

Pneumonia				
Pulmonary Fibrosis				
Sarcoidosis				
Sleep Apnea				
Recurrent Esophageal Candida				
Respiratory Infection or Failure				

29. If you have been diagnosed with cancer, which type of cancer were you diagnosed with? For each Treating Physician identified in this section, please complete an authorization attached as Exhibit C, as explained in Section VI., Paragraph 3.

Type of Cancer	Treating Physician (if different than above in Question 28)

30. If you were diagnosed with a sleep disorder, please state the disorder and treatment to address the disorder (if any).

Sleep Disorder	Treatment to address the disorder

31. **Health Care Providers (Excluding Mental Health Care Providers):** To the best of your recollection, identify each Health Care Provider who has provided treatment to you *for any reason* (excluding mental health reasons) in the past ten (10) years and the reason for consulting the Health Care Provider (attach additional sheets as necessary). For each provider identified in this section, please complete an authorization attached as Exhibit C, as explained in Section VI., Paragraph 3.

Name	Address	Approximate Dates/Years of Visits	Reason(s) for Visit or Specialty

32. **Hospitals, Clinics, and Other Facilities:** To the best of your recollection, identify each hospital, clinic, surgery center, physical therapy or rehabilitation center, or other healthcare facility where you have received inpatient or outpatient treatment in the past ten (10) years (including any hospitalization and emergency room treatment) *for any reason* (attach additional sheets as necessary). For each hospital, clinic, surgery center, physical therapy or rehabilitation center, or other healthcare facility identified in this section, please complete an authorization attached as Exhibit C, as explained in Section VI., Paragraph 3.

Name	Address	Approximate Admission Date(s)	Reason(s) for Visits

33. **Insurance Carriers:** To the best of your recollection, identify each health insurance carrier which provided you with medical coverage and/or pharmacy benefits for the last ten (10) years, and the policy number (attach additional sheets as necessary). For each insurance carrier identified in this section, please complete an authorization attached as Exhibit A, as explained in Section VI., Paragraph 1.

Insurer Carrier	Policyholder	Policy Number	Approximate Dates of Coverage	Includes DME Coverage (Yes/No/Don't Know)

34. State whether you have been reimbursed or filed a claim for reimbursement under an insurance policy with respect to any of the alleged injuries that form the basis of your Complaint. If so, for each claim, identify the insurance provider with which you filed a claim, the policyholder, the policy number, the claim number, and any reimbursement amount.

35. State whether you have undergone a physical examination in connection with any application for life insurance since January 1, 2010. If so, state the following:

- a. The date the examination was conducted;
- b. The name of the health care provider who conducted the examination;
- c. Whether there is a report of such physical examination;
- d. The name of the life insurance company on whose behalf the examination was conducted; and
- e. Whether or not your application for life insurance was denied as a result of the physical examination.

36. List all of the prescription medications or over-the-counter medications you have taken for at least three consecutive months in the period during which you used your Device, to the best of your recollection, and attach additional sheets as necessary. Please also list any medications for any length of time if they were prescribed for your alleged injury. For each prescriber identified in this section for a medication prescribed for an alleged injury, please complete an authorization attached as Exhibit C, as explained in Section VI., Paragraph 3.

Medication Name	Condition for Prescription	Prescriber Name and Address	Date of First Prescription	Medication prescribed for alleged injury Yes/No?

37. Have you ever used tobacco products or smoked marijuana, including cigarettes, e- cigarettes (e.g., vaping), cigars, pipes, and/or chewing tobacco/snuff?

- a. If you answered yes, please complete the chart below.

Tobacco Product	Date Started	Date Ceased (or Ongoing)	Frequency of Use
Cigarettes			
E-Cigarettes/Vape Pens			
Cigars			
Pipes (including Hookah)			
Chewing Tobacco			
Snuff			
Any other Nicotine Product			
Marijuana			

38. Other Exposure

- a. State whether you are aware of, or have reason to believe, you may have been exposed to chemicals or toxins either at your current or former places of work or residences.
- b. During your career have you ever to your knowledge worked on or nearby dangerous or hazardous materials (e.g., asbestos, chemicals, auto-body paints, brake-lining, mining, nuclear reactors, shipyards, etc.)?
- c. If yes, please complete the chart below.

Name of Employer	Address and Telephone Number	Dates of Employment	Type of Business and Position

V. INJURIES AND DAMAGES

39. Are you claiming any physical injuries or illness because of the Device?

- a. YES NO
- b. If yes, please describe in detail the following:
 - i. For each provider identified in this section, please complete an authorization attached as Exhibit C, as explained in Section VI., Paragraph 3.

Physical Injury or Illness	Approximately when the symptoms began	Is the injury or illness continuing?	When were you diagnosed with this injury or illness	Who diagnosed the injury or illness?	Where was the injury or illness diagnosed?

40. Identify the Health Care Provider(s) who treated you for the injuries you claim in this case. For each Health Care Provider identified in this section, please complete an authorization attached as Exhibit C, as explained in Section VI., Paragraph 3.

41. Identify whether, before you began using your Respiroics Device, you suffered from the injury you are alleging in your Complaint as having been caused by your use of a Respiroics Device.

42. State whether there is any history in your family of the same type of condition, disease or injury you are alleging in your Complaint as having been caused by your use of a Respiroics Device, and if so, identify the family member and their condition, disease or injury.

43. Are you making a claim for lost wages or lost earning capacity?

44. State whether you have ever filed a claim (including a claim for worker’s compensation or social security disability) or instituted a legal proceeding (including any previous legal proceedings regarding a Respiroics Device) for any personal injury. If so, state the following:

- a. The date of the claim;
- b. The nature of the injuries and damages claim;
- c. The place of filing for each claim or legal proceeding;
- d. The full names and addresses of all parties to the action;

- e. The name of the court or other forum;
- f. The title of the action and case number;
- g. The current posture of the claim or legal proceedings; and
- h. The final result of each completed claim or legal proceeding, including any monetary judgment, settlement, or award.

VI. AUTHORIZATIONS

All Litigating Plaintiffs must complete the following authorizations as necessitated by your responses to the foregoing sections (You may not provide a blank authorization. All authorizations must be completed and include the addressee):

1. Authorization for Release of Insurance Records. For each company listed in your response to Section IV., Question 31, please provide a completed and signed (*but undated*) Authorization for Release of Insurance Records in the form attached as **Exhibit A**.
2. Medicare Authorization Form. If you identified an HCIN in Section III, Question 21, please provide a completed and signed (*but undated*) Medicare Authorization Form in the form attached as **Exhibit B**.
3. Limited Authorization to Disclose Health Information. For each health care provider, physician, prescriber, pharmacy, DME, retailer, hospital, clinic, surgery center, physical therapy or rehabilitation center, other healthcare facility, and government agency identified in your responses to Questions 8, 28, 29, 31, 32, 36, 39 and 40, please provide a completed and signed (*but undated*) Limited Authorization to Disclose Health Information records in the form attached as **Exhibit C**.
4. Authorization and Consent to Release Psychotherapy Notes. If you have sought professional treatment for your emotional distress you are alleging as a result of your device usage, please, provide a completed and signed (*but undated*) Health Care Authorization in the form attached as **Exhibit D**.
5. Authorization for the Release of Employment Records. If you are asserting a claim for lost wages or a reduction in or loss of earning capacity, please provide a completed and signed (*but undated*) Employment Authorization in the form attached as **Exhibit E**.
6. Limited Authorization for Release of Workers' Compensation Records. If you have applied for workers' compensation, please provide a completed and signed (*but undated*) Authorization for Release of Workers' Compensation Records for each agency or company you submitted your application to in the last ten (10) years in the form attached as **Exhibit F**.
7. Consent for Release of Social Security Information and Release for Social Security Earning Capacity. If you are asserting a claim for lost wages or a reduction in earning capacity, please provide a completed and signed (*but undated*) Consent for Release of Information for Social Security records and the Release for Social Security Earning Capacity in the forms attached as **Exhibit G(1) and G(2)**. If you are **not** asserting a wage loss claim or a reduction in lost earning capacity, you are not required to provide the Social Security Authorizations.

8. Tax Return 4506 Form. If you are asserting a claim for lost wages or a reduction in earning capacity, please provide a completed and signed (*but undated*) IRS Form 4506 attached as **Exhibit H** for each year identified. If you are **not** asserting a wage loss claim or a reduction in lost earning capacity, you are not required to provide IRS Form 4506.

9. Limited Authorization to Disclose Health Information. Please provide a completed and signed (*but undated*) Limited Authorization to Disclose Health Information in the form attached as **Exhibit I**, addressed to Philips RS North America LLC, only, in connection with record collection from Care Orchestrator, Dream Mapper and/or EncoreAnywhere. All plaintiffs must complete a signed but undated Exhibit I.

VII. RELEVANT DOCUMENTS

REQUEST NO. 1: Produce all non-privileged documents you reviewed that assisted you in the preparation of your responses to this PFS.

REQUEST NO. 2: Produce all medical records and/or documents relating to the use of the Respironics Device(s) from any Health Care Provider who treated you in the past ten (10) years and who treated you for any disease, condition, or symptom referred to in any of your responses to the questions above and concerning any condition you claim is related to the use of the Respironics Device(s), including, but not limited to, all imaging studies of any part of your body, and laboratory, pathology, and biopsy reports, that relate in any manner to the diagnosis, treatment, care, or management of your condition and the injuries alleged in your Complaint.

REQUEST NO. 3: Produce all documents you reviewed, utilized or relied on in responding to the PFS.

REQUEST NO. 4: Produce all documents and communications regarding your Respironics Device(s) and/or your Other Device(s), including but not limited to documents regarding any modifications or changes made to your Respironics Device(s).

REQUEST NO. 5: Produce all documents and communications regarding your insurance coverage from the date you acquired your Respironics Device(s) to the present.

REQUEST NO. 6: Produce all documents and communications regarding any application for life insurance you submitted from January 1, 2010 to the present, including but not limited to any reports of physical examinations conducted therewith and any approval or denial notification from the insurance company.

REQUEST NO. 7: Produce all documents and communications for any claim (including a claim for worker's compensation or social security disability) or legal proceeding for any personal injury you filed from January 1, 2010 to the present.

REQUEST NO. 8: Produce all documents regarding the cleaning (if any) of your Respironics Device(s), including but not limited to all documents reflecting any products used to clean your Respironics Device, the frequency of the cleaning of your Respironics Device(s), and any communication with any person regarding the cleaning of a Respironics Device.

REQUEST NO. 9: Produce all documents regarding any particulate or dark matter in your Respironics Device(s), including but not limited to any photos or videos of your Respironics Device(s) and any other evidence that you believe shows that the foam in your Respironics Device(s) actually degraded.

REQUEST NO. 10: Produce all documents regarding any diagnosed medical conditions or injuries you suffered within the last 20 years, and any medications or treatments that you have been prescribed within the last 20 years, involving the lungs, throat, nose, mouth, respiratory tract, or any other part of the body that you claim was injured from use of a Respironics Device.

REQUEST NO. 11: If you are seeking lost wages, all paystubs and employment contracts from three years prior to the date for which you are seeking lost wages, through the last day for which you are seeking lost wages.

REQUEST NO. 12: Produce all documents regarding the Philips RS North America LLC recall.

VIII. DECLARATION

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States that (i) all the information provided in this Plaintiff Fact Sheet is true and correct to the best of my knowledge; (ii) that I have supplied all the documents requested in Section VII above to the extent that such documents are in my possession, custody, or control, or in the possession, custody, or control of my lawyers; and (iii) that I have supplied the authorizations attached to this declaration.

Date:

Signature:

Printed Name:

Location:

Exhibit A

[***]

Exhibit B

[***]

Exhibit C

[***]

Exhibit D

[***]

Exhibit E

[***]

Exhibit F

[***]

Exhibit G(1)

[***]

Exhibit G(2)

[***]

Exhibit H

[***]

Exhibit I

[***]

Exhibit 8

List of subsidiaries

The following is a list of the company's subsidiaries (except for certain subsidiaries that, in the aggregate, would not be a "significant subsidiary" as defined in rule 1-02 (w) of Regulations S-X as of 31 December 2024). Unless otherwise stated, the company holds directly or indirectly 100% of the subsidiaries listed below, as of December 31, 2024.

Philips company	Country
Philips Argentina Sociedad Anónima	Argentina
Australian Pharmacy Sleep Services Pty. Ltd	Australia
CapsuleTech Australia Pty Ltd	Australia
Philips Electronics Australia Limited	Australia
Philips Saeco Australia Pty. Limited	Australia
RDT Pty Ltd.	Australia
SPNC Australia PTY LTD	Australia
Philips Austria GmbH	Austria
Philips Electronics Bangladesh Private Limited	Bangladesh
Foreign consulting-trade unitary enterprise "Philips-Belorussia" of company Philips' Radio B.V.	Belarus
Philips Belgium Commercial	Belgium
Volcano Europe	Belgium
Philips Clinical Informatics - Sistemas de Informação Ltda.	Brazil
Philips do Brasil Ltda.	Brazil
Philips Medical Systems Ltda.	Brazil
Philips Bulgaria EOOD	Bulgaria
Latin-American Holdings Corporation	Canada
Philips Electronics Ltd	Canada
Philips Overseas Holdings Corporation	Canada
Philips Trans-America Holdings Corporation	Canada
Philips Chilena S.A.	Chile
Philips (China) Investment Company, Ltd.	China
Philips Domestic Appliances and Personal Care Company of Zhuhai SEZ, Ltd.	China
Philips Enterprise Service (Suzhou) Co., Ltd.	China
Philips Goldway (Shenzhen) Industrial Inc.	China
Philips Health Technology (China) Co., Ltd.	China
Philips Healthcare (Suzhou) Co., Ltd.	China
Philips Medical Device (Shanghai) Co., Ltd.	China
Philips Ultrasound (Shanghai) Co., Ltd.	China
Respironics Medical Products (Shenzhen) Ltd.	China
Philips Colombiana S.A.S.	Colombia

Philips de Costa Rica S.R.L.	Costa Rica
Philips d.o.o.	Croatia
Philips Česká republika s.r.o.	Czech Republic
Zeitgeist Health SE	Czech Republic
Philips Danmark A/S	Denmark
Philips Dominicana S.R.L.	Dominican Republic
Philips Egypt (Limited Liability Company)	Egypt
Philips Egypt Investment Company	Egypt
Philips Oy	Finland
CapsuleTech SAS	France
Emergences Medicales et Technologies (70%)	France
Philips France	France
Philips GmbH	Germany
Philips Medical Systems DMC GmbH	Germany
Philips Medizin Systeme Böblingen GmbH	Germany
Philips Medizin Systeme Hofheim-Wallau GmbH	Germany
Philips SC Unterstützungskasse GmbH	Germany
PIP Verwaltungsgesellschaft mbH	Germany
Respironics Deutschland GmbH & Co. KG	Germany
Respironics Deutschland Verwaltungsgesellschaft mbH	Germany
TOMTEC Imaging Systems GmbH	Germany
Philips Ghana Ltd	Ghana
Philips Hellas Single Member Commercial and Industrial Societe Anonyme of Electrotechnical Products and Medical Systems	Greece
Philips Electronics Hong Kong Limited	Hong Kong
Respironics (HK) Ltd.	Hong Kong
Philips Magyarország Kereskedelmi Kft.	Hungary
Philips Global Business Services LLP	India
Philips India Limited (96.13%)	India
Philips VitalHealth Software India Private Limited	India
P.T. Philips Industries Batam	Indonesia
PT Philips Indonesia Commercial	Indonesia
Larestine Ireland Ltd.	Ireland
Philips Accounting Services Limited	Ireland
Philips Electronics Ireland Limited	Ireland
Philips Radio Communication Systems Ireland Limited	Ireland

Respronics (Ireland) Limited	Ireland
Saeco IPR Limited	Ireland
Saeco Strategic Services Limited	Ireland
Silicon B203 Limited	Ireland
Tinenev Ireland Ltd.	Ireland
Western Biomedical Technologies Limited	Ireland
Dia Imaging Analysis Ltd.	Israel
EPD Research Ltd.	Israel
LifeWatch Technologies, Ltd.	Israel
Philips Electronics (Israel) Ltd.	Israel
Philips Medical Systems Technologies Ltd.	Israel
Philips Innovations S.p.A.	Italy
Philips Societa per Azioni	Italy
Philips Japan, Ltd.	Japan
Philips Kazakhstan LLP	Kazakhstan
Philips East Africa Limited	Kenya
Philips Korea Ltd.	Korea, Republic of
Philips Baltic SIA	Latvia
Philips Lighting Maseru Pty. Ltd.	Lesotho
Philips Luxembourg S.A.	Luxembourg
Philips Malaysia Sdn. Bhd.	Malaysia
Philips México Commercial, S.A. de C.V.	Mexico
Philips North Africa SARL	Morocco
Philips Myanmar Company Limited	Myanmar
Card Guard Europe B.V.	Netherlands
Discus Dental Europe B.V.	Netherlands
EPD Medco B.V.	Netherlands
Maverix B.V.	Netherlands
Metaalraadlampenfabriek "Volt" B.V.	Netherlands
Philips Canada Holding B.V.	Netherlands
Philips Components B.V.	Netherlands
Philips Consumer Lifestyle B.V.	Netherlands
Philips Consumer Lifestyle International B.V.	Netherlands
Philips DAP Zhuhai Holding B.V.	Netherlands
Philips Electronics China B.V.	Netherlands

Philips Electronics Middle East & Africa B.V.	Netherlands
Philips Electronics Nederland B.V.	Netherlands
Philips Electronics Technology Shanghai Holding B.V.	Netherlands
Philips Export B.V.	Netherlands
Philips Imaging Systems China Holding B.V.	Netherlands
Philips International B.V.	Netherlands
Philips IP Ventures B.V.	Netherlands
Philips Medical Systems International B.V.	Netherlands
Philips Medical Systems Nederland B.V.	Netherlands
Philips Nederland B.V.	Netherlands
Philips Oral Healthcare B.V.	Netherlands
Philips Participations B.V.	Netherlands
Philips Patient Monitoring Systems China Holding B.V.	Netherlands
Philips' Radio B.V.	Netherlands
Philips Real Estate Investment Management B.V.	Netherlands
Philips USA Export Holding B.V.	Netherlands
Philips Venture Capital Fund B.V.	Netherlands
Philips Warehouse & Services B.V.	Netherlands
Spectranetics International B.V.	Netherlands
VitalHealth Software B.V.	Netherlands
Philips New Zealand Commercial Limited	New Zealand
LifeWatch MK DOOEL	North Macedonia
Philips Norge AS	Norway
Philips Caribbean Panamá, Inc.	Panama
Philips SEM S.A.	Panama
Philips del Paraguay S.A.	Paraguay
Philips Philippines, Inc.	Philippines
Philips Polska Sp.z.o.o.	Poland
Philips Respiromix sp. z o.o.	Poland
Philips Portuguesa, S.A.	Portugal
Philips Medical Systems Puerto Rico, Inc.	Puerto Rico
Philips Romania S.R.L.	Romania
Limited Liability Company "PHILIPS"	Russia
Philips Healthcare Saudi Arabia Limited (50%)	Saudi Arabia
Philips doo Beograd	Serbia

CapsuleTech Asia Pacific Pte. Ltd.	Singapore
Philips Electronics Singapore Pte Ltd	Singapore
PHILIPS SLOVENIJA trgovina, d.o.o.	Slovenia
Philips Africa (Proprietary) Limited	South Africa
Philips South Africa Commercial (Proprietary) Ltd. (89%)	South Africa
Volcano Therapeutics South Africa Pty Ltd	South Africa
Philips Ibérica, S.A.U.	Spain
Philips Lanka Solutions (Private) Limited	Sri Lanka
BioTel Europe AB	Sweden
Philips Aktiebolag	Sweden
Imel AG	Switzerland
LifeWatch GmbH	Switzerland
Philips AG	Switzerland
Philips Taiwan Ltd.	Taiwan
Philips (Thailand) Ltd.	Thailand
Türk Philips Ticaret Anonim Sirketi	Turkey
Limited Liability Company "Philips Ukraine"	Ukraine
Philips Electronics M E & Africa BV LLC	United Arab Emirates
Avent Limited	United Kingdom
Cardiocore Lab, Limited	United Kingdom
Invivo UK Ltd.	United Kingdom
Philips Components Limited	United Kingdom
Philips Consumer Communications UK Limited	United Kingdom
Philips DCP (Belfast) Limited	United Kingdom
Philips Digital UK Limited	United Kingdom
Philips Electronics UK Limited	United Kingdom
Philips Healthcare Informatics Limited	United Kingdom
Philips Titan Limited	United Kingdom
Philips Trustee Company Limited	United Kingdom
Philips U.K. Limited	United Kingdom
Pye (Electronic Products) Ltd.	United Kingdom
Pyecam Company Limited	United Kingdom
Remote Diagnostic Technologies Limited	United Kingdom
Respironics (UK) Limited	United Kingdom
Respironics Ltd.	United Kingdom

Respironics Respiratory Drug Delivery (UK) Ltd.	United Kingdom
Respironics UK Holding Company Limited	United Kingdom
370 West Trimble Road LLC	United States
AllParts Medical, LLC	United States
American Color & Chemical, L.L.C.	United States
ATL International LLC	United States
ATL Ultrasound, Inc.	United States
BioTel INR, LLC	United States
BioTelemetry Care Management, LLC	United States
BioTelemetry, Inc.	United States
Blue Willow Systems LLC	United States
Braemar Manufacturing, LLC	United States
CapsuleTech Inc.	United States
Cardiac Monitoring Holding Company, LLC	United States
Cardiologs Technologies Inc.	United States
CardioNet, LLC	United States
CardioProlific, Inc.	United States
Cerebral Data Systems, Inc. (93%)	United States
Crux Biomedical LLC	United States
Discus Dental Canada, LLC	United States
Discus Dental, LLC	United States
Discus Holdings, LLC	United States
Discus International, LLC	United States
Electrical Geodesics, LLC	United States
Geneva Healthcare, LLC	United States
Intact Vascular, Inc.	United States
LifeWatch Services Inc.	United States
Philips CS Corporation	United States
Philips DS North America LLC	United States
Philips Electronics Realty, LLC	United States
Philips Healthcare Informatics, Inc.	United States
Philips Holding USA Inc.	United States
Philips Image Guided Therapy Corporation	United States
Philips Medical Systems (Cleveland), Inc.	United States
Philips Medical Systems Export, Inc.	United States

Philips Medical Systems MR, Inc.	United States
Philips MPEG Inc.	United States
Philips North America LLC	United States
Philips Oral Healthcare, LLC	United States
Philips Project Management, LLC	United States
Philips RS North America Holding Corporation	United States
Philips RS North America LLC	United States
Philips Semiconductors Inc.	United States
Philips Ultrasound LLC	United States
Philips USA Export Corporation	United States
Remote Diagnostic Technologies LLC	United States
Respiratory Technologies, Inc.	United States
Respironics California, LLC	United States
Respironics Colorado, Inc.	United States
Respironics Logistics Services, LLC	United States
Respironics Novamatrix, LLC	United States
Spectranetics LLC	United States
Telcare Medical Supply, LLC	United States
Telcare, LLC	United States
Tomtec Corporation	United States
U.S. Philips Corporation	United States
Vesper Medical, Inc.	United States
VISICU, Inc.	United States
VitalHealth Software Corp.	United States
Volcano Atheromed, Inc.	United States
Philips Uruguay S.A.	Uruguay
Philips Vietnam Limited	Vietnam

Exhibit 11



Philips Insider Trading Rules

February 2025

Purpose and scope

Insider trading happens when someone trades securities (such as shares) based on price sensitive information that is not publicly available ('inside information'), which is illegal. Insider trading' conflicts with the basic principle that everyone trading on a stock exchange should simultaneously have access to the same information. If someone has inside information, such person is not allowed to trade securities, unless specific exemptions apply.

Purpose: The purpose of these insider trading rules is to set out the rules and restrictions applicable to trading in Philips securities and the unlawful disclosure of inside information. These rules are designed to ensure that everyone working for Philips follows the applicable regulations on insider trading and they aim to protect Philips' reputation and business integrity.

Scope: These rules apply to all employees and members of the board of management and supervisory board of Philips.

Employees and members of the board of management and supervisory board of Philips:

- 1) **must keep inside information confidential and not share it with others unless this is part of their regular duties and the recipient is bound by confidentiality; and**
- 2) **should not trade Philips securities on the basis of inside information.**

The Compliance Officer Insider Trading is responsible for overseeing these rules and may grant exemptions in certain cases. Violating the rules can lead to disciplinary actions and severe penalties.

If there are any questions or uncertainties about these rules, employees are encouraged to contact the Compliance Officer Insider Trading.

These rules are an integral part of Philips' General Business Principles.

1. Scope and definitions

1.1. These insider trading rules (hereinafter referred to as: the "**Rules**") apply to all persons working under a contract of employment or otherwise, for Philips and any of its subsidiaries, and to the members of the Board of Management and of the Supervisory Board of Philips (together referred to in these Rules as: "**Philips Persons**"). Certain parts of these Rules apply to a particular group of people within Philips only, such as members of the Board of Management and Supervisory Board.

1.2. Certain capitalized terms used in these Rules have the meaning set out in Annex 1 (Definitions) to these Rules.

2. General rules

2.1. Inside information

Inside Information is a crucial term in these Rules. In relation to Philips, Inside Information means information of a precise nature, which has not been made public, relating, directly or indirectly, to Philips, its subsidiaries or to one or more financial instruments (including Philips Securities), and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments.

2.2. No insider trading; exemptions

2.2.1 If a Philips Person possesses Inside Information, such Philips Person may not Trade or attempt to Trade in Philips Securities. A cancellation or amendment of an order concerning Philips Securities is also considered Trading.

2.2.2 This insider trading prohibition does not apply in the following situations:

- (i) if the Philips Person Trades in discharge of an obligation that has become due in good faith (and not to circumvent the insider trading prohibition or for any other illegitimate reason) and where (a) the obligation results from an order placed or an agreement concluded, or (b) the transaction is carried out to satisfy a legal or regulatory obligation that arose, in each case before the Philips Person concerned possessed Inside Information. This is for example the case when you have the obligation to transfer or acquire Philips Securities further to an agreement concluded before you obtained Inside Information;
- (ii) in case of the purchase or acceptance of Philips Securities or the acceptance of grants of Philips Securities under a Philips employee equity or share purchase plan;
- (iii) in case of the sale of Philips Securities acquired under a Philips employee equity or share purchase plan immediately after a sale is first permitted pursuant to the conditions of such plan, on the condition that: (a) the Philips Person concerned uses the sale proceeds to immediately pay a tax obligation arising in connection with such acquisition; and (b) the Philips Person concerned irrevocably decided to opt for such sale at least four months prior to the date a sale is first permitted pursuant to the conditions of such plan (also known as: 'sell to cover taxes');
- (iv) in case of the exercise of options or the exercise of similar rights to Philips Securities under a Philips employee equity or share purchase plan on or within a period of five (5) business days prior to the expiry date of such right, as well as any subsequent sale of Philips Securities so acquired, provided that (i) such sale takes place on or within a period of five (5) business days prior to the expiry date of such right, and (ii) the Philips Person concerned has, at least four months prior to the expiry date, notified the Compliance Officer Insider Trading irrevocably in writing of such Philips Person's decision to exercise (subject to such options or similar rights being in the money) and, if so elected, to sell;
- (v) in case of a Trade executed by an independent portfolio manager having full and exclusive discretionary power to take and execute any investment decision for the account of the Philips Person concerned and that is not based on any active investment decision of the Philips Person concerned provided that the Philips Person concerned did not possess Inside Information when the discretionary power to the independent portfolio manager was granted;

- (vi) the acceptance of dividend paid in Philips securities, provided that, in case a choice has to be made between a dividend paid out in shares or in cash, such choice was made when the Philips Person concerned did not possess Inside Information.

Philips Persons on a US pay-roll, Philips Persons holding Philips Securities traded on the New York Stock Exchange, Philips Persons seeking to make any Trades in the United States and Philips Persons who qualify as 'United States Person' for United States tax purposes should contact the Compliance Officer Insider Trading in case they would like to make use of any of the above exemptions, as such exemptions may not be available to them. Such Philips Persons may only Trade while in possession of Inside Information pursuant to a pre-arranged trading plan that complies with Rule 10b5-1.

2.3.No unlawful disclosure or tipping

- 2.3.1 A Philips Person may not disclose Inside Information to anyone else, except where the disclosure is made strictly as part of the Philips Person's regular duty or function and the recipient of the Inside Information is under an obligation of confidentiality and is made aware of the restrictions on using that information under applicable market abuse rules and regulations.
- 2.3.2 A Philips Person may not whilst in the possession of Inside Information recommend or induce anyone to engage in Trading in Philips Securities.

2.4.No Trading outside Open Windows

- 2.4.1. Philips Permanent Insiders and other Philips Persons so instructed by the Compliance Officer Insider Trading may:
 - (i) not Trade in Philips Securities outside Open Windows, regardless of whether they possess Inside Information; and
 - (ii) only Trade in Open Windows if they do not possess Inside Information.
- 2.4.2. The exemptions from the insider trading prohibition set out in clause 2.2.2 of these Rules also apply to any Trade outside an Open Window, provided that in respect of a Trade by a member of the Board of Management or a member of the Supervisory Board only the exemptions set out under (ii), (iii), (iv) and (v) apply in each period of thirty (30) calendar days prior to the date of publication of Philips' semi-annual and annual financial report.
- 2.4.3. The Open Windows are the four (4) periods of twenty-eight (28) calendar days from the date of publication of Philips' annual and semi-annual financial statements and of Philips' first and third quarterly results and/or any other period as determined by the Compliance Officer Insider Trading from time to time.
- 2.4.4. The Compliance Officer Insider Trading will publish the dates of the Open Windows in any financial year on Philips' intranet prior to the start of the financial year. Any changes or additions will be announced in the same manner.

2.5.No Trading in Philips Securities in violation of instructions

A Philips Person may not Trade in Philips Securities when the Compliance Officer Insider Trading has prohibited such Philips Person from doing so, regardless of whether such Philips Person possesses Inside Information.

2.6.No Trading in securities of total shareholder return performance peer group companies

- 2.6.1. In Blocked Periods, members of the Board of Management and Supervisory Board and other Philips Persons so instructed by the Compliance Officer Insider Trading may not Trade in financial instruments relating to any of the peer companies that are part of the total shareholder return performance peer group as determined by the Supervisory Board and published in Philips' annual report from time to time.
- 2.6.2. The Blocked Periods are the four (4) periods of seven (7) calendar days preceding the date of publication of Philips' annual and semi-annual financial statements and of Philips' first and third quarter results and/or any other period as determined by the Compliance Officer Insider Trading and communicated to the relevant persons to whom clause 2.6.1 applies.
- 2.6.3. The exemptions in clause 2.2.2 (i), (v) and (vi) apply mutatis mutandis to the prohibitions in clause 2.6.1.

2.7. No Trading in securities of certain other listed companies

- 2.7.1. A Philips Person may not Trade in financial instruments relating to other listed companies if the Compliance Officer Insider Trading has prohibited such Philips Person from doing so in view of a potential M&A transaction, regardless of whether such Philips Person possesses inside information in relation to these companies or financial instruments.
- 2.7.2. The exemptions in clause 2.2.2 (i), (v) and (vi) apply mutatis mutandis to the prohibitions in clause 2.7.1.

2.8. Dispensation

The Compliance Officer Insider Trading may grant a Philips Person dispensation from any of the restrictions included in clauses 2.4 through 2.7, to the extent permitted by law. Any dispensation from a prohibition granted by the Compliance Officer Insider Trading is without prejudice to the statutory market abuse prohibitions, including the prohibition on insider trading.

2.9. Consultation Compliance Officer Insider Trading

A Philips Person may consult the Compliance Officer Insider Trading on whether a particular Trading or other behaviour is allowed under this clause 2 (see also clause 6.4 of these Rules).

2.10. Cooling off period

The restrictions included in clauses 2.4 through 2.7 will continue to have effect until four (4) months after the Philips Person will have ceased to occupy the relevant position within Philips, and without prejudice to the statutory market abuse prohibitions. The Compliance Officer Insider Trading may grant a dispensation from this clause 2.10 or shorten the four (4) months period, in the sole discretion of the Compliance Officer Insider Trading on a case-by-case basis.

3. Additional rules for Philips Qualified Insiders

3.1. No derivatives, short selling or pledging

Every Philips Qualified Insider is at any time prohibited from:

- (i) buying or writing (put/call) options or other derivatives whose value is derived from the value of any Philips Securities;
- (ii) engaging in any short sales (i.e. selling stock you do not own and borrowing the shares to make delivery of Philips Securities); and
- (iii) pledging Philips Securities as a collateral in a margin account or for a loan.

3.2. Prohibition on reverse transactions

Every Philips Qualified Insider is prohibited from Trading within six (6) months after a Trade if the second Trade is the opposite of the first Trade or otherwise results in undoing or limiting the effect of the first Trade. This prohibition does not apply if the first Trade is the exercise of stock options and the conversion of convertible personnel debentures under any Philips Long-Term Incentive Plan or Philips employee equity or share purchase plan and the second Trade is a sale of Philips shares acquired by exercising such right.

3.3. Mandatory prior approval

- 3.3.1. Philips Qualified Insiders may only proceed with a Trade in Philips Securities after the person concerned has notified the Compliance Officer Insider Trading of such person's intention to do so by means of an approval form and has received approval from the Compliance Officer Insider Trading. The approval requirement set out in the previous sentence does not apply to 'sell to cover taxes' transactions as referred to in clause 2.2.2 (iii).
- 3.3.2. The approval of the Compliance Officer Insider Trading is only valid for such intended Trade as set out in the approval form as submitted and only if such intended Trade is executed within the Open Window ongoing on the date of receipt of the approval of the Compliance Officer Insider Trading.
- 3.3.3. The Compliance Officer Insider Trading may set deadlines for Philips Qualified Insiders to submit an approval form in respect of an intended Trade in an upcoming Open Window and will publish such deadlines in any financial year on Philips' intranet prior to the start of the financial year. Any changes or additions will be announced in the same manner.

3.4. Cooling off period

The restrictions included in clauses 3.1 through 3.3 will continue to have effect until four (4) months after the Philips Person will have ceased to occupy the relevant position within Philips, and without prejudice to the statutory market abuse prohibitions. The Compliance Officer Insider Trading may grant a dispensation from this clause 3.4 or shorten the four (4) months period, in the sole discretion of the Compliance Officer Insider Trading on a case-by-case basis.

4. Additional rules for members of the Board of Management and Supervisory Board

4.1. Notifications

- 4.1.1. Each member of the Board of Management and of the Supervisory Board must notify both the AFM and the Compliance Officer Insider Trading of the following at the time indicated below:
 - (a) promptly and without delay:
 - (1) each change in number and/or type, in such person's share and/or voting interest in Philips. In this context, "share" also includes rights to obtain shares, such as options. A change in the type of interest will, for example, occur if an option is exercised and consequently shares are obtained or if options expire;

- (2) every transaction in Philips Securities conducted by such person or on such person's account. A non-exhaustive list of transactions that must be notified is included in Annex 2 to these Rules;
- (b) within two weeks of the appointment as a member of the Board of Management or Supervisory Board: such person's holding in Philips Securities or voting rights.
- 4.1.2. The notifications referred to under clauses 4.1.1 (a) and (b) to the Compliance Officer Insider Trading shall be done: (i) by means of the notification form as published on the Philips Intranet from time to time -unless such notification form sets out that such type of transaction shall be reported to the Compliance Officer Insider Trading on their behalf-; or (ii) in such other manner as determined by the Compliance Officer Insider Trading.
- 4.1.3. Members of the Board of Management and of the Supervisory Board may request the Compliance Officer Insider Trading to submit the necessary notifications to the AFM on their behalf. The Compliance Officer Insider Trading may pose requirements in addition to the requirements set out in clause 4.1.2, in order to ascertain due and timely notification to the AFM. Members of the Board of Management and of the Supervisory Board will at all times remain responsible themselves for notifications to the AFM made on their behalf.
- 4.1.4. The notifications referred to under clauses 4.1.1 (a) (1) and (2) can be combined if and to the extent permitted by law.
- 4.1.5. Members of the Board of Management and Supervisory Board must instruct any person arranging or executing transactions on their behalf, such as an individual portfolio manager, to timely inform them of any transaction or change that is notifiable under clause 4.1 of these Rules.

4.2. Rules relating to Closely Associated Persons of the Board of Management and of the Supervisory Board

- 4.2.1. Members of the Board of Management and Supervisory Board must inform the Compliance Officer Insider Trading of all persons that qualify as their Closely Associated Persons from time to time.
- 4.2.2. Members of the Board of Management and Supervisory Board must inform their Closely Associated Persons in writing or by e-mail of their duty to notify the AFM and the Compliance Officer Insider Trading promptly and ultimately within 3 business days of every transaction in Philips Securities and must preserve a copy of these letter(s) or e-mail(s) sent to their Closely Associated Person(s), but may ask the Compliance Officer Insider Trading to preserve such copy on their behalf. Members of the Board of Management and Supervisory Board will at all times remain responsible themselves for preserving such copy.
- 4.2.3. Members of the Board of Management and Supervisory Board and their Closely Associated Persons may request the Compliance Officer Insider Trading to submit the necessary notifications to the AFM on behalf of the relevant Closely Associated Person. The request must be made in writing or by e-mail, on the date of the transaction and must be accompanied by all details that must be notified to the AFM. The Compliance Officer Insider Trading may pose additional requirements in order to ascertain due and timely notification to the AFM. Closely Associated Persons will at all times remain responsible themselves for notifications to the AFM made by the Compliance Officer Insider Trading on their behalf.

5. Insider list

- 5.1.** Pursuant to Philips' legal obligations under the MAR, Philips will keep a list (the "insider list") of Philips Persons who have or may have access to Inside Information ("**Philips Insiders**"). The insider list is divided into separate sections relating to different Inside Information, as well as a section with the details of Philips Permanent Insiders. New sections will be added to the insider list upon the identification of new Inside Information. The various sections of the insider list will be maintained by either the Compliance Officer Insider Trading or a person working on the relevant project or event. Philips Persons that are or will be placed on any section of the insider list will receive an email informing them thereof.
- 5.2.** The insider list includes the following details of individuals who have access to Inside Information:
- (a) first name(s) and surname(s), as well as birth surname(s);
 - (b) professional telephone number(s);
 - (c) company name and address;
 - (d) function and reason for being insider;
 - (e) date and time at which a person obtained access to Inside Information, or, in relation to Philips Permanent Insiders, date and time at which a person was included in the permanent insider section;
 - (f) date and time at which a person ceased to have access to Inside Information;
 - (g) date of birth;
 - (h) national identification number;
 - (i) personal telephone numbers; and
 - (j) personal full home address.
 - (k)
- 5.3.** Philips is the data controller with regard to the processing of personal data included in the insider list and shall only use these data in accordance with applicable laws, Philips' Policy on Privacy and Data Protection and the Philips Privacy Compliance Framework Standard (all as amended from time to time) and for the following purposes:
- (a) to comply with the Company's legal obligations, including:
 - (i) keeping the list in accordance with the MAR;
 - (ii) complying with requests from the AFM or any other competent authority; and
 - (iii) controlling the flow of Inside Information, thereby managing Philips' confidentiality obligations;
 - (b) based on the legitimate interest of the Company, in which case the Company only processes the personal data that are necessary for the applicable purpose, which are:
 - (i) informing Philips Persons of which other persons are in the same section of the insider list;
 - (ii) informing certain Philips Persons of Open Windows;
 - (iii) informing Philips Qualified Insiders of deadlines for submitting the approval form as referred to in clause 3.3 in view of upcoming Open Windows;
 - (iv) protecting the corporate interests of Philips; and
 - (v) holding or commissioning an inquiry into transactions conducted by or on behalf of a Philips Person or a Closely Associated Person.
- 5.4.** Philips will retain the data in the list in accordance with Philips' Policy on Privacy and Data Protection and the Philips Privacy Compliance Framework Standard (all as amended from time to time). The insider list and all updates thereof will be dated. Philips will retain the insider list for a period of at least five years after it is drawn up or updated. If such data is necessary for an internal or external investigation, the resolution of a dispute or in connection with legal proceedings, Philips will retain the relevant data until the relevant investigation, dispute or legal proceeding has ended.
- 5.5.** Philips will inform a Philips Person of inclusion in the insider list. A Philips Person included in the insider list must acknowledge in writing that such Philips Person is aware of such Philips Person's duties as set forth in these Rules, as well as the applicable sanctions included and referred to in clause 7 of these Rules.

- 5.6.** Philips may provide information from the insider list to the AFM or other competent authorities upon their request. Information on the insider list will not be supplied to other parties, except when required or allowed by law or if a legitimate interest of Philips requires this.
- 5.7.** Persons included in the insider list are entitled to review their personal data as processed by Philips and can exercise their data subject rights in the manner as set out in the applicable Philips privacy notice.
- 5.8.** Persons may request to be informed about which other persons are included in sections of the insider list to the extent relevant for the requesting person.

6. Compliance Officer Insider Trading

- 6.1.** The Board of Management will appoint the Compliance Officer Insider Trading. The Compliance Officer Insider Trading may, in consultation with the Board of Management, appoint one or more deputies to carry out the duties and powers of the Compliance Officer Insider Trading.
- 6.2.** The Compliance Officer Insider Trading has the duties and powers granted to the Compliance Officer Insider Trading in these Rules. The Board of Management may grant additional duties or powers to the Compliance Officer Insider Trading.
- 6.3.** The Compliance Officer Insider Trading may in exceptional circumstances grant dispensation from prohibitions, restrictions or obligations included in these Rules, to the extent permitted by law.
- 6.4.** Philips Persons and Closely Associated Persons of members of the Board of Management or of the Supervisory Board may request the Compliance Officer Insider Trading as to whether a prohibition, restriction or obligation contained in these Rules applies to them. If a Philips Person is in doubt as to whether a prohibition or obligation applies, it is advisable to contact the Compliance Officer Insider Trading and seek advice. Philips Persons will at all times remain fully responsible for compliance with these Rules and the law.
- 6.5.** The Compliance Officer Insider Trading is authorized to hold or commission an inquiry into transactions conducted by or on behalf a Philips Person or a Closely Associated Person of members of the Board of Management or Supervisory Board. The Compliance Officer Insider Trading may report the outcome of the inquiry to members of the Board of Management or to the chairman of the Supervisory Board, if deemed appropriate by the Compliance Officer Insider Trading.

7. Sanctions

- 7.1.** In the event of a violation of any provision of these Rules, Philips or, as the case may be, the employer reserves the right to impose any sanctions which it is entitled to impose pursuant to the law and/or the (employment) agreement with the person in question. Such possible sanctions include termination of the (employment) agreement with the person involved, by way of summary dismissal or otherwise. Furthermore, Philips, or as the case may be the employer, may report a violation of any provision of these Rules to any relevant competent authority in the relevant jurisdiction.
- 7.2.** A description of the market abuse prohibitions under the MAR and related maximum sanctions can be found on Philips' intranet.

8. Miscellaneous

8.1. Circumstances not covered by these Rules

The Board of Management has the right to take decisions in any circumstances not covered by these Rules, provided that it does so in accordance with any applicable statutory provisions including the MAR and United States securities laws.

8.2. Amendments

The provisions of these Rules may be amended and/or supplemented by a resolution of the Board of Management. Amendments and supplements will enter into force from the moment that they are announced, unless the announcement specifies otherwise.

8.3. Governing law

These Rules are governed by Dutch law.

Annex 1: Definitions

AFM	The Netherlands Authority for the Financial Markets (<i>Stichting Autoriteit Financiële Markten</i>);
Blocked Period	a period as defined in clause 2.6.2. of these Rules;
Board of Management	Philips’ board of management (<i>raad van bestuur</i>);
Closely Associated Persons	<ul style="list-style-type: none"> (a) a spouse, or a partner considered to be equivalent to a spouse in accordance with national law; (b) a dependent child, in accordance with national law; (c) a relative who has shared the same household for at least one year on the date of the transaction concerned; or (d) a legal person, trust or partnership, the managerial responsibilities of which are discharged by a member of the Board of Management or Supervisory Board or by a person referred to in point (a), (b) or (c), which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interests of which are substantially equivalent to those of such a person.
Inside Information	Information of a precise nature, which has not been made public, relating, directly or indirectly, to Philips, its subsidiaries or to one or more financial instruments (including Philips Securities), and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments;
MAR	The European Market Abuse Regulation ((EU) No 596/2014) as amended from time to time;
Open Window	A period as defined in clause 2.4.3 of these Rules;
Philips	Koninklijke Philips N.V.;
Philips Insiders	All Philips Persons included on any section of the insider list as referred to in clause 5.1 of these Rules from time to time;
Philips Persons	Persons working under a contract of employment or otherwise performing tasks for Philips or any of its subsidiaries and members of the Board of Management and the Supervisory Board;
Philips Qualified Insiders	Members of the Board of Management and Supervisory Board and other Philips Persons so instructed by the Compliance Officer Insider Trading;

Philips Permanent Insiders	Philips Persons who have access at all times to Inside Information within Philips, including but not limited to the Philips Qualified Insiders;
Philips Securities	Philips shares or debt instruments, or derivatives (such as options, puts, calls or warrants or any other financial instrument by which the aforementioned securities can be acquired or subscribed) whether or not issued by Philips (and whether or not settled in such securities or cash) or other financial instruments linked to them;
Rule 10b5-1	Rule 10b5-1 under the United States Securities Exchange Act of 1934, as amended from time to time;
Rules	These insider trading rules;
Supervisory Board	Philips' supervisory board (<i>raad van commissarissen</i>);
Trade or Trading	Acquiring or disposing of, transferring (including gifting) or conducting any other transaction on a person's own account or for the account of a third party, directly or indirectly, relating to, financial instruments. A cancellation or amendment of an order concerning a financial instrument is also considered Trading. Enrolling in and terminating participation in an employee share purchase plan or amending the amount of the periodic contribution to such plan is also considered Trading;

Annex 2: Non-exhaustive list of transactions that must be notified by members of the Board of Management and Supervisory Board and their Closely Associated Persons

Transactions in Philips' Securities which need to be notified to the AFM and the Compliance Officer Insider Trading under Article 19 of the MAR, include the following:

- a) acquisitions or disposals;
- b) transactions undertaken by persons professionally arranging or executing transactions or by another person on behalf of a member of the Board of Management or Supervisory Board or a Person Closely Associated with a member of the Board of Management or Supervisory Board, including where discretion is exercised (e.g. under an individual portfolio or asset management mandate);
- c) gifts and donations made or received, and inheritance received;
- d) acceptance or exercise of a stock option, including of a stock option granted to managers or employees as part of their remuneration package, and the disposal of shares stemming from the exercise of a stock option;
- e) subscription to a capital increase or debt instrument issuance;
- f) conditional transactions upon the occurrence of the conditions and actual execution of the transactions;
- g) automatic or non-automatic conversion of a financial instrument into another financial instrument, including the exchange of convertible bonds to shares;
- h) pledging (or a similar security interest), borrowing or lending by or on behalf of a member of the Board of Management or Supervisory Board or Person Closely Associated with a member of the Board of Management or Supervisory Board;
- i) short sale, subscription or exchange;
- j) entering into or exercise of equity swaps;
- k) transactions in or related to derivatives, including cash-settled transactions;
- l) entering into a contract for difference on a financial instrument of Philips or on emission allowances or auction products based thereon;
- m) acquisition, disposal or exercise of rights, including put and call options, and warrants;
- n) transactions in derivatives and financial instruments linked to a debt instrument of Philips, including credit default swaps;
- o) transactions executed in index-related products, baskets and derivatives, insofar as required by Article 19 of the MAR;
- p) transactions executed in shares or units of investment funds, including alternative investment funds (AIFs) referred to in Article 1 of Directive 2011/61/EU of the European Parliament and of the Council, insofar as required by Article 19 of the MAR;
- q) transactions executed by manager of an alternative investment fund (AIF) in which the member of the Board of Management or Supervisory Board or Person Closely Associated with the member of the Board of Management or Supervisory Board have invested, insofar as required by Article 19 of the MAR; and
- r) transactions made under a life insurance policy, where the investment risk is borne by the member of the Board of Management or Supervisory Board or Person Closely Associated with the member of the Board of Management or Supervisory Board and such person has the power or discretion to make investment decisions regarding specific instruments in that life insurance policy or to execute transactions regarding specific instruments for that life insurance policy.



Policy Owner: Chief ESG & Legal Officer
Approved by: the Board of Management

Royal Philips (Koninklijke Philips N.V.)
www.philips.com

Exhibit 12 (a)

Certification

I, R.W.O. Jakobs, certify that:

1. I have reviewed this Annual Report on Form 20-F of Koninklijke Philips N.V., a company incorporated under the laws of The Netherlands;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the Annual Report that has materially affected or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 21, 2025

/s/ R.W.O. Jakobs

Name: R.W.O. Jakobs

Title: Chief Executive Officer,

Chairman of the Board of Management and the Executive Committee

Exhibit 12 (b)

Certification

I, C.M. Hanneman, certify that:

1. I have reviewed this Annual Report on Form 20-F of Koninklijke Philips N.V., a company incorporated under the laws of The Netherlands;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the Annual Report that has materially affected or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 21, 2025

/s/ C.M. Hanneman

Name: C.M. Hanneman

Title: Chief Financial Officer,

Member of the Board of Management and the Executive Committee

Exhibit 13 (a)

Certification

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Koninklijke Philips N.V., a company incorporated under the laws of The Netherlands (the "Company"), hereby certifies, to such officer's knowledge, that:

The Annual Report on Form 20-F for the year ended December 31, 2024 (the "Report") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 21, 2025

/s/ R.W.O. Jakobs

Name: R.W.O. Jakobs

Title: Chief Executive Officer,

Chairman of the Board of Management and the Executive Committee

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 13 (b)

Certification

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Koninklijke Philips N.V., a company incorporated under the laws of The Netherlands (the "Company"), hereby certifies, to such officer's knowledge, that:

The Annual Report on Form 20-F for the year ended December 31, 2024 (the "Report") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 21, 2025

/s/ C.M. Hanneman

Name: C.M. Hanneman

Title: Chief Financial Officer,

Member of the Board of Management and the Executive Committee

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 15 (a)

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 333-140784, 333-151797, 333-157477, 333-165017, 333-172329, 333-179692, 333-186849) of Koninklijke Philips N.V. of our reports dated February 21, 2025, with respect to the consolidated financial statements of Koninklijke Philips N.V. and the effectiveness of internal control over financial reporting of Koninklijke Philips N.V. included in this Annual Report (Form 20-F) of Koninklijke Philips N.V. for the year ended December 31, 2024.

/s/ EY Accountants B.V.

Amsterdam, the Netherlands February 21, 2025

Exhibit 15 (b)

EY Accountants B.V.
Cross Towers, Antonio Vivaldistraat 150
1083 HP Amsterdam, Netherlands
Postbus 7883
1008 AB Amsterdam, Netherlands

Tel: +31 88 407 10 00
Fax: +31 88 407 10 05
ey.com

February 21, 2025

Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549
United States

Commissioners:

We have read the statements of Philips included in chapter "10.1.6 Annual financial statements and external audit" of its Annual Report on Form 20-F dated February 21, 2025, and are in agreement with the statements contained in paragraphs two, four, five, six and seven therein. We have no basis to agree or disagree with other statements of the registrant contained therein.

/s/ EY Accountants B.V.

Exhibit 97

CLAWBACK POLICY: RECOVERY OF ERRONEOUSLY AWARDED INCENTIVE-BASED COMPENSATION

I. BACKGROUND

Koninklijke Philips N.V. (the “**Company**”) has adopted this Policy Regarding the Recovery of Erroneously Awarded Incentive-Based Compensation (this “**Policy**”) to provide for the recovery or “clawback” of excess Incentive-Based Compensation earned by current or former Executive Officers (as that term is defined in Section 303A.14 of the NYSE Listed Company Manual, and on the date hereof being the members of the Company’s Board of Management (the “**Board of Management**”) in the event of a required Restatement (each, as defined herein”).

For purposes of this Policy, “**Incentive-Based Compensation**” means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure. “**Financial Reporting Measures**” means any of the following: (i) measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures, (ii) stock price and (iii) total shareholder return (“**TSR**”). A Financial Reporting Measure need not be presented within the Company’s financial statements or included in a filing with the SEC.

II. STATEMENT OF POLICY

The Company shall recover reasonably promptly the amount of erroneously awarded Incentive-Based Compensation in the event that the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a “**Restatement**”).

The Company shall recover erroneously awarded Incentive-Based Compensation in compliance with this Policy except to the extent provided under the section entitled “V. Exceptions” herein.

III. SCOPE OF POLICY

This Policy applies to all Incentive-Based Compensation received by a member of the Board of Management:

- after beginning service as a member of the Board of Management,
- who served as a member of the Board of Management at any time during the performance period for that Incentive-Based Compensation,
- while the Company has its ordinary shares listed on the New York Stock Exchange (“**NYSE**”), and

during the three completed fiscal years immediately preceding the date that the Company is required to prepare a Restatement (the “**Recovery Period**”).

For purposes of this Policy, Incentive-Based Compensation shall be deemed “received” in the Company’s fiscal period during which the Financial Reporting Measure (as defined herein) specified in the Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period.

For clarity, the Company’s obligation to recover erroneously awarded Incentive-Based Compensation under this Policy is not dependent on if or when a Restatement is filed.

For purposes of determining the relevant Recovery Period, the date that the Company is required to prepare the Restatement is the earlier to occur of:

- the date the Board of Management and/or the Supervisory Board conclude or reasonably should have concluded, that the Company is required to prepare a Restatement, and
- the date a court, regulator, or other legally authorized body directs the Company to prepare a Restatement.

IV. AMOUNT SUBJECT TO RECOVERY

The amount of Incentive-Based Compensation subject to this Policy is the amount of Incentive-Based Compensation received that exceeds the amount of Incentive-Based Compensation that otherwise would have been received had it been determined based on the restated amounts, computed without regard to any taxes paid.

For Incentive-Based Compensation based on stock price or TSR, where the amount of erroneously awarded Incentive-Based Compensation is not subject to mathematical recalculation directly from the information in a Restatement, the recoverable amount shall be based on a reasonable estimate of the effect of the Restatement on the stock price or TSR upon which the Incentive-Based Compensation was received. In such event, the Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to NYSE.

V. EXCEPTIONS

The Company shall recover erroneously awarded Incentive-Based Compensation in compliance with this Policy except to the extent that the conditions set out below are met and a majority of the independent directors serving on the Supervisory Board has made a determination that recovery would be impracticable:

A. Direct Expense Exceeds Recoverable Amount. The direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered; provided, however, that before concluding it would be impracticable to recover any amount of erroneously awarded Incentive-Based Compensation based on expense of enforcement, the Company shall make a reasonable attempt to recover such erroneously awarded Incentive-Based Compensation, document such reasonable attempt(s) to recover, and provide that documentation to NYSE.

B. Violation of Dutch Law. Recovery would violate Dutch law where that law was adopted prior to November 28, 2022^{***}; provided, however, that before concluding it would be impracticable to recover any amount of erroneously awarded Incentive-Based Compensation based on violation of Dutch law, the Company shall obtain an opinion of Dutch counsel, acceptable to NYSE, that recovery would result in such a violation, and shall provide such opinion to NYSE.

C. Recovery from Certain Tax-Qualified Retirement Plans. Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

VI. PROHIBITION AGAINST INDEMNIFICATION

The Company shall not indemnify any current or former member of the Board of Management against the loss of erroneously awarded Incentive-Based Compensation.

VII. DISCLOSURE

The Company shall file all disclosures with respect to recoveries under this Policy in accordance with the requirements of the U.S. Federal securities laws, including the disclosure required by the applicable Securities and Exchange Commission filings.

VIII. EFFECTIVENESS

This Policy shall be effective as of December 1, 2023. This Policy is in addition to any other policy of the Company concerning the recovery of excess Incentive-Based Compensation earned by current or former members of the Board of Management or contractual clawback provisions in the services contracts between the Company and members of the Board of Management in the event of a required Restatement.

¹⁾ This Policy is intended to comply with the requirements of Section 303A.14 of the New York Stock Exchange Listed Company Manual (the "Listing Standard"). To the extent that any provision in this Policy is ambiguous as to its compliance with the Listing Standard or to the extent any provision in this Policy must be modified to comply with the Listing Standard, such provision will be read, or will be modified, as the case may be, in such a manner so that all applicable provisions under this Policy comply with the Listing Standard.

^{**} Notwithstanding this look-back requirement, the Company is only required to apply this Policy to Incentive-Based Compensation received on or after October 2, 2023, being the effective date of NYSE's Listing Standard.

^{***} This includes the contractual clawback provisions in the services contracts between the Company and members of the Board of Management entered into prior to such date