



23/07/24

Environmental and Social Data Sheet

Overview

Project Name:	Philips Green Bon Framework (BGPP)
Project Number:	2024-0145
Country:	Netherlands and EU region
Project Description:	Purchase by the EIB of Green Bond instruments issued by Philips under its Sustainability Finance Framework (March 2024), the proceeds of which will finance new projects in the Netherlands and EU region, compliant with the Bank's Climate Action and Environmental Sustainability (CAES) framework and eligibility criteria.
EIA required:	no
Project included in Carbon Footprint Exercise ¹ :	no

Environmental and Social Assessment

The operation consists of the purchase by the EIB of publicly offered Green Bond instruments issued by Philips, a manufacturer of medical and consumer health services.

The Green Bonds will be issued under Philips' Sustainable Finance Framework, published in March 2024, which sets out the applicable eligibility criteria for the use of proceeds, their management, allocation and reporting. The Framework has received a second party opinion confirming alignment with the ICMA Green Bond Principles 2021 (GBP), including the updated appendix I of June 2022, the ICMA Social Bond Principles 2023 (SBP), the ICMA Sustainability Bond Guidelines 2021 (SBG), and the ICMA Sustainability-Linked Bond Principles 2023 (SLBP); as well as the LMA Green Loan Principles 2023 (GLP), the LMA Social Loan Principles 2023 (SLP), and the LMA Sustainability-Linked Loan Principles 2023 (SLLP).

The proceeds from EIB's purchase of Green Bond instruments will be invested in eligible new projects which will comply with the Bank's Climate Action and Environmental Sustainability (CAES) eligibility criteria.

The projects to be financed with the proceeds from EIB purchase of Green Bonds are projects that aim to improve medical and consumer health devices with environmental benefits that fall in the International Capital Markets Association (ICMA) Green Bond Principles (GBP) category of "circular economy adapted products, production technologies and processes; and/or certified eco-efficient products."

In particular, the funding will be allocated to projects that improve product design to improve energy efficiency, use less resources and more recycled content, avoid the use of hazardous substances, employ design for circularity and make product packaging easier to recycle and re-use. These investments are part of the Company's public commitment to design all new product introductions in line with Philips'

¹ Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO₂e/year absolute (gross) or 20,000 tonnes CO₂e/year relative (net) – both increases and savings.



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EcoDesign requirements by 2025, with 'EcoHeroes', products that go beyond the requirements for EcoDesign, accounting for 25% of hardware revenues.

Environmental Assessment

The EIB environmental, climate and social due diligence focused on the promoter's capacity to implement the eligible projects in line with the EIB Environmental and Social Standards and requirements as applied to capital market transactions.

The activities to be supported are research activities not listed under Annex I or II of Directive 2014/52/EU amending EIA Directive 2011/92/EU.

Climate assessment

- **Paris alignment of the project:** The project will support close to market RDI activities which are deemed as "not climate sensitive" and "not tangible": RDI activities are not exposed and/or can be easily replaced in case of weather or climate related damage or loss.

The project relates to RDI activities that are aligned with the low carbon principles laid down in Annex 2, table B of the EIB CBR.

As such the project is deemed aligned with the objectives of the Paris Agreement.

- **EIB Paris Alignment for Counterparties (PATH) Framework**
Philips (Koninklijke Philips NV) is in scope and screened out of the PATH framework, because it is not operating in a high emitting sector and/or its activities have been assessed as not vulnerable to physical climate risks.

Other Environmental and Social Aspects

The project will be managed and carried out by the promoter's existing R&D staff in the Netherlands (Eindhoven).

In addition to their public commitments around EcoDesigned products, the Company has publicly made a number of additional Environmental Commitments:

- Maintain carbon neutrality and use 75% renewable energy in our operations by 2025.
- Reduce CO₂ emissions in entire value chain in line with a 1.5 °C global warming scenario (based on Science Based Targets).
- Generate 25% of revenue from products, services and solutions that contribute to circularity, and offer responsible take-back on all professional medical equipment, by 2025
- Embed circular practices at sites and put zero waste to landfill by 2025.
- Work with suppliers to reduce the environmental footprint of supply chain in line with a 1.5 °C global warming scenario (based on Science Based Targets).

Conclusions and Recommendations

The Bank has reviewed the E&S risks associated with the operation as well as the E&S capacity of the Promoter. Based on the Promoter's past experience issuing this type of bond and respective reporting, the promoter's management and expertise in handling environmental and social responsibilities, as well as well-defined E&S policies and public commitments in place, the promoter has been assessed as capable to implement these green product investments in line with our E&S standards and in compliance with EIB's CAES eligibility framework.

The operation is considered acceptable for Bank financing from a social, climate and environmental point of view.