

KONINKLIJKE (ROYAL) PHILIPS NV

MEETING DATE	Thu, 30 Apr 2020 17:00	TYPE	AGM	ISSUE DATE	Tue, 21 Apr 2020
MEETING LOCATION	Hotel Okura Amsterdam, Ferdinand Bolstraat 333, Amsterdam				
CURRENT INDICES	FTSE EuroFirst				
SECTOR	Electrical Components & Equipment				

PROPOSALS		ADVICE
1	Speech of the Presiden Non-voting agenda item.	Non-Voting
2.a	Receive Explanation of the Policy on Additions to Reserves and Dividends Non-voting agenda item.	Non-Voting
2.b	Approve Financial Statements Disclosure is adequate. The financial statements were made available sufficiently before the meeting and have been audited and certified. No serious governance concerns have been identified.	For
2.c	Approve the Dividend The Board proposes a dividend of EUR 0.85 per share. The dividend is covered by earnings. Acceptable proposal.	For
2.d	Approve the Remuneration Report It is proposed to approve the implementation of the remuneration report. There are concerns regarding excess as the total variable remuneration exceeded 200% of the salary. The Company has not fully disclosed quantified targets against which the achievements and the corresponding variable remuneration has been calculated. Although a common practice in this market as this is deemed to be sensitive information, it prevents an accurate assessment and may lead to overpayment against underperformance. There are claw back clauses in place over the entirety of the variable remuneration, which is welcomed. However, opposition is recommended based on excessive remuneration. Triodos opposes this resolution.	Oppose
2.e	Discharge the Management Board Standard proposal. No serious governance concerns have been identified.	For
2.f	Discharge the Supervisory Board Standard proposal. No serious governance concerns have been identified.	For
3.a	Approve Remuneration Policy for Management Board It is proposed to approve the remuneration policy. Variable remuneration appears to be consistently capped, although the pay-out may exceed 200% of the fixed remuneration for the highest paid director. There are claw back clauses in place over the entirety of the variable remuneration, which is welcomed. However, the Company has not disclosed quantified targets or performance criteria for its variable remuneration component, which may lead to overpayment against underperformance. On balance, opposition is recommended based on excessiveness concerns. Triodos opposes this resolution.	Oppose

3.b Approve Long Term Incentive Plan for Management Board Members	It is proposed to approve the revised Long-Term Incentive Plan with a binding vote. The new incentive plan consists in the allotment of performance shares. The performance criteria includes the addition of a non-financial metric of Sustainability objectives which is weighted at 10% and financial metrics: Relative Total Shareholder Return (TSR: 50%); Adjusted Earnings per Share growth (EPS: 40%). The incentive programmes are compared to a peer group of 26 international companies. There are claw back clauses in place over the entirety of the variable remuneration, which is welcomed. However, the LTIP does not seem to be consistently capped and as such there are excessiveness concerns as the total potential variable remuneration may exceed 200% of the salary. In addition, LTIPs vest on a three year term, which is not considered sufficiently long term. Triodos opposes this resolution.	Oppose
3.c Approve Fees Payable to the Supervisory Board of Directors	The Board is seeking approval for Board and Committee membership fees for non-executive directors. No increase has been proposed and support is recommended.	For
4.a Reelect N. Dhawan	Independent Non-Executive Director.	For
4.b Elect F. Sijbesma	Independent Non-Executive Director.	For
4.c Elect P. Loscher	Independent Non-Executive Director.	For
5.a Issue Shares with Pre-emption Rights	It is proposed to issue new shares with pre-emptive rights. The proposed authority is for 10% of the current share capital lasts and 18 months. Meets guidelines. Triodos supports this resolution.	For
5.b Authorise the Board to Waive Pre-emptive Rights	It is proposed to exclude pre-emption rights on shares issued over a period of 18 months. The corresponding authority for issuing shares without pre-emptive rights, requested in a previous proposal, does not exceed guidelines (10%). Within guidelines. Triodos supports this resolution.	For
6 Authorise Share Repurchase	It is proposed to authorise the Board to purchase Company's shares until next AGM. It is proposed to authorise the Board to purchase Company's shares until next AGM. The company is using this authority on a frequent and intensive basis and the Board has not set a sufficient explanation in place demonstrating how the authority would benefit long-term shareholders.	Oppose
7 Authorise Cancellation of Treasury Shares	The Board requests authorisation to reduce share capital via cancellation of own shares. As it is considered that this does not have a negative effect on shareholder rights, a vote in favour is recommended.	For
8 Transact Any Other Business	Non-voting agenda item.	Non-Voting

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