

Agenda for the Annual General Meeting of Shareholders 2021

To be held on **Thursday, May 6, 2021, beginning at 2 p.m. CET.**

1. Speech of the President

2. Annual Report 2020

- a. Explanation of the policy on additions to reserves and dividends
- b. Proposal to adopt the financial statements *
- c. Proposal to adopt a dividend of EUR 0.85 per common share, in cash or in shares at the option of the shareholder, against the net income for 2020 *
- d. Remuneration Report 2020 (advisory vote) *
- e. Proposal to discharge the members of the Board of Management *
- f. Proposal to discharge the members of the Supervisory Board *

3. Composition of the Board of Management

Proposal to re-appoint Mr M.J. van Ginneken as member of the Board of Management with effect from May 6, 2021 *

4. Composition of the Supervisory Board

- a. Proposal to appoint Mrs S.K. Chua as member of the Supervisory Board with effect from May 6, 2021 *
- b. Proposal to appoint Mrs I.K. Nooyi as member of the Supervisory Board with effect from May 6, 2021 *

5. Authorization of the Board of Management to (i) issue shares or grant rights to acquire shares and (ii) restrict or exclude pre-emption rights

- a. Proposal to authorize the Board of Management for a period of 18 months, effective May 6, 2021, as the body which is authorized, with the approval of the Supervisory Board, to issue shares or grant rights to acquire shares within the limits laid down in the Articles of Association *
- b. Proposal to authorize the Board of Management for a period of 18 months, effective May 6, 2021, as the body which is authorized, with the approval of the Supervisory Board, to restrict or exclude the pre-emption rights accruing to shareholders *

The authorization referred to above under a. will be limited to a maximum of 10% of the number of issued shares as of May 6, 2021.

6. Authorization of the Board of Management to acquire shares in the company

Proposal to authorize the Board of Management for a period of 18 months, effective May 6, 2021, within the limits of the law and the Articles of Association, to acquire, with the approval of the Supervisory Board, for valuable consideration, on the stock exchange or otherwise, shares in the company at a price between, on the one hand, an amount equal to the par value of the shares and, on the other hand, an amount equal to 110% of the market price of these shares on Euronext Amsterdam; the market price being the average of the highest price on each of the five days of trading prior to the date on which the agreement to acquire the shares is entered into, as shown in the Official Price List of Euronext Amsterdam *

The maximum number of shares the company may acquire and hold, will not exceed 10% of the issued share capital as of May 6, 2021, which number 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 purposes.

7. Cancellation of shares

Proposal to cancel common shares in the share capital of the company held or to be acquired by the company. The number of shares that will be cancelled shall be determined by the Board of Management *

8. Any other business

Agenda items marked with an asterisk () are voting items. This agenda with explanatory notes, the Annual Report 2020 (including the financial statements), the binding nominations and other information relevant for the Annual General Meeting 2021 have been published on the company's website (www.philips.com/agm). The meeting documents are also available free of charge at the offices of the company, Amstelplein 2, 1096 BC Amsterdam or at ABN AMRO Bank N.V., Corporate Broking via email: ava@nl.abnamro.com and on www.abnamro.com/evoting.*

Explanatory notes to the agenda for the AGM 2021

1. Speech of the President

In his speech the President will look back on the financial year 2020, including the company's financial results.

2. Annual Report 2020

Agenda item 2.a is a recurring (non-voting) item: the explanation of the company's policy on additions to reserves and dividends.

Under agenda item 2.b it is proposed to adopt the financial statements 2020 (as included in the Annual Report 2020), and item 2.c is a proposal to adopt an optional dividend in cash or shares (see below for more details).

Under agenda item 2.d, the Remuneration Report 2020 is submitted to the General Meeting of Shareholders for an advisory vote. The Remuneration Report 2020 was drawn up by the Supervisory Board (as prepared by its Remuneration Committee) and included in the Annual Report 2020 (Section 8.2.2, starting on page 96). It is proposed to approve the Remuneration Report 2020.

Agenda items 2.e and 2.f are proposals to discharge the members of the Board of Management and the Supervisory Board, in accordance with Dutch law, for the performance of their respective duties in the financial year 2020. The proposed discharge will take place on the basis of information provided to the General Meeting of Shareholders and other information publicly available when the resolution to discharge is adopted.

It is proposed to distribute a dividend of EUR 0.85 per common share, in cash or shares at the option of the shareholder, against the net income for 2020, in accordance with the company's dividend policy.

If the above dividend proposal is adopted, the shares will be traded ex-dividend as of May 10, 2021 at Euronext Amsterdam and the New York Stock Exchange. In compliance with the listing requirements of Euronext Amsterdam and the New York Stock Exchange, the dividend record date will be May 11, 2021. Shareholders will be given the opportunity to make their choice between cash and new shares between May 12 and June 4, 2021. If no choice is made during this election period, the dividend will be paid in cash.

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 Koninklijke Philips N.V. at Euronext Amsterdam on June 2, 3 and 4, 2021. 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 the gross dividend in cash. The ratio and the number of shares to be issued will be announced on June 8, 2021. Payment of the dividend (up to EUR 775 million) and delivery of new common shares, with settlement of fractions in cash, if required, will take place from June 9, 2021. The distribution of dividend in cash to holders of New York Registry shares will be made in USD at the USD/EUR rate as per WM/Reuters FX Benchmark 2 PM CET fixing of June 7, 2021.

The newly issued common shares will rank for the dividend for the 2021 financial year and following financial years.

Dividend in cash is in principle subject to 15% Dutch dividend withholding tax, which will be deducted from the dividend in cash paid to the shareholders. Dividend in shares paid out of net income is in principle subject to 15% dividend withholding tax, but only in respect of the par value of the shares (which value amounts to EUR 0.20 per share).

Some shareholders may be eligible to claim a tax credit for or a refund of the tax withheld, if certain conditions are met. Shareholders are advised to consult their tax advisor on the applicable situation both with respect to withholding tax and the possibility to claim a tax credit for or a refund of the tax withheld, as well as the tax due (such as corporate income tax, personal income tax) on the dividend received.

3. Composition of the Board of Management

The following person is proposed for re-appointment as member of the Board of Management:

Mr M.J. van Ginneken (Dutch/American, 1973)

In 2014, Marnix van Ginneken became Chief Legal Officer of Royal Philips and member of the Executive Committee. He has been a member of the Board of Management since 2017.

The Supervisory Board is very pleased that Mr Van Ginneken remains available as member of the Board of Management. His re-appointment is recommended in view of his broad knowledge of Philips and his extensive international corporate governance expertise, as well as the important role he has played in the Executive Committee since 2014. The Supervisory Board notes that Mr Van Ginneken has been providing valuable contributions on a wide array of subjects and has been instrumental in, among other things, managing Philips' legal affairs, intellectual property and government affairs, designing and driving the Environmental, Social and Governance (ESG) commitments and guiding the execution of Philips' strategic agenda and improvement of the company's operational excellence.

The Supervisory Board recommends re-appointing Mr Van Ginneken as member of the Board of Management with effect from May 6, 2021 for a period of four years. In line with the Dutch Corporate Governance Code and the company's Articles of Association, the term of appointment of Mr Van Ginneken will expire at the end of the Annual General Meeting to be held in 2025.

In accordance with the Articles of Association of the company, the Supervisory Board has made a binding recommendation regarding the re-appointment of Mr Van Ginneken. The new services agreement (overeenkomst van opdracht) between the company and Mr Van Ginneken (which is subject to his appointment) has been published on the company's website.

4. Composition of the Supervisory Board

The following persons are proposed for appointment as members of the Supervisory Board:

a. Mrs S.K. Chua (Singaporean, 1957)

Chua Sock Koong has in-depth knowledge of information technology and digitalization. She is the former CEO of Singapore Telecommunications Limited (Singtel), Asia's leading communications technology group. During her tenure as Singtel CEO from 2007 until 2020, Mrs Chua extended the company's footprint to 21 countries, including Singapore, Australia, India and Indonesia, and led Singtel's digital transformation. This included the digitalization of its core telecom business and the growth of new digital businesses. Prior to her appointment as CEO of Singtel, Mrs Chua held various executive leadership positions, including the role of CFO.

Currently, Mrs Chua is a non-executive member of the boards of Bharti Airtel Limited, Bharti Telecom Limited and Cap Vista Pte Ltd. She has also been appointed (effective May 1, 2021) as Non-Executive Director of Prudential plc. Furthermore, Mrs Chua is a member of advisory bodies related to the government of Singapore, including the Council of Presidential Advisors and the Public Service Commission of Singapore where she is the Deputy Chairman.

Mrs Chua holds no shares in Royal Philips and will be considered an independent member of the Supervisory Board under the Dutch Corporate Governance Code.

b. Mrs I.K. Nooyi (American, 1955)

Indra Nooyi is a proven business leader in the consumer and technology sectors, with a strong track record of delivering sustained profitable growth, while doing business sustainably and responsibly. She is the former Chair and CEO of PepsiCo, a global food and beverages company with operations in over 180 countries and 2019 sales of USD 67 billion. During her tenure from 2006 until 2019, she was the chief architect of PepsiCo's 'Performance with Purpose' pledge, and successfully delivered sustained growth by making more nutritious products, limiting its environmental footprint, and empowering its associates and people in the communities it serves. Prior to her appointment as CEO, Mrs Nooyi held various executive leadership positions, including the role of CFO. Before joining PepsiCo in 1994, Mrs Nooyi held strategy leadership positions at ABB, a leading global technology company, Motorola, a mobile communications pioneer, and the Boston Consulting Group.

Currently, Mrs Nooyi is a member of the board of Amazon and sits on the Audit Committee. She also, amongst others, serves as a member of the Global Leadership Board at edX, of the International Advisory Council of Temasek, of the Dean's Advisory Council at MIT's School of Engineering and of the MIT Corporation.

Mrs Nooyi holds no shares in Royal Philips and will be considered an independent member of the Supervisory Board under the Dutch Corporate Governance Code.

The Supervisory Board is very pleased that Mmes Chua and Nooyi are available as members of the Supervisory Board. Their strategic insights will be highly valuable to Philips, as the company embarks on its next growth phase as a health technology leader, with a purpose to improve the health and well-being of people through innovation.

The Supervisory Board recommends appointing Mmes Chua and Nooyi with effect from May 6, 2021 for a period of four years. In line with the Dutch Corporate Governance Code and the company's Articles of Association, the term of appointment of each of Mmes Chua and Nooyi will expire at the end of the Annual General Meeting to be held in 2025.

In accordance with the Articles of Association of the company, the Supervisory Board has made binding nominations regarding the appointment of Mmes Chua and Nooyi. Upon the proposed appointments (and other upcoming changes to the Supervisory Board), the Supervisory Board will consist of nine members, four women and five men, with eight nationalities.

5. Authorization of the Board of Management to (i) issue shares or grant rights to acquire shares and (ii) restrict or exclude pre-emption rights

The proposals to authorize the Board of Management to (i) issue shares or grant rights to acquire shares in the share capital of the company and (ii) restrict or exclude pre-emption rights, are intended to give the Board of Management flexibility: (a) in financing the company in the most efficient manner, (b) in covering the company's obligations related to share-based remuneration, such as those under the long-term incentive plans and any employee stock purchase plan under which employees may acquire Philips securities and (c) in the context of mergers, acquisitions and/or strategic alliances.

Adoption of these proposals by the General Meeting of Shareholders will replace the current authorization of the Board of Management to (i) issue shares or grant rights to acquire shares in the share capital of the company and (ii) restrict or exclude pre-emption rights, which was granted by the General Meeting of Shareholders on April 30, 2020.

6. Authorization of the Board of Management to acquire shares in the company

The proposal to authorize the Board of Management (to the extent such authorization is required under Dutch law and the Articles of Association and without prejudice to article 2:98 paragraph 5 of the Dutch Civil Code) to repurchase shares in the share capital of the company intends to allow the Board of Management to cover the company's obligations related to share-based remuneration, such as those under the long-term incentive plans and any employee stock purchase plan under which employees may acquire Philips securities, and other obligations the company may have. Furthermore, the proposal intends to allow the Board of Management to repurchase shares for capital reduction purposes.

The maximum number of shares the company may acquire and hold, equals 10% of the issued share capital per May 6, 2021. In case of repurchase for capital reduction purposes, the number of shares that the company may acquire and hold will be increased with an additional 10% of such issued share capital. This higher maximum of shares that may be held is intended to allow the Board of Management to execute such share repurchase programs in an efficient and expedited manner.

Adoption of this proposal by the General Meeting of Shareholders will replace the current authorization of the Board of Management to repurchase shares which was granted by the General Meeting of Shareholders on April 30, 2020.

7. Cancellation of shares

It is proposed to the General Meeting of Shareholders to cancel any or all common shares in the share capital of the company held on May 6, 2021 or to be acquired by the company under the authorization referred to under agenda item 6 resulting in a reduction of the company's issued common shares. The cancellation may be executed in one or more tranches.

The number of shares that will be cancelled (whether or not in several tranches) shall be determined by the Board of Management, with a maximum of the number of shares held by the company on May 6, 2021 plus the number of shares that may be acquired in accordance with the authorization referred to under agenda item 6. Pursuant to the relevant statutory provisions, cancellation may not be effected earlier than two months after a resolution to cancel shares is adopted and publicly announced; this will apply for each tranche.

The purpose of this proposal is cancellation of common shares held by the company or that will be acquired in accordance with the authorization referred to under agenda item 6, to the extent that such shares shall not be used to cover obligations under share-based remuneration or other obligations.

