

KONINKLIJKE (ROYAL) PHILIPS NV

| | | | | | |
|------------------|---|------|-----|------------|---|
| MEETING DATE | Fri, 19 Oct 2018 9:30 am | TYPE | EGM | ISSUE DATE | Mon, 08 Oct 2018 |
| MEETING LOCATION | Hilton Amsterdam Hotel, Apollolaan 138, Amsterdam | | | |  |
| CURRENT INDICES | FTSE EuroFirst | | | |  |
| SECTOR | Electrical Components & Equipment | | | | |

COMPANY OVERVIEW

Koninklijke Philips N.V. is a Dutch diversified technology company. It provides healthcare and lighting technologies including cardiac care, acute care and home healthcare, energy efficient lighting solutions and new lighting applications, as well as male shaving and grooming and oral healthcare.

MEETING SPECIFIC INFORMATION

Quorum requirements and voting majorities

No quorum required for ordinary resolutions at this meeting. Resolutions under ordinary business are approved by simple majority of the votes cast.

Special resolutions require a quorum of 50% of the share capital and are approved by majority of 66% of the votes cast.

| | PROPOSALS | ADVICE |
|---|---|----------------|
| 1 | Elect A. Marc Harrison Independent Non-Executive Director. | For |
| 2 | Approve Fees Payable to the Board of Directors It is proposed to increase the amount payable to the Board of Directors by more than 10% on annual basis. The increase is considered material and exceeds guidelines, but the Company has duly justified it: they have demonstrated consultation with external parties and have taken into account shareholder views. In 2017, the proposal of a 25% increase was withdrawn from the meeting agenda. As such, last increase was proposed in 2015, so in 2018 it is still considered within guidelines for increases of board fees (up to 10% per year per director, on average). Lastly, the Company has disclosed the peer companies and their remuneration is within the median. Triodos supports an increase in Director's remuneration, but do not agree with Philips' aim to be in line with the median of the peer group. This type of increase continuously drives remuneration up. Besides, Triodos considers the peer group not appropriate. | Abstain |

BOARD AND COMMITTEE COMPOSITION (post-Meeting)

BOARD CHANGES

Mr. Harrison will join the board after the meeting.

| DIRECTOR | GENDER | INDEPENDENT BY | | BOARD | AC | RC | NC | SC | TENURE |
|-----------------------------|--------|----------------|---------|-------|----|----|----|----|--------|
| | | PIRC | COMPANY | | | | | | |
| Jeroen van der Veer | M | No | Yes | Ch | - | M | C | - | 9 |
| Christine Poon | F | No | Yes | VCh | - | M | M | - | 9 |
| Heino von Prondzynski | M | No | Yes | NED | - | C | M | - | 11 |
| Jackson Tai | M | Yes | Yes | NED | C | - | - | - | 7 |
| Neelam Dhawan | F | Yes | Yes | NED | M | - | - | - | 6 |
| Orit Gadiesh | F | Yes | Yes | NED | M | - | - | - | 4 |
| David Pyott | M | Yes | Yes | NED | M | - | - | - | 3 |
| Paul Stoffels | M | Yes | Yes | NED | - | - | - | - | <1 |
| A. Marc Harrison | M | Yes | Yes | NED | - | - | - | - | <1 |
| Number of Meetings | | | | | | | | | |
| Number of NED only Meetings | | | | | | | | | |

PIRC assesses a non-executive director's independence according to PIRC's shareholder guidelines. Comments represent PIRC's analysis based on information in the report and accounts. AC = Audit Committee, RC = Remuneration Committee, NC = Nomination Committee, SC = Sustainability Committee, C = Chairperson of Committee, M = Member of Committee.

BOARD OF DIRECTORS (post-Meeting)

| JEROEN VAN DER VEER | | | CHAIRMAN (NON EXECUTIVE) | | |
|-----------------------|--|------------------------|-------------------------------|------------|------|
| AGE | 71 | TENURE | 9 Years | COMMITTEES | R,N* |
| OTHER POSITION | Concertgebouw [NED]; Delft University of Technology [Ch]; Het Concertgebouw Fonds [Ch]; ING Group [Ch]; Mazarine Energy B.V. [Adv]; Royal Boskalis Westminster N.V. [NED]; Statoil ASA [NED]; ex-Royal Dutch Shell [CEO] | | | | |
| INDEPENDENT BY PIRC | N | INDEPENDENT BY COMPANY | | Y | |
| COMMENT | Not considered independent owing to a tenure of over nine years. There are concerns over the director's potential aggregate time commitments. | | | | |
| CHRISTINE POON | | | VICE CHAIRMAN (NON EXECUTIVE) | | |
| AGE | 66 | TENURE | 9 Years | COMMITTEES | R,N |
| OTHER POSITION | Prudential [NED]; Regeneron [NED]; Sherwin-Williams [NED]; ex-Johnson & Johnson [VCh]; ex-Ohio State University [Dean]; ex-The Pharmaceuticals Group [Ch] | | | | |
| INDEPENDENT BY PIRC | N | INDEPENDENT BY COMPANY | | Y | |
| COMMENT | Not considered independent owing to a tenure of over nine years. | | | | |
| HEINO VON PRONDZYNSKI | | | NON-EXECUTIVE DIRECTOR | | |
| AGE | 69 | TENURE | 11 Years | COMMITTEES | R*,N |
| OTHER POSITION | Epigenomics AG [Ch]; HTL Strefa [NED]; Quotient Ltd. [SID]; ex-F. Hofmann- La Roche Group [Exec]; ex-Hospira [NED]; ex-Qiagen [NED]; ex-Roche Diagnostics [CEO] | | | | |
| INDEPENDENT BY PIRC | N | INDEPENDENT BY COMPANY | | Y | |
| COMMENT | Not considered independent owing to a tenure of over nine years. | | | | |

| | | | | | |
|----------------------------|--|-------------------------------|-------------------------------|-------------------|------|
| JACKSON TAI | | | NON-EXECUTIVE DIRECTOR | | |
| AGE | 67 | TENURE | 7 Years | COMMITTEES | A* |
| OTHER POSITION | Canada Pension Plan Investment Board [NED]; Eli Lilly and Company [NED]; HSBC Holdings PLC [NED]; MasterCard Incorporated [NED]; Russell Reynolds Associates [NED]; ex-DBS Bank Ltd [VCh, CEO]; ex-DBS Group [VCh, CEO]; ex-J.P. Morgan &Co. Incorporated [MD]; ex-Singapore Airlines [NED]; ex-The Bank of China Limited [NED]; ex-Vaporstream [NED] | | | | |
| INDEPENDENT BY PIRC | Y | INDEPENDENT BY COMPANY | | | Y |
| COMMENT | There are concerns over his potential aggregate time commitments. | | | | |
| NEELAM DHAWAN | | | NON-EXECUTIVE DIRECTOR | | |
| AGE | 59 | TENURE | 6 Years | COMMITTEES | A |
| OTHER POSITION | ICICI Bank Limited [NED]; ex-Hewlett-Packard India [VP] | | | | |
| INDEPENDENT BY PIRC | Y | INDEPENDENT BY COMPANY | | | Y |
| ORIT GADIESH | | | NON-EXECUTIVE DIRECTOR | | |
| AGE | 67 | TENURE | 4 Years | COMMITTEES | A |
| OTHER POSITION | Bain & Company [Ch]; Renova AG [Ch]; United States Council of Foreign Relations [Mem]; World Economic Forum [Mem]; ex-Atlantic Council of the United States [Adv]; ex-British-American Business Council [Adv]; ex-International Business Leaders' Advisory Council for the Mayor of Shanghai (IBLAC) [Mem]; ex-RMAGRenova [NED] | | | | |
| INDEPENDENT BY PIRC | Y | INDEPENDENT BY COMPANY | | | Y |
| DAVID PYOTT | | | NON-EXECUTIVE DIRECTOR | | |
| AGE | 65 | TENURE | 3 Years | COMMITTEES | A |
| OTHER POSITION | Alnylam Pharmaceuticals Inc. [NED]; Alnylam Pharmaceuticals Inc. [NED]; Avery Dennison Corporation [SID]; BioMarin Pharmaceutical Inc. [NED]; Bioniz Therapeutics [NED]; Chapman University [Trustee]; Foundation of the American Academy of Ophthalmology [Adv]; Governing Board of the London Business School [Mem]; International Council of Ophthalmology Foundation [Pres]; Rani Therapeutics [NED]; the American Academy of Ophthalmology [Adv]; ex-Allergan, Inc [Ch & CEO] | | | | |
| INDEPENDENT BY PIRC | Y | INDEPENDENT BY COMPANY | | | Y |
| COMMENT | There are concerns over the director's potential aggregate time commitments. | | | | |
| PAUL STOFFELS | | | NON-EXECUTIVE DIRECTOR | | |
| AGE | 56 | TENURE | <1 Years | COMMITTEES | None |
| OTHER POSITION | Johnson & Johnson [Exec]; ex-Tiotec [Ch]; ex-Virco [CEO] | | | | |
| INDEPENDENT BY PIRC | Y | INDEPENDENT BY COMPANY | | | Y |
| A. MARC HARRISON | | | NON-EXECUTIVE DIRECTOR | | |
| AGE | 54 | TENURE | <1 Years | COMMITTEES | None |
| OTHER POSITION | Intermountain Healthcare [Pres & CEO] | | | | |
| INDEPENDENT BY PIRC | Y | INDEPENDENT BY COMPANY | | | Y |

BOARD COMPOSITION

BOARD COMPOSITION FOLLOWING THE EGM

| | Number | % of Board | FTSE EUROFIRST MEAN | |
|--------------------|--------|------------|---------------------|------------|
| | | | Number | % of Board |
| Executive Director | 0 | 0.0 | 1.5 | 11.8 |
| Independent NEDs | 6 | 66.67 | 5.0 | 40.1 |
| Connected NEDs | 3 | 33.33 | 4.2 | 33.5 |
| Other | 0 | 0.0 | 1.8 | 14.3 |

BOARD COMMITTEES FOLLOWING THE EGM

| | Number of Members | % Women | % Independent by PIRC | % Independent by Company | FTSE EUROFIRST MEAN | |
|--------------|-------------------|---------|-----------------------|--------------------------|---------------------|-----------------------|
| | | | | | Number of Members | % Independent by PIRC |
| Whole Board | 9 | 33.33 | 66.67 | 100.0 | 12.4 | 42.4 |
| Audit | 4 | 50.0 | 100.0 | 100.0 | 4.0 | 57.7 |
| Remuneration | 3 | 33.33 | 0.0 | 100.0 | 3.6 | 52.4 |
| Nomination | 3 | 33.33 | 0.0 | 100.0 | 4.1 | 51.3 |

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Researcher: Ahmed Suliman
Email: pircresearch@pirc.co.uk

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Pensions & Investment Research Consultants Limited
8th Floor, Suite 8.02, Exchange Tower
2 Harbour Exchange Square
E14 9GE

Tel: 020 7247 2323
Fax: 020 7247 2457
<http://www.pirc.co.uk>

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