

## Summary of significant **differences** between **Philips' corporate governance practices** and the **NYSE corporate governance standards**

### General

The corporate governance rules introduced by the New York Stock Exchange (“NYSE”) allow foreign private issuers, like Koninklijke Philips N.V. (“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 domestic U.S. companies under the NYSE listing standards. Set forth below is a summary of the significant differences between corporate governance practices of Philips and NYSE corporate governance rules applicable to US companies.

### Dutch corporate governance provisions

Philips is a listed company organised under Dutch law and as such subject to the Dutch Corporate Governance Code (as revised on December 8, 2016; the “Code”). The overall corporate governance structure of Philips is addressed in a separate chapter of Philips’ Annual Report which includes to what extent Philips applies the principles and the best practices of the Code.

### Board structure

Philips 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 limitations on the number of non-independent members of the Supervisory Board and its committees. The present members of our Supervisory Board are all independent within the meaning of the Code. The definitions of independence under the Code however, differ in their details from the definitions of independence under the NYSE listing standards. In some cases, the Dutch requirements are stricter and in other cases the NYSE listing standards are the stricter of the two.

## Committees of our Supervisory Board

We have established an Audit Committee, a Remuneration Committee, a Corporate Governance and Nomination & Selection Committee and a Quality & Regulatory Committee, consisting of members of the Supervisory Board only. 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 they were prepared by one of the Supervisory Board's committees.

The NYSE requires that, when an audit committee member of a US domestic listed company 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 Philips 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 Philips 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

Philips complies with Dutch legal requirements regarding shareholder approval of equity compensation plans. Dutch law does not require shareholder approval of certain equity compensation plans for which the NYSE listing standards would require such approval. Philips is subject to a requirement to seek shareholder approval for remuneration policies and equity compensation-plans for its members of the Board of Management. The current Remuneration Policy and Long-Term Incentive Plan were adopted and approved, respectively, by the General Meeting of Shareholders in 2017.

## Code of business conduct

The listing standards of the NYSE prescribe certain parameters for listed company codes of business conduct and ethics. Philips 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) will be disclosed.

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