

RELATIONSHIP AGREEMENT

Between

Philips Lighting

And

Koninklijke Philips

Dated _____

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Schedules

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RELATIONSHIP AGREEMENT

THIS AGREEMENT IS DATED _____ MAY 2016 AND MADE BETWEEN:

- (1) **Koninklijke Philips N.V.**, a public limited liability company incorporated under the laws of the Netherlands, with corporate seat in Eindhoven, the Netherlands, and registered address at High Tech Campus 5, 5656 AE, Eindhoven, the Netherlands, and registered with the Trade Register of the Dutch Chamber of Commerce with number 17001910 ("**Royal Philips**");

and
- (2) **Philips Lighting NewCo B.V.**, a private limited liability company incorporated under the laws of the Netherlands, with corporate seat in Eindhoven, the Netherlands, and registered address at High Tech Campus 45, 5656 AE, Eindhoven, the Netherlands, and registered with the Trade Register of the Dutch Chamber of Commerce with number 65220692 ("**Philips Lighting**").

BACKGROUND:

- (A) On 23 September 2014, Royal Philips announced its intention to separate the lighting businesses of Royal Philips from its other businesses (the "**Separation**").
- (B) On 7 May 2015, the general meeting of Royal Philips approved the Separation, on conditions to be determined by the board of management of Royal Philips with the approval of the supervisory board of Royal Philips.
- (C) On 1 February 2016, Royal Philips and Philips Lighting Holding B.V., entered into a master separation agreement relating to the Separation.
- (D) On [●] May 2016, Royal Philips transferred its shareholding in Philips Lighting Holding B.V. to Philips Lighting (the "**Transfer of Lighting Holding**") and on Philips Lighting joined the master separation agreement.
- (E) As a result of the Separation and the Transfer of Lighting Holding, Philips Lighting is currently a subsidiary of Royal Philips operating a stand-alone lighting business in a separate legal structure within the Royal Philips group, subject to the corporate and governance policies of Royal Philips.
- (F) On 3 May 2016, Royal Philips and Philips Lighting publicly announced their intention to list the Shares on the regulated market of Euronext Amsterdam N.V. (the "**IPO**"). In connection with the IPO, Philips Lighting will be converted into a public limited liability company.

- (G) Royal Philips will retain a majority shareholding in Philips Lighting immediately following the IPO, and consequently will at least for some period be subject to Dutch, US and other regulatory and stock exchange requirements with respect to Philips Lighting. Royal Philips has also expressed the intention to fully divest its shares over time. Accordingly, Royal Philips should have the flexibility to reduce its shareholding in Philips Lighting, whilst maintaining an orderly market and satisfying its ongoing requirements in respect of that shareholding.
- (H) Royal Philips and Philips Lighting now wish to enter into this relationship agreement (the "**Agreement**") to establish the governance of Philips Lighting immediately following the IPO and to manage the relationship between Philips Lighting and Royal Philips as a large shareholder of Philips Lighting upon the IPO, all in accordance with the laws and regulations applicable to Philips Lighting as a company listed on the regulated market of Euronext Amsterdam N.V. and applicable to Royal Philips as a company listed on the regulated market of Euronext Amsterdam and the New York Stock Exchange and a reporting company under the US federal securities laws.

THE PARTIES AGREE AS FOLLOWS:

1 DEFINITIONS AND CONSTRUCTION

The definitions and provisions of Schedule 1 (*Definitions and interpretation*) shall apply throughout this Agreement.

2 EFFECTIVENESS; DURATION AND TERMINATION

2.1 Effectiveness

This Agreement is conditional upon the IPO occurring and shall take effect immediately upon the IPO having occurred, with the exception of Clause 2.3 which shall have immediate effect. Thereafter, this Agreement shall remain in force until terminated in accordance with Clause 2.2.

2.2 Duration and termination

2.2.1 This Agreement shall terminate automatically:

- (a) if the condition set out in Clause 2.1 is not satisfied, or shall have become incapable of being satisfied, on or before 31 December 2016 (or such other date as may be agreed between the Parties in writing); or
- (b) upon the first occurrence of Royal Philips holding less than 10% of the Shares, provided that this Clause 2, Clause 9, Clause 10 and Clause 11 shall survive termination of this Agreement.

- 2.2.2 Except as provided in Clause 2.2.1, this Agreement may only be terminated by mutual agreement of the Parties in writing.

2.3 Confidentiality

The Parties agree that until the condition set out in Clause 2.1 is satisfied, and in case of termination of this Agreement in accordance with Clause 2.2.1 (a) due to the IPO not having occurred, they shall keep the contents of this Agreement confidential and only disclose the contents thereof to the extent reasonably required in connection with the preparation of the IPO or required to comply with applicable law, or rules and regulations of any stock exchange or regulatory body (including the AFM and the SEC).

3 GOVERNANCE

3.1 Articles of Association

The Parties agree that the Articles of Association will, on or prior to the Closing Date, be amended into the agreed form, which is attached hereto as Schedule 2 (*Philips Lighting Articles of Association*).

3.2 Board rules

- 3.2.1 The Parties agree that the Supervisory Board Rules and the Supervisory Board Committee Charters will on the Closing Date read in accordance with Schedule 3 (*Supervisory Board Rules and Supervisory Board Committee Charters*).

- 3.2.2 The Parties agree that the Board of Management Rules will on Closing Date read in accordance with Schedule 4 (*Board of Management Rules*).

3.3 Reserved matters

The Parties agree that certain significant matters require approval by the Supervisory Board and that certain Supervisory Board resolutions require the affirmative vote of a Royal Philips Nominee. Accordingly, the Parties agree that the following provisions shall form part of the Supervisory Board Rules and the Board of Management Rules for as long as the Supervisory Board includes a Royal Philips Nominee in accordance with Clause 5.2 below:

- (a) Article 4.12 of the Board of Management Rules, and article 1.5 sub (h) to the Supervisory Board Rules (*Resolutions of the Board of Management that are subject to Supervisory Board approval*); and
- (b) Article 6.5 of the Supervisory Board Rules (*Resolutions of the Supervisory Board concerning remuneration of Board of Management members requiring an affirmative vote by a Royal Philips Nominee*).

- (c) Article 6.6 of the Supervisory Board Rules (*Resolutions of the Supervisory Board concerning the issue of shares requiring an affirmative vote by the Royal Philips Nominees*).

Philips Lighting shall procure that none of the matters referred to above shall be undertaken without the requisite approval of the Supervisory Board or the Royal Philips Nominee, as the case may be.

3.4 Related party transactions policy

The Parties acknowledge the importance of ensuring that related party transactions, including but not limited to transactions between Royal Philips and Philips Lighting, shall be at arms' length terms and shall be dealt with in accordance with the applicable legal framework. Accordingly, Philips Lighting shall on the Closing Date have a related party transactions policy that reads in accordance with Schedule 5 (*Related Party Transactions Policy*).

3.5 Amendment

An amendment of the Articles of Association, the Supervisory Board Rules or the Board of Management Rules can be made in accordance with the relevant law and as described in the relevant document, taking into account the restrictions set forth in this Agreement. Philips Lighting shall procure that no amendment will be proposed or implemented that would result in a violation of this Agreement. An amendment of the Related Party Transactions Policy can be made by Philips Lighting subject to approval by the Supervisory Board and prior consultation of Royal Philips.

3.6 Protective foundation

The Parties agree that on or prior to the Closing Date, Philips Lighting shall have granted a call-option to Stichting Continuïteit Philips Lighting to acquire, under certain circumstances as set out in the option agreement, preference shares up to 50% of the issued share capital of Philips Lighting minus one Share.

4 BOARD OF MANAGEMENT COMPOSITION

4.1 Appointment and dismissal

The members of the Board of Management shall be appointed, suspended and dismissed in accordance with the procedures set out in the Articles of Association.

4.2 Initial Board of Management composition

On the Closing Date, the composition of the Board of Management will be as per Paragraph 1 of Schedule 6 (*Board of Management and Supervisory Board*).

5 SUPERVISORY BOARD COMPOSITION

5.1 Appointment and dismissal

The Supervisory Board shall be appointed, suspended and dismissed in accordance with the procedures set out in the Articles of Association.

5.2 Royal Philips Nominee

5.2.1 Royal Philips shall be entitled to propose nominees for appointment as a member of the Supervisory Board (the "**Royal Philips Nominee**"), as follows:

- (a) if Royal Philips' shareholding in Philips Lighting equals or exceeds thirty percent (30%) of the Shares, there shall be two (2) Royal Philips Nominees;
- (b) subject to paragraph (a), if Royal Philips' shareholding in Philips Lighting equals or exceeds fifteen percent (15%) of the Shares, there shall be one (1) Royal Philips Nominee;
- (c) if Royal Philips' shareholding in Philips Lighting is below fifteen percent (15%) of the Shares, there shall not be any Royal Philips Nominee.

5.2.2 If so requested by Philips Lighting, with the approval of the Supervisory Board:

- (a) upon the occurrence referred to in Clause 5.2.1 (b), Royal Philips shall procure that one Royal Philips Nominee designated as such by Royal Philips shall resign from its position as member of the Supervisory Board with immediate effect; and
- (b) upon the occurrence referred to in Clause 5.2.1 (c), Royal Philips shall procure that any remaining Royal Philips Nominees shall resign from their position as member of the Supervisory Board with immediate effect.

5.2.3 As long as the Supervisory Board includes a Royal Philips Nominee, both the Supervisory Board's remuneration committee and, unless otherwise required by law, the Supervisory Board's audit committee, shall have a Philips Nominee as member.

5.2.4 If and when Royal Philips nominates a person in accordance with this Clause 5.2, Philips Lighting shall procure that the Supervisory Board shall make a

binding nomination of the Royal Philips Nominee for appointment as a member of the Supervisory Board in the first meeting of the general meeting that is convened after receiving Royal Philips' nomination, provided that if such general meeting is scheduled to take place more than three months after receiving Royal Philips' nomination, Philips Lighting shall convene an extraordinary general meeting for the purpose of appointing the Royal Philips Nominee as soon as reasonably practicable.

- 5.2.5 If and when Royal Philips nominates a person in accordance with this Clause 5.2, Philips Lighting shall, upon request of Royal Philips, procure that the Supervisory Board invites such Royal Philips Nominee for its meetings and any of its committee meetings, as an observer until such person has been appointed as member of the Supervisory Board and the relevant committees.

5.3 **Initial Supervisory Board composition**

On the Closing Date, the composition of the Supervisory Board will be as per Paragraph 2 of Schedule 6 (*Board of Management and Supervisory Board Composition*).

5.4 **Supervisory Board Committees**

The Supervisory Board shall have at least the following committees: (i) an Audit Committee; (ii) a Nomination and Corporate Governance Committee; and (iii) a Remuneration Committee. As long as the Supervisory Board includes a Royal Philips Nominee, Philips Lighting shall procure that a Royal Philips Nominee shall be a member of the Audit Committee and the Remuneration Committee.

5.5 **Supervisory Board information**

Royal Philips Nominees shall be allowed, to the extent reasonably needed to form a reasoned opinion on the matters submitted to the Supervisory Board, to share information of a confidential nature regarding Philips Lighting that comes to their knowledge in their capacity as Supervisory Board member with the board of management of Royal Philips, the supervisory board of Royal Philips and the staff departments of Royal Philips, provided that Paragraph 2 of Schedule 7 (*Information exchange*) shall apply *mutatis mutandis* to such sharing of information.

6 **COMPLIANCE**

6.1 **Financial reporting**

- 6.1.1 Until the date on which Royal Philips is both: (i) no longer required under IFRS to account for its investment in Philips Lighting under the equity method of

accounting and (ii) holding twenty percent (20%) or less of the Shares (the "**Threshold Date**"), Philips Lighting shall provide to Royal Philips information and data relating to the business, including financial results, of Philips Lighting, in accordance with Schedule 7 (Information exchange), so as to enable Royal Philips to satisfy its ongoing financial reporting, audit and other legal and regulatory requirements (including Royal Philips' tax, risk management and control procedures and Royal Philips' obligations pursuant to US federal securities laws, including those under the US Exchange Act of 1934, as amended), as these requirements may apply to Royal Philips from time to time.

- 6.1.2 Until the Threshold date, Royal Philips shall provide to Philips Lighting information in accordance with Schedule 7 (Information exchange), so as to enable Philips Lighting to satisfy its ongoing financial reporting, audit and other legal and regulatory requirements, as these requirements may apply to Philips Lighting from time to time, but only to the extent these requirements follow from Royal Philips' position as a major shareholder or related party of Philips Lighting.

6.2 **Sustainability reporting; General Business Principles**

Until the date on which Royal Philips is both: (i) no longer required under IFRS to consolidate Philips Lighting's financial statements with its financial statements and (ii) holding fifty percent (50%) or less of the Shares (such date hereinafter referred to as "**Deconsolidation**"), Philips Lighting shall:

- (a) apply Royal Philips' General Business Principles and the underlying policies (including but not limited to legal compliance manuals and enforcements procedures);
- (b) provide all information, data and access to relevant officers and staff members to enable Royal Philips to publish integrated financial, social and environmental annual reports, in line with the Integrated Reporting (IR) framework of the International Integrated Reporting Council (IIRC), as amended from time to time, or any other applicable framework or regulations; and
- (c) maintain policies and programs aimed at supply chain sustainability, including a commitment on the responsible sourcing of minerals, materially in line with such policies of Royal Philips, and provide all information, data and access to relevant officers and staff members to enable Royal Philips to publish its SEC Conflict Minerals Reports and to enable Royal Philips' external auditor to audit such rapport.

6.3 **Risk and control**

- 6.3.1 Until the Threshold Date, Philips Lighting shall:

- (a) maintain Disclosure Controls and Procedures;
- (b) maintain Internal Control Over Financial Reporting;
- (c) provide to Royal Philips or persons designated by Royal Philips certifications from its relevant officers and employees regarding Disclosure Controls and Procedures and Internal Control Over Financial Reporting (including any change in Internal Control Over Financial Reporting), in accordance with Royal Philips' internal standards, and so as to enable Royal Philips and its management to satisfy requirements on external reporting on internal control as required under IFRS, the Sarbanes-Oxley Act of 2002, US federal securities laws or SEC rules, the Dutch Corporate Governance Code or any other applicable rule or best practice that may apply to Royal Philips from time to time; and
- (d) maintain Books and Records.

6.4 Enforcement

Philips Lighting shall meet reasonable requests of Royal Philips made in connection with cooperation by Royal Philips with governmental authorities or regulators in respect of alleged violations of policies or regulations or with a view to mitigate possible sanctions against Royal Philips or any of its subsidiaries, all subject to applicable law.

6.5 Further cooperation

To enable Royal Philips to satisfy its ongoing financial reporting, audit and other legal and regulatory requirements, as these requirements may apply to Royal Philips from time to time, Philips Lighting shall provide such other assistance and cooperation as Royal Philips may reasonably request for such compliance purposes.

7 MATTERS CONCERNING AUDITORS

7.1 Auditor appointment

Until Deconsolidation, Philips Lighting shall in the event of an (re-)appointment of its external auditor, make such a proposal as required to ensure that Philips Lighting shall continue to have the same external auditor as Royal Philips.

7.2 Auditor independence

Until the Threshold Date, no Party shall engage the external auditor of the other Party for any services that would impair the independence of such auditor with respect to the other Party and shall, in engaging the other Party's external auditor

for any such services, obtain assurances from such auditor that the engagement will not impair the independence of such auditor and that the engagement of the auditor for such services shall have received such approvals by the other Party, including the audit committee of the supervisory board of the Other Party, as are required under any applicable law or regulation.

7.3 **Auditor assistance**

Until the Threshold Date, Philips Lighting shall:

- (a) grant Royal Philips adequate access, during usual business hours, to Philips Lighting's external auditor and to Philips Lighting's internal audit function (through Philips Lighting's head of internal audit), including access to work papers and the personnel responsible for conducting Philips Lighting's quarterly reviews and annual audit, and provide Royal Philips with copies of all material correspondence between Philips Lighting and Philips Lighting's external auditor;
- (b) use its reasonable best efforts to enable Philips Lighting's external auditor to complete its quarterly review and annual audit such that it shall date its report on such quarterly review or opinion on Philips Lighting's audited annual financial statements on or before the date that Royal Philips' external auditor date their report or opinion on Royal Philips' financial statements, and to enable Royal Philips to meet its timetable for the printing, filing and public dissemination of its financial statements. Philips Lighting shall instruct Philips Lighting's external auditor to perform the work requested by Royal Philips' external auditor pursuant to this Agreement and Philips Lighting shall use its reasonable best efforts to enable Philips Lighting's external auditor to comply with the instruction received;
- (c) upon reasonable notice, authorise Philips Lighting's external auditor to make available to Royal Philips' external auditor both the personnel responsible for conducting Philips Lighting's quarterly reviews and annual audit and, consistent with customary professional practice and courtesy of such auditors with respect to the furnishing of work papers, work papers related to the quarterly review or annual audit of Philips Lighting, in all cases within a reasonable time after Philips Lighting's auditor's report or opinion date, so that Royal Philips' external auditor is able to perform the procedures they consider necessary to take responsibility for the work of Philips Lighting's auditor as it relates to Royal Philips' auditor's report on Royal Philips' financial statements, all within sufficient time to enable Royal Philips to meet its timetable for the printing, filing and public dissemination of its financial statements;

- (d) if Royal Philips is required under applicable securities laws, including those of the United States, to include financial statements of Philips Lighting in any required filing, use its reasonable best efforts to provide such financial statements and to procure that its external auditors shall provide any required reports or consents in respect thereof; and
- (e) enable Royal Philips' external auditor to provide reasonable assurance on whether the sustainability information included in Royal Philips' annual reports presents fairly, in all material respects, the sustainability performance in accordance with the reporting criteria as applicable from time to time.

8 RETAINED STAKE

8.1 Disposal

- 8.1.1 Subject to any applicable lock-up obligations to which Royal Philips may be subject upon the IPO, Royal Philips may freely dispose of its retained Shares in whole or in part, in the open market or through a private sale (a "**Disposal**").
- 8.1.2 Without prejudice to Clause 8.1.1, Royal Philips shall use reasonable commercial efforts to conduct any Disposal in an orderly market manner, so as to reduce as much as reasonably possible any material negative impact on the price of the Shares as a result of such Disposal, it being understood that as a general matter any Disposal may have a negative impact on the Share price and that this shall not limit Royal Philips' right to freely dispose of its retained Shares.

8.2 Fully marketed offerings

- 8.2.1 Philips Lighting will cooperate with Royal Philips to optimise any Fully Marketed Offering including by providing reasonable access to information required for a due diligence investigation, comfort letters, road shows and marketing, drafting a prospectus or similar offering document, any reasonable requests from any relevant underwriters or advisers including for management involvement in the marketing of the Offering or being a party to an underwriting agreement containing customary provisions including indemnification, it being understood that this obligation to cooperate does not imply an obligation on the part of Philips Lighting to apply for a (secondary) listing of the Shares. The Parties agree to use their reasonable efforts to obtain any regulatory, stock exchange, or other approval required for any Disposal, it being understood that a Disposal which requires Philips Lighting to apply for a (secondary) listing of the Shares will be subject to prior reasonable discussions between the Parties
- 8.2.2 Any fees and external expenses incurred by book runners and their advisors as reasonably agreed beforehand by Royal Philips and specifically incurred in

connection with the Fully Marketed Offering will be borne by Royal Philips, it being understood that if such Fully Marketed Offering also includes the sale of primary Shares by Philips Lighting at Philips Lighting's request, Royal Philips and Philips Lighting will each pay a share of such fees and external expenses on a pro rata basis.

8.3 Block trades

Philips Lighting will cooperate with Royal Philips to optimise any sale of a block of Shares, including by providing an opportunity to perform a limited due diligence investigation by a bona fide, creditworthy purchaser of more than 5% of the Shares. Such due diligence shall include (i) management interviews, (ii) customary issuer representations and management representation letters, (iii) a review of the minutes of the Board of Management and the Supervisory Board and (iv) a limited documentary review relating to major litigation, acquisitions and disposals.

8.4 Communication

8.4.1 In view of the necessity of a clear and coordinated communication regarding any Disposal, public communications by either Party with respect to a Disposal will be made only after consultation with the other Party regarding the contents of such communication, to the extent reasonably practicable and subject to Clause 9. Such consultation shall not be required for any communication:

- (a) which is in line with communication arrangements pre-agreed between the Parties, if any;
- (b) which is ordinary course of business or investor communication and not disclosing specific information on an actual Disposal, or
- (c) confirming facts or information that are already in the public domain.

8.4.2 Each Party shall ensure that any communication by it relating to a Disposal will not result in violations of securities laws or inconsistencies with any prospectus or similar offering document regarding such Disposal.

9 PRICE SENSITIVE INFORMATION

9.1 Duty to disclose

Nothing in this Agreement shall prohibit or restrict either Party from disclosing (in accordance with article 5:25i(1) Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*) ("**FMSA**") or the US securities laws or such other laws, or applicable rules or regulations (including the rules and regulations of any relevant stock exchange or other regulatory body (including the AFM or SEC)) to

which either Party is or become subject) any price sensitive information if and when such disclosure is in the reasonable opinion of a Party required and cannot or can no longer be delayed under applicable law or by any rules or regulations (including the rules and regulations of any relevant stock exchange or other regulatory body (including the AFM or SEC)).

9.2 No selective disclosure

Nothing in this Agreement will require a providing Party to disclose price sensitive information, as defined in the FMSA, to the receiving Party to the extent that such disclosure without general publication would violate applicable law. The Parties confirm their view, which view is based on the current interpretation of the relevant courts of applicable laws pertaining to price sensitive information and the disclosure thereof, that to the extent that the information Philips Lighting discloses to Royal Philips pursuant to this Agreement qualifies as price sensitive information, this disclosure is made in the normal course of the exercise of Philips Lighting's duties, within the meaning of article 5:57(1) FMSA and article 3(a) of the Market Abuse Directive.

9.3 Price sensitive information relating to the other party

Each Party acknowledges that any disclosure of price sensitive information (*voorwetenschap*), as defined in the FMSA, could also qualify as price sensitive information to the other Party. Each Party will inform the other Party of the proposed form, timing, nature and purpose of any intended disclosure of such information which it reasonably knows could also qualify as price sensitive information to the other Party. Each Party acknowledges that Royal Philips is currently subject to certain duties to disclosure material information under the US federal securities laws and the rules of the New York Stock Exchange.

10 MISCELLANEOUS

10.1 Intragroup transfer of Shares

The Parties acknowledge that Royal Philips may at all times elect to transfer its Shares to an affiliate, in which case Royal Philips shall continue to be a party to this Agreement and the relevant affiliate shall have the right to exercise the rights of Royal Philips under this Agreement on behalf of Royal Philips as long as it remains an affiliate. To the extent necessary, this Clause shall operate as a third party stipulation (*derdenbeding*) in favour of such affiliate. For purposes of this Agreement, where reference is made to the number of Shares held by Royal Philips, this number shall be deemed to include Shares held by its affiliates.

10.2 Further assurances

The Parties shall at their own costs and expenses from time to time execute and procure to be executed such documents and perform and procure to be performed such acts and things as may be reasonably required by each of them to give the Parties the full benefit of this Agreement.

10.3 Entire agreement

This Agreement contains the entire agreement between the Parties relating to the subject matter of this Agreement, and supersedes any previous written or oral agreement between Royal Philips and Philips Lighting in relation to the matters dealt with in this Agreement.

10.4 Assignment

Notwithstanding Clause 10.1, none of the Parties may assign any of their rights or obligations under this Agreement in whole or in part without the prior written consent of the other Party.

10.5 Invalidity

If any provision in this Agreement is held to be illegal, invalid or unenforceable, in whole or in part, under any applicable law, then:

- (a) such provision or part shall to that extent be deemed not to form part of this Agreement but the legality, validity or enforceability of the remainder of this Agreement shall not be affected; and
- (b) the Parties shall use commercially reasonable efforts to agree a replacement provision that is legal, valid and enforceable to achieve so far as possible the intended effect of the illegal, invalid or unenforceable provision.

10.6 Counterparts

This Agreement may be entered into in any number of counterparts, all of which taken together shall constitute one and the same instrument. The Parties may enter into this Agreement by signing any such counterpart.

10.7 Waiver

No waiver of any provision of this Agreement shall be effective unless such waiver is in writing and signed by or on behalf of the Party entitled to make such waiver. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial

exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

10.8 Amendment

No amendment of this Agreement shall be effective unless such amendment is in writing and signed by or on behalf of each Party.

10.9 Third party rights

Save as expressly otherwise stated, this Agreement does not contain any stipulation in favour of a third party (*derdenbeding*). In the event that any stipulation in favour of a third party (*derdenbeding*) contained in this Agreement is accepted by any third party, such third party will not become a party to this Agreement.

10.10 No rescission

Each Party waives its right to rescind (*ontbinden*) this Agreement, in whole or in part, on the basis of section 6:265 DCC or to request a competent court to amend this Agreement on the basis of section 6:230(2) DCC. Furthermore, a party in error (*dwalig*) shall bear the risk of that error in making this Agreement.

10.11 Severability

If any provision of this Agreement is held by any court or other competent authority to be void or unenforceable in whole or in part, the other provisions of this Agreement and the remainder of the effective provisions will continue to be valid. The Parties will then use all reasonable endeavours to replace the invalid or unenforceable provision(s) with a valid and enforceable substitute provision(s) the effect of which is as close as possible to the intended effect of the invalid or unenforceable provision(s).

10.12 Costs

Unless this Agreement provides otherwise, all costs which a Party has incurred or must incur in preparing, concluding or performing this Agreement are for its own account.

11 GOVERNING LAW AND DISPUTE RESOLUTION

11.1 Governing law

This Agreement shall be governed by and construed in accordance with the laws of the Netherlands.

11.2 Dispute resolution

- 11.2.1 Any dispute arising out of, or in connection with, this Agreement or other agreements and arrangements connected to or resulting from this Agreement, shall be submitted to the Chief Executive Officers of Royal Philips and Philips Lighting from time to time to be settled and resolved by them within 20 Business Days of the matter being referred to them, following and upon the written request of either of the Parties.
- 11.2.2 If the dispute cannot be resolved by the Chief Executive Officers of Royal Philips and Philips Lighting within 20 Business Days of the matter being referred to them in accordance with Clause 11.2.1, the Parties shall refer the dispute to proceedings under the ICC Mediation Rules, unless it concerns an urgent matter as referred to in Section 254 of the Dutch Code of Civil Procedure, in which case Clause 11.2.3 below shall apply immediately. The place of the mediation will be Amsterdam, the Netherlands. The language of the mediation will be English.
- 11.2.3 If the dispute has not been settled pursuant to the ICC Mediation Rules within 6 weeks days following the filing of a Request for Mediation or within such other period as the parties may agree in writing, such dispute will be finally and exclusively resolved by arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce. The place of the arbitration will be Amsterdam, the Netherlands. The language of the arbitration will be English.
- 11.2.4 The arbitral tribunal will consist of three (3) arbitrators to be nominated and/or appointed as follows:
- (a) The claimant Party shall nominate one arbitrator in its request for arbitration, and the respondent Party shall nominate one arbitrator in its answer. If a Party fails to nominate an arbitrator, the relevant arbitrator will be appointed by the ICC International Court of Arbitration;
 - (b) The third arbitrator will act as chairman of the arbitral tribunal. The third arbitrator will be nominated jointly by the two arbitrators referred to in paragraph (a) above within 30 days of the date of the last of their confirmations and/or appointments. If these two arbitrators fail to nominate jointly the third arbitrator, that arbitrator will be appointed by the ICC International Court of Arbitration.
- 11.2.5 The arbitral tribunal shall decide and make its arbitral award or awards in accordance with the applicable rules of law. The arbitral tribunal shall not assume the powers of an *amiable compositeur* or decide *ex aequo et bono*.
- 11.2.6 An arbitration pursuant to this Clause 11.2 shall not be consolidated with any other arbitration, whether on the basis of article 1046 of the Dutch Code of Civil

Procedure (*Wetboek van Burgerlijke Rechtsvordering*) or otherwise, except for another arbitration pursuant to this Clause 11.2.

- 11.2.7 The Parties shall not be entitled to any form of discovery or disclosure, and the arbitral tribunal shall have no power to order discovery or disclosure of (a) documentary evidence, (b) oral testimony, or (c) any other materials.

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**THIS AGREEMENT HAS BEEN SIGNED ON THE DATE STATED AT THE BEGINNING
OF THIS AGREEMENT BY:**

Koninklijke Philips N.V.

By:
Title:

By:
Title:

Philips Lighting Newco B.V.

By:
Title:

Schedule 1 Definitions and interpretation

1 Definitions

"**Agreement**" has the meaning given to it in Recital (H);

"**Articles of Association**" means the articles of association of Philips Lighting, attached hereto in the agreed form as Schedule 2 (*Philips Lighting Articles of Association*), as amended from time to time;

"**AFM**" means Stichting Autoriteit Financiële Markten;

"**Board of Management**" means the Board of Management of Philips Lighting, as constituted from time to time;

"**Board of Management Rules**" means the rules of procedure of the Board of Management attached hereto in the agreed form as Schedule 4 (*Board of Management Rules*), as amended from time to time;

"**Books and Records**" means:

- (a) making and keeping books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Philips Lighting and its subsidiaries; and
- (b) Devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurances that:
 - (i) transactions are executed in accordance with the general or specific authorization of Philips Lighting's management;
 - (ii) transactions are recorded as necessary (A) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (B) to maintain accountability for assets;
 - (iii) access to assets is permitted only in accordance with Philips Lighting's management's general or specific authorization; and
 - (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences;

"Closing Date" means the date on which Closing is effected;

"Closing" means the closing of the IPO by means of settlement of the relevant Shares;

"Contribution" has the meaning given in Recital (D);

"Deconsolidation" has the meaning given in Clause 6.2;

"Disclosure Controls and Procedures" means controls and other procedures designed to ensure that information required to be disclosed by Philips Lighting and/or Royal Philips under applicable law, including the Sarbanes-Oxley Act of 2002, is recorded, processed, summarized and reported within applicable time periods, including controls and procedures designed to ensure that such information is accumulated and communicated to Philips Lighting's management, including the CEO and CFO, and to Royal Philips, as appropriate to allow timely decisions regarding required disclosure;

"Disposal" has the meaning given in Clause 8.1;

"FMSA" has the meaning given in Clause 9.1;

"Fully Marketed Offering" means an offering which entails Philips Lighting's involvement in the form of a management road show and/or the preparation of a prospectus or similar offering document;

"Group" means a Party and the companies included in the consolidation of such Party's reported financial information, except that Philips Lighting shall be deemed not to be a member of the Group of which Royal Philips is the holding company;

"IFRS" means International Financial Reporting Standards and/or any other applicable accounting principles to which Royal Philips becomes subject by virtue of applicable law or regulation;

"Internal Control Over Financial Reporting" means a process designed by, or under the supervision of, the CEO and CFO and effected by the Board of Management, Philips Lighting's management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies that:

- (a) pertain to the maintenance of records in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of Philips Lighting and its subsidiaries;
- (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally acceptable accounting principles, and that receipts and expenditures of Philips Lighting and its subsidiaries are being made only in accordance with authorizations of management and directors of Philips Lighting; and
- (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Philips Lighting or its subsidiaries assets that could have a material effect on the financial statements of Philips Lighting.

"**IPO**" has the meaning given to it in Recital (F);

"**Parties**" means each of Royal Philips and Philips Lighting and "**Party**" shall be construed accordingly;

"**Philips Lighting**" has the meaning given in the preamble of this Agreement;

"**Royal Philips**" has the meaning given in the preamble of this Agreement;

"**Royal Philips Nominee**" has the meaning given in Clause 5.2;

"**Schedule**" means a schedule to this agreement;

"**Separation**" has the meaning given in Recital (A);

"**Shares**" means any and all issued and outstanding shares in the capital of Philips Lighting from time to time, but excluding any preference shares;

"**SEC**" means the US Securities and Exchange Commission;

"**Threshold Date**" has the meaning given in Clause 6.1;

"**Supervisory Board**" means the supervisory board of Philips Lighting, as constituted from time to time; and

"**Supervisory Board Rules**" means the rules of procedure of the Supervisory Board attached hereto in the agreed form as Schedule 3 (*Supervisory Board Rules and Supervisory Board Committee Charters*), as amended from time.

"**Supervisory Board Committee Charters**" means the charters of the relevant committee of the Supervisory Board attached hereto in the agreed form as Schedule 3 (*Supervisory Board Rules and Supervisory Board Committee Charters*), as amended from time.

2 Headings and references to Clauses, Schedules and Paragraphs

2.1 Headings have been inserted for convenience of reference only and do not affect the interpretation of any of the provisions of this Agreement.

2.2 A reference in this Agreement to:

- (a) a Clause is to the relevant clause of this Agreement; and
- (b) a Schedule is to the relevant schedule to this Agreement.

3 Legal terms

In respect of any jurisdiction other than the Netherlands, a reference to any Dutch legal term shall be construed as a reference to the term or concept which most nearly corresponds to it in that jurisdiction.

4 Other references

4.1 Whenever used in this Agreement, the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation".

4.2 Whenever used in this Agreement, the words "as of" shall be deemed to include the day or moment in time specified thereafter.

4.3 Any reference in this Agreement to any gender shall include all genders, and words importing the singular shall include the plural and vice versa.

Schedule 2 Philips Lighting Articles of Association

CONCEPT
AKTE VAN STATUTENWIJZIGING
PHILIPS LIGHTING N.V.

Hoofdstuk 1

Definities.

Artikel 1.

In deze statuten hebben de onderstaande termen de daarachter vermelde betekenis:

| | |
|--------------------------------------|--|
| Aandelen | : Gewone Aandelen en Preferente Aandelen; |
| Algemene Vergadering | : het orgaan dat bestaat uit de aandeelhouders en de overige Vergadergerechtigden / de bijeenkomst waarin de aandeelhouders en de overige Vergadergerechtigden vergaderen; |
| Beschermingsstichting | : Stichting Continuïteit Philips Lighting; |
| Beschermingsstichting Reserve | : de reserve als bedoeld in artikel 3.5.3 van deze statuten; |
| Bestuursverslag | : het bestuursverslag als bedoeld in artikel 2:391 BW; |
| BW | : het Burgerlijk Wetboek; |
| Dochtermaatschappij | : een dochtermaatschappij als bedoeld in artikel 2:24a BW; |
| Gewoon Aandeel | : een gewoon aandeel in het kapitaal van de Vennootschap; |
| Jaarrekening | : de jaarrekening als bedoeld in artikel 2:361 BW; |
| Jaarstukken | : de Jaarrekening en het Bestuursverslag alsmede de overige gegevens als bedoeld in artikel 2:392 BW; |
| Preferent Aandeel | : een preferent aandeel in het kapitaal van de Vennootschap; |
| Stemgerechtigden | : aandeelhouders met stemrecht alsmede houders van een vruchtgebruik en houders van een pandrecht met stemrecht; |
| Raad van Bestuur | : de Raad van Bestuur van de Vennootschap; |
| Raad van Commissarissen | : de Raad van Commissarissen van de Vennootschap; |
| Vennootschap | : Philips Lighting N.V.; |

- Vergaderrecht** : het recht om de Algemene Vergadering bij te wonen en daarin het woord te voeren, in persoon of bij schriftelijk gevolmachtigde;
- Vergadergerechtigden** : aandeelhouders alsmede houders van een vruchtgebruik en houders van een pandrecht met Vergaderrecht.

Hoofdstuk 2

Naam. Zetel.

Artikel 2.1.

2.1.1. De Vennootschap is genaamd: Philips Lighting N.V.

2.1.2. Zij is gevestigd te Eindhoven.

Doel.

Artikel 2.2.

De Vennootschap heeft als doel het oprichten van, deelnemen in, het voeren van beheer over en het financieren van rechtspersonen, vennootschappen en andere rechtsvormen ten behoeve van de ontwikkeling (waaronder begrepen onderzoek) en vervaardiging van en de handel in elektrische en elektronische producten, alsmede de exploitatie van technische en andere vakkennis (waaronder begrepen software), in het bijzonder producten en vakkennis met betrekking tot lichtbronnen, armaturen, verlichtingselektronica, de besturing van verlichtingssystemen en -diensten voor specifieke toepassingen en de natuurlijke opvolgers daarvan, of ten behoeve van andere activiteiten, en al hetgeen met het vorenstaande verband houdt of daarop betrekking heeft, met inbegrip van het op enigerwijze zekerheid stellen of zich verbinden voor verplichtingen van derden, waaronder vennootschappen die tot haar groep behoren, alles in de ruimste zin van het woord, en al hetgeen bevorderlijk kan zijn voor een goede continuïteit van het geheel aan bedrijfsactiviteiten, in Nederland en daarbuiten, die door de Vennootschap en de vennootschappen waarin zij direct of indirect deelneemt worden ondernomen.

Hoofdstuk 3

Aandelenstructuur.

Artikel 3.1.

3.1.1. Het maatschappelijk kapitaal van de Vennootschap bedraagt zes miljoen euro (EUR 6.000.000,--) en bestaat uit:

- a. driehonderd miljoen (300.000.000) Gewone Aandelen, elk met een nominale waarde van een eurocent (EUR 0,01), en
- b. driehonderd miljoen (300.000.000) Preferente Aandelen, elk met een nominale waarde van een eurocent (EUR 0,01).

3.1.2. De Aandelen luiden op naam en zijn doorlopend genummerd als volgt:

- de Gewone Aandelen van 1 af, en
- de Preferente Aandelen van P-1 af.

Uitgifte van Aandelen.

Artikel 3.2.

- 3.2.1. Aandelen worden uitgegeven op grond van een door de Raad van Commissarissen goedgekeurd besluit van de Raad van Bestuur, indien de Raad van Bestuur daartoe bij besluit van de Algemene Vergadering voor een bepaalde duur van ten hoogste vijf (5) jaren is aangewezen. Het besluit van de Algemene Vergadering tot deze aanwijzing moet bepalen hoeveel Aandelen van welke soort mogen worden uitgegeven. De aanwijzing kan telkens voor niet langer dan vijf (5) jaren worden verlengd. Tenzij bij de aanwijzing anders is bepaald, kan de aanwijzing niet worden ingetrokken.
- 3.2.2. Indien en voor zover de Raad van Bestuur niet is aangewezen als bedoeld in artikel 3.2.1, heeft de Algemene Vergadering de bevoegdheid te besluiten tot de uitgifte van Aandelen op een door de Raad van Commissarissen goedgekeurd voorstel van de Raad van Bestuur.
- 3.2.3. De artikelen 3.2.1 en 3.2.2 zijn van overeenkomstige toepassing op het verlenen van rechten tot het nemen van Aandelen, maar zijn niet van toepassing op het uitgeven van Aandelen aan een persoon die een recht tot het nemen van Aandelen uitoefent.
- 3.2.4. Behoudens het bepaalde in artikel 2:80 BW, mag de uitgifteprijs niet lager zijn dan de nominale waarde van de Aandelen.

Storting op Aandelen.

Artikel 3.3.

- 3.3.1. Gewone Aandelen worden enkel uitgegeven tegen storting van het gehele bedrag waartegen deze aandelen zijn uitgegeven en met inachtneming van de artikelen 2:80a en 2:80b BW.
- 3.3.2. Preferente Aandelen kunnen worden uitgegeven tegen storting van ten minste een kwart van de nominale waarde en met inachtneming van de artikelen 2:80a en 2:80b BW. Een nadere storting op Preferente Aandelen geschiedt binnen een (1) maand nadat de Raad van Bestuur met goedkeuring van de Raad van Commissarissen schriftelijk een dienovereenkomstig verzoek daartoe heeft gericht aan de desbetreffende houder van Preferente Aandelen.
- 3.3.3. Storting op een Aandeel moet in geld geschieden voor zover niet een andere inbreng is overeengekomen. Storting anders dan in geld geschiedt met inachtneming van artikel 2:94b BW.
- 3.3.4. Storting kan geschieden in een buitenlandse valuta indien de Vennootschap hierin toestemt en met inachtneming van artikel 2:80a lid 3 BW.
- 3.3.5. De Raad van Bestuur kan rechtshandelingen als bedoeld in artikel 2:94 BW verrichten

zonder de voorafgaande goedkeuring van de Algemene Vergadering.

Voorkeursrecht.

Artikel 3.4.

- 3.4.1. Bij uitgifte van Gewone Aandelen heeft iedere aandeelhouder een voorkeursrecht naar evenredigheid van het gezamenlijke bedrag van zijn Gewone Aandelen. Dit voorkeursrecht is niet van toepassing op:
 - a. Gewone Aandelen die worden uitgegeven aan werknemers van de Vennootschap of van een groepsmaatschappij, en
 - b. Gewone Aandelen die worden uitgegeven tegen inbreng anders dan in geld.
- 3.4.2. De Raad van Bestuur heeft, na goedkeuring van de Raad van Commissarissen, de bevoegdheid te besluiten tot de beperking of de uitsluiting van het voorkeursrecht, indien en voor zover de Raad van Bestuur daartoe door de Algemene Vergadering voor een bepaalde duur van ten hoogste vijf (5) jaar is aangewezen. Deze aanwijzing kan telkens voor niet langer dan vijf (5) jaar worden verlengd. Tenzij bij de aanwijzing anders is bepaald, kan zij niet worden ingetrokken. Indien en voor zover de Raad van Bestuur niet de bevoegdheid heeft als bedoeld in het onderhavige artikel 3.4.2 kan het voorkeursrecht worden beperkt of uitgesloten bij besluit van de Algemene Vergadering genomen op een door de Raad van Commissarissen goedgekeurd voorstel van de Raad van Bestuur.
 Voor een besluit van de Algemene Vergadering tot het beperken of uitsluiten van de voorkeursrechten en voor een besluit tot het aanwijzen van de Raad van Bestuur als bedoeld in dit artikel 3.4.2 is een twee derde meerderheid van de uitgebrachte stemmen vereist indien minder dan de helft van het geplaatste kapitaal ter vergadering is vertegenwoordigd.
- 3.4.3. Onverminderd het bepaalde in artikel 2:96a BW stelt de Algemene Vergadering respectievelijk de Raad van Bestuur bij het nemen van een besluit tot uitgifte van Gewone Aandelen vast op welke wijze en in welk tijdvak deze voorkeursrechten kunnen worden uitgeoefend.
- 3.4.4. Dit artikel is van overeenkomstige toepassing op het verlenen van rechten tot het nemen van Gewone Aandelen, maar is niet van toepassing op het uitgeven van Gewone Aandelen aan een persoon die een recht tot het nemen van Gewone Aandelen uitoefent.

Optierecht Beschermingsstichting.

Artikel 3.5.

- 3.5.1. De Beschermingsstichting heeft het recht Preferente Aandelen te nemen tot ten hoogste het van tijd tot tijd in het maatschappelijk kapitaal van de Vennootschap opgenomen aantal Preferente Aandelen.

- 3.5.2. Op verzoek van de Beschermingsstichting worden Preferente Aandelen aan de Beschermingsstichting uitgegeven ten laste van de Beschermingsstichting Reserve.
- 3.5.3. De Vennootschap houdt een niet-uitkeerbare reserve aan die gelijk is aan het bedrag van de betalingsverplichting op de Preferente Aandelen indien het recht tot het nemen van Preferente Aandelen als bedoeld in artikel 3.5.1 volledig zou worden uitgeoefend zonder toepassing van de eerste volzin van artikel 3.3.2. Deze reserve kan naar keuze van de Raad van Bestuur ten laste komen van de winst van de Vennootschap of van de overige reserves van de Vennootschap, mits met goedkeuring van de Raad van Commissarissen. De verplichting tot het aanhouden van deze reserve vervalt indien de Vennootschap wordt ontbonden.
- 3.5.4. De Raad van Bestuur kan, al dan niet bij overeenkomst, nader uitvoering geven aan artikel 3.5.1., en de voorwaarden van die uitvoering kunnen, mits met goedkeuring van de Raad van Commissarissen, door de Raad van Bestuur worden gewijzigd.

Hoofdstuk 4

Verkrijging van eigen Aandelen. Vervreemding van Aandelen.

Artikel 4.1.

- 4.1.1. Verkrijging door de Vennootschap van eigen Aandelen anders dan om niet kan slechts plaatsvinden indien en voor zover de Algemene Vergadering de Raad van Bestuur daartoe heeft gemachtigd. Deze machtiging is slechts geldig voor een bepaalde duur van ten hoogste achttien (18) maanden en kan telkens voor niet langer dan achttien (18) maanden worden verlengd. De Algemene Vergadering bepaalt in de machtiging hoeveel Aandelen mogen worden verkregen, hoe zij mogen worden verkregen en tussen welke grenzen de prijs moet liggen. Verkrijging door de Vennootschap van niet volgestorte Aandelen is nietig.
- 4.1.2. De machtiging van de Algemene Vergadering als bedoeld in artikel 4.1.1 is niet vereist indien de Vennootschap volgestorte aandelen verkrijgt om deze Aandelen, krachtens een voor hen geldende werknemersregeling, over te dragen aan werknemers in dienst van de Vennootschap of van een groepsmaatschappij, op de voorwaarde dat deze Aandelen zijn opgenomen in een prijscourant van een beurs.
- 4.1.3. Voor een besluit van de Raad van Bestuur tot verkrijging of vervreemding van eigen Aandelen is de goedkeuring van de Raad van Commissarissen vereist. Voor een besluit van de Raad van Bestuur tot overdracht van Aandelen aan werknemers van de Vennootschap of van een groepsmaatschappij krachtens een voor hen geldende werknemersregeling of een verkrijging van aandelen daartoe is geen goedkeuring van de Raad van Commissarissen vereist.

Kapitaalvermindering.

Artikel 4.2.

- 4.2.1. De Algemene Vergadering kan op een door de Raad van Commissarissen goedgekeurd voorstel van de Raad van Bestuur besluiten tot vermindering van het geplaatste kapitaal door (i) het nominale bedrag van de Aandelen bij statutenwijziging te verlagen, of (ii) intrekking van:
 - a. Aandelen die de vennootschap zelf houdt, of
 - b. alle Aandelen van een bepaalde soort.
- 4.2.2. Gedeeltelijke terugbetaling op Aandelen ter uitvoering van een besluit tot vermindering van hun nominale bedrag kan uitsluitend op de Aandelen van een bepaalde soort geschieden.
- 4.2.3. Indien alle Aandelen van een bepaalde soort worden ingetrokken dient het op die Aandelen gestorte bedrag, alsmede, indien van toepassing, de aan die bepaalde soort Aandelen gekoppelde agioreserve te worden terugbetaald en de Vennootschap dient tegelijkertijd ontslag te verlenen van de verplichting tot volstorting van die Aandelen voor zover deze slechts gedeeltelijk zijn volgestort.
- 4.2.4. Artikel 4.2.3 is niet van toepassing op Preferente Aandelen die ten laste van de Beschermingsstichting Reserve zijn volgestort.

Hoofdstuk 5

Levering van Aandelen.

Artikel 5

- 5.1. Levering van rechten die een aandeelhouder heeft met betrekking tot Aandelen die zijn opgenomen in het giraal systeem in de zin van de Wet giraal effectenverkeer, geschiedt overeenkomstig het in die wet bepaalde.
- 5.2. Voor de levering van een aandeel op naam is een daartoe bestemde akte vereist en, behoudens in het geval dat de Vennootschap zelf bij die rechtshandeling partij is, schriftelijke erkenning door de Vennootschap van de levering. Betekening van de akte of van een notarieel afschrift of uittreksel daarvan aan de Vennootschap wordt eveneens als erkenning beschouwd.
- 5.3. Artikel 5.2 is van overeenkomstige toepassing op de levering van een recht van vruchtgebruik of een pandrecht op een Aandeel.

Hoofdstuk 6

Aandeelhoudersregister.

Artikel 6.1.

- 6.1.1. De Raad van Bestuur houdt een register van aandeelhouders. Het register wordt regelmatig bijgehouden.
- 6.1.2. Het aandeelhoudersregister vermeldt de naam, het adres en de verdere door de wet vereiste of door de Raad van Bestuur passend geachte informatie.
- 6.1.3. Op zijn verzoek wordt aan een aandeelhouder kosteloos een schriftelijk bewijs verstrekt

van de inhoud van het aandelhoudersregister met betrekking tot de op zijn naam geregistreerde Aandelen.

- 6.1.4. Het bepaalde in de artikelen 6.1.2 en 6.1.3 is van overeenkomstige toepassing op personen die een recht van vruchtgebruik of een pandrecht op een of meer Aandelen hebben.

Pandrecht.

Artikel 6.2.

- 6.2.1. Op Aandelen kan een pandrecht gevestigd worden.
- 6.2.2. Indien op een Gewoon Aandeel een recht van vruchtgebruik is gevestigd komt het aan dat Gewone Aandeel verbonden stemrecht toe aan de aandeelhouder, tenzij het stemrecht bij de vestiging van het pandrecht aan de houder van het pandrecht is toegekend.
- 6.2.3. Indien op een Preferent Aandeel een pandrecht is gevestigd kan het stemrecht niet aan de houder van het pandrecht worden toegekend.
- 6.2.4. Aandelhouders die vanwege een pandrecht geen stemrecht hebben, hebben Vergaderrecht.

Vruchtgebruik.

Artikel 6.3.

- 6.3.1. Op Aandelen kan een recht van vruchtgebruik worden gevestigd.
- 6.3.2. Indien op een Aandeel een recht van vruchtgebruik is gevestigd, komt het aan dat Aandeel verbonden stemrecht toe aan de aandeelhouder, tenzij het stemrecht bij de vestiging van het recht van vruchtgebruik aan de houder van het recht van vruchtgebruik is toegekend.
- 6.3.3. Aandelhouders die vanwege een recht van vruchtgebruik geen stemrecht hebben, hebben Vergaderrecht. Vruchtgebruikers die geen stemrecht hebben, hebben geen Vergaderrecht.

Hoofdstuk 7

Raad van Bestuur. Raad van Commissarissen.

Artikel 7.1.

- 7.1.1. Elk lid van de Raad van Bestuur is tegenover de Vennootschap gehouden tot een behoorlijke vervulling van zijn taak. Tot deze taak behoren alle bestuurstaken die niet bij of krachtens de wet of de statuten aan een of meer andere leden van de Raad van Bestuur zijn toebedeeld. Bij de vervulling van hun taak richten de leden van de Raad van Bestuur zich naar het belang van de Vennootschap. Elk lid van de Raad van Bestuur draagt verantwoordelijkheid voor de algemene gang van zaken binnen de Vennootschap.
- 7.1.2. De Raad van Commissarissen oefent toezicht uit op het beleid van de Raad van

Bestuur en op de algemene gang van zaken in de Vennootschap en de met haar verbonden onderneming. De Raad van Commissarissen staat de Raad van Bestuur met raad ter zijde. Bij de vervulling van hun taken richten de leden van de Raad van Commissarissen zich naar het belang van de Vennootschap.

Raad van Bestuur: benoeming, schorsing en ontslag.

Artikel 7.2.

- 7.2.1. Leden van de Raad van Bestuur worden benoemd door de Algemene Vergadering op voordracht van de Raad van Commissarissen, welke voordracht een bindend karakter kan hebben. De Raad van Commissarissen stelt het aantal leden van de Raad van Bestuur vast.
- 7.2.2. Indien een lid van de Raad van Bestuur wordt benoemd, doet de Raad van Commissarissen een voordracht na overleg met de Raad van Bestuur.
- 7.2.3. Indien de Raad van Commissarissen een niet-bindende voordracht doet, wordt de voorgedragen kandidaat benoemd bij besluit van de Algemene Vergadering dat met een gewone meerderheid van de uitgebrachte stemmen wordt genomen. Indien de Raad van Commissarissen een bindende voordracht doet, kan de Algemene Vergadering het bindend karakter aan een zodanige voordracht ontnemen bij een besluit genomen met een meerderheid van de uitgebrachte stemmen, mits die meerderheid meer dan een derde van het geplaatste aandelenkapitaal vertegenwoordigt. Indien een meerderheid van de stemmen vóór het ontnemen van het bindend karakter van de voordracht wordt uitgebracht, maar die meerderheid niet meer dan een derde van het geplaatste aandelenkapitaal vertegenwoordigt, kan een tweede Algemene Vergadering worden bijeengeroepen waarin het besluit tot het ontnemen van het bindend karakter van de voordracht kan worden genomen met een gewone meerderheid van de uitgebrachte stemmen, ongeacht het door die meerderheid vertegenwoordigde deel van het geplaatste aandelenkapitaal.
- 7.2.4. Ingeval de door middel van een niet-bindende voordracht voorgedragen kandidaat niet wordt benoemd of indien het bindend karakter aan de voordracht wordt ontnomen, kan de Raad van Commissarissen na overleg met de Raad van Bestuur een nieuwe bindende of niet-bindende voordracht doen. Indien de door de Raad van Commissarissen door middel van een niet-bindende voordracht voorgedragen kandidaat niet wordt benoemd of indien het bindend karakter aan de voordracht wordt ontnomen, staat het de Algemene Vergadering vrij in de vacature te voorzien door een lid van de Raad van Bestuur te benoemen.
- 7.2.5. Leden van de Raad van Bestuur kunnen door de Algemene Vergadering worden geschorst of ontslagen. Een besluit tot schorsing of ontslag van een lid van de Raad van Bestuur kan, anders dan een door de Raad van Bestuur of de Raad van

Commissarissen voorgesteld besluit, uitsluitend worden genomen met een gewone meerderheid van de uitgebrachte stemmen, mits de meerderheid ten minste een derde van het geplaatste aandelenkapitaal vertegenwoordigt.

Indien een meerderheid van de stemmen wordt uitgebracht vóór de schorsing of het ontslag, maar die meerderheid niet meer dan een derde van het geplaatste aandelenkapitaal vertegenwoordigt, kan een tweede Algemene Vergadering worden bijeengeroepen waarin het besluit tot het schorsen of ontslaan van het lid van de Raad van Bestuur met een gewone meerderheid van de uitgebrachte stemmen kan worden genomen, ongeacht het door die meerderheid vertegenwoordigde deel van het geplaatste aandelenkapitaal.

- 7.2.6. De Raad van Commissarissen kan een lid van de Raad van Bestuur te allen tijde schorsen of ontslaan. Binnen drie maanden na een schorsing wordt een Algemene Vergadering gehouden waarin wordt besloten of de schorsing wordt opgeheven of gehandhaafd. Het geschorste lid van de Raad van Bestuur heeft het recht in de Algemene Vergadering te worden gehoord.
- 7.2.7. Ingeval van belet of ontstentenis van een of meer leden van de Raad van Bestuur, zijn de overblijvende leden van de Raad van Bestuur of is het enig overblijvende lid van de Raad van Bestuur tijdelijk met het bestuur belast en heeft de Raad van Commissarissen het recht een of meer tijdelijke leden van de Raad van Bestuur aan te wijzen.

Ingeval van belet of ontstentenis van alle leden van de Raad van Bestuur is de Raad van Commissarissen tijdelijk met het bestuur belast, tenzij de Raad van Commissarissen een of meer tijdelijke leden van de Raad van Bestuur aanwijst.

Ingeval van belet of ontstentenis van alle leden van de Raad van Bestuur neemt de Raad van Commissarissen de nodige maatregelen om een definitieve voorziening te treffen.

Onder verhinderd wordt verstaan:

- (i) schorsing;
- (ii) ziekte, en
- (iii) onbereikbaarheid,

in de gevallen bedoeld onder (ii) en (iii) zonder dat gedurende een termijn van vijf (5) dagen enig contact mogelijk is geweest tussen het desbetreffende lid van de Raad van Bestuur en de Vennootschap, tenzij de Raad van Commissarissen een andere termijn vaststelt.

Raad van Bestuur: besluitvorming.

Artikel 7.3.

- 7.3.1. De Raad van Commissarissen benoemt een van de leden van de Raad van Bestuur tot

voorzitter van de Raad van Bestuur. De Raad van Commissarissen kan tevens titels toekennen aan leden van de Raad van Bestuur.

- 7.3.2. De Raad van Bestuur kan een schriftelijk reglement vaststellen waarin onder meer kan worden bepaald op welke wijze de besluitvorming en vergaderingen dienen plaats te vinden. Het vaststellen en wijzigen van het reglement is onderhevig aan de goedkeuring van de Raad van Commissarissen. Voorts kunnen de leden van de Raad van Bestuur, al dan niet bij reglement, na goedkeuring van de Raad van Commissarissen, hun taken onderling verdelen.
- 7.3.3. Een lid van de Raad van Bestuur neemt niet deel aan de beraadslaging en besluitvorming indien hij een direct of indirect persoonlijk belang heeft dat tegenstrijdig is met het belang van de Vennootschap en de met haar verbonden onderneming. Wanneer hierdoor geen besluit van de Raad van Bestuur kan worden genomen, wordt het besluit genomen door de Raad van Commissarissen.
- 7.3.4. De goedkeuring van de Algemene Vergadering is vereist voor besluiten van de Raad van Bestuur omtrent een belangrijke verandering van de identiteit of het karakter van de Vennootschap of haar onderneming, waaronder in ieder geval:
 - a. overdracht van de onderneming of vrijwel de gehele onderneming aan een derde;
 - b. het aangaan of verbreken van duurzame samenwerking van de Vennootschap of een Dochtermaatschappij met een andere rechtspersoon of Vennootschap dan wel als volledig aansprakelijke vennoot in een personenvennootschap, indien deze samenwerking of verbreking van ingrijpende betekenis is voor de Vennootschap, en
 - c. het nemen of afstoten van een deelneming in het kapitaal van een vennootschap ter waarde van ten minste een derde van het eigen vermogen van de Vennootschap, vastgesteld op basis van de geconsolideerde balans met toelichting volgens de laatst vastgestelde jaarrekening, door de Vennootschap of een Dochtermaatschappij.
- 7.3.5. In aanvulling op de besluiten van de Raad van Bestuur die op grond van de wet of de statuten goedkeuring van de Raad van Commissarissen behoeven, kan de Raad van Commissarissen andere besluiten van de Raad van Bestuur aan zijn goedkeuring onderwerpen. Die besluiten dienen duidelijk omschreven te worden en schriftelijk aan de Raad van Bestuur te worden medegedeeld.

Raad van Bestuur: bezoldiging.

Artikel 7.4.

- 7.4.1. De Vennootschap heeft een beleid met betrekking tot de bezoldiging van de Raad van Bestuur. Het bezoldigingsbeleid wordt door de Algemene Vergadering vastgesteld op voorstel van de Raad van Commissarissen.

- 7.4.2. De bezoldiging van leden van de Raad van Bestuur wordt door de Raad van Commissarissen vastgesteld met inachtneming van het door de Algemene Vergadering vastgestelde bezoldigingsbeleid.
- 7.4.3. Een voorstel ten aanzien van regelingen van bezoldigingen in de vorm van Aandelen of rechten tot het nemen van Aandelen wordt door de Raad van Commissarissen ter goedkeuring aan de Algemene Vergadering voorgelegd.
Dit voorstel bepaalt ten minste het maximum aantal Aandelen of rechten tot het nemen van Aandelen dat aan leden van de Raad van Bestuur kan worden toegekend en welke criteria gelden voor toekenning of wijziging.

Vertegenwoordiging.

Artikel 7.5.

- 7.5.1. De Raad van Bestuur is bevoegd de Vennootschap te vertegenwoordigen. De bevoegdheid tot vertegenwoordiging komt mede toe aan twee gezamenlijk handelende leden van de Raad van Bestuur.
- 7.5.2. De Raad van Bestuur kan een of meer van haar leden afzonderlijk machtigen tot het vertegenwoordigen van de Vennootschap binnen de in die machtiging gestelde grenzen.
- 7.5.3. De Raad van Bestuur kan aan een of meer personen, al dan niet in dienst van de Vennootschap, vertegenwoordigingsbevoegdheid toekennen en daarbij de reikwijdte van die vertegenwoordigingsbevoegdheid en de titels van die personen bepalen.

Raad van Commissarissen: benoeming, schorsing en ontslag.

Artikel 7.6.

- 7.6.1. De Vennootschap heeft een Raad van Commissarissen. De leden van de Raad van Commissarissen worden benoemd door de Algemene vergadering op voordracht van de Raad van Commissarissen, welke voordracht bindend kan worden verklaard. De Raad van Commissarissen stelt het aantal leden van de Raad van Commissarissen vast.
- 7.6.2. Indien een lid van de Raad van Commissarissen wordt benoemd, doet de Raad van Commissarissen een voordracht.
- 7.6.3. Indien de Raad van Commissarissen een niet-bindende voordracht doet, wordt de voorgedragen kandidaat benoemd bij besluit van de Algemene Vergadering dat met een gewone meerderheid van de uitgebrachte stemmen wordt genomen.
Indien de Raad van Commissarissen een bindende voordracht doet, kan de Algemene Vergadering het bindend karakter aan een zodanige voordracht ontnemen bij een besluit genomen met een meerderheid van de uitgebrachte stemmen, mits de meerderheid meer dan een derde van het geplaatst kapitaal vertegenwoordigt. Indien een meerderheid van de stemmen vóór het ontnemen van het bindend karakter van de

voordracht wordt uitgebracht, maar de meerderheid niet meer dan een derde van het geplaatste aandelenkapitaal vertegenwoordigt, kan een tweede Algemene Vergadering worden bijeengeroepen waarin het besluit tot het ontnemen van het bindend karakter van de voordracht kan worden genomen met een gewone meerderheid van de uitgebrachte stemmen, ongeacht het door die meerderheid vertegenwoordigde deel van het geplaatste aandelenkapitaal.

- 7.6.4. Ingeval de door middel van een niet-bindende voordracht voorgedragen kandidaat niet wordt benoemd of indien het bindend karakter aan de voordracht wordt ontnomen, kan de Raad van Commissarissen een nieuwe bindende of niet-bindende voordracht doen. Indien de door de Raad van Commissarissen door middel van een niet-bindende voordracht voorgedragen kandidaat niet wordt benoemd of indien het bindend karakter aan de voordracht wordt ontnomen, staat het de Algemene Vergadering vrij in de vacature te voorzien door een lid van de Raad van Commissarissen te benoemen.
- 7.6.5. Leden van de Raad van Commissarissen kunnen door de Algemene Vergadering worden geschorst of ontslagen. Een besluit tot schorsing of ontslag van een lid van de Raad van Commissarissen kan, anders dan een door de Raad van Commissarissen voorgesteld besluit, uitsluitend worden genomen door een gewone meerderheid van de uitgebrachte stemmen, mits de meerderheid ten minste een derde van het geplaatste aandelenkapitaal vertegenwoordigt.
- Indien een meerderheid van de stemmen wordt uitgebracht vóór de schorsing of het ontslag, maar die meerderheid niet meer dan een derde van het geplaatste aandelenkapitaal vertegenwoordigt, kan een tweede Algemene Vergadering worden bijeengeroepen waarin het besluit tot het schorsen of ontslaan van het lid van de Raad van Commissarissen met een gewone meerderheid van de uitgebrachte stemmen kan worden genomen, ongeacht het door die meerderheid vertegenwoordigde deel van het geplaatste aandelenkapitaal.
- 7.6.6. De Raad van Commissarissen kan een lid van de Raad van Commissarissen te allen tijde schorsen of ontslaan. Binnen drie maanden na een schorsing wordt een Algemene Vergadering gehouden waarin wordt besloten of de schorsing wordt opgeheven of gehandhaafd. Het geschorste lid van de Raad van Commissarissen heeft het recht in de Algemene Vergadering te worden gehoord.
- 7.6.7. Ingeval van belet of ontstentenis van een of meer leden van de Raad van Commissarissen, zijn de overblijvende leden van de Raad van Commissarissen of is het enig overblijvende lid van de Raad van Commissarissen tijdelijk met het toezicht belast en heeft de Raad van Commissarissen het recht een of meer tijdelijke leden van de Raad van Commissarissen aan te wijzen.

Ingeval van belet of ontstentenis van alle leden van de Raad van Commissarissen wijst de Raad van Bestuur een of meer tijdelijke leden van de Raad van Commissarissen aan.

Ingeval van belet of ontstentenis van alle leden van de Raad van Commissarissen nemen de tijdelijke leden van de Raad van Commissarissen de nodige maatregelen om een definitieve voorziening te treffen.

Onder verhindering wordt verstaan:

- (i) schorsing;
- (ii) ziekte, en
- (iii) onbereikbaarheid,

in de gevallen bedoeld onder (ii) en (iii) zonder dat gedurende een termijn van vijf (5) dagen enig contact mogelijk is geweest tussen het desbetreffende lid van de Raad van Commissarissen en de Vennootschap, tenzij de Raad van Commissarissen een andere termijn vaststelt.

Raad van Commissarissen: besluitvorming.

Artikel 7.7.

- 7.7.1. De Raad van Commissarissen benoemt een van haar leden tot voorzitter en een van haar leden tot vicevoorzitter van de Raad van Commissarissen. De Raad van Commissarissen benoemt eveneens een secretaris, al dan niet uit de leden van de Raad van Commissarissen. Daarnaast kan de Raad van Commissarissen een of meer leden van de Raad van Commissarissen benoemen tot gedelegeerd lid van de Raad van Commissarissen die belast zijn met het onderhouden van regelmatig contact met de Raad van Bestuur; van hun bevindingen brengen zij aan de Raad van Commissarissen verslag uit. De functies van voorzitter van de Raad van Commissarissen en gedelegeerd commissaris zijn verenigbaar.
- 7.7.2. De Raad van Commissarissen kan een schriftelijk reglement vaststellen waarin onder meer kan worden bepaald op welke wijze de besluitvorming en vergaderingen dienen plaats te vinden. De leden van de Raad van Commissarissen kunnen hun taken, al dan niet bij reglement, onderling verdelen.
- 7.7.3. Een lid van de Raad van Commissarissen neemt niet deel aan de beraadslaging en besluitvorming indien hij een direct of indirect persoonlijk belang heeft dat tegenstrijdig is met het belang van de Vennootschap en de met haar verbonden onderneming. Wanneer hierdoor geen besluit van de Raad van Commissarissen kan worden genomen, wordt het besluit genomen door de Algemene Vergadering.
- 7.7.4. De Raad van Commissarissen kan commissies instellen, bestaande uit zijn leden, en een schriftelijk reglement vaststellen waarin onder meer kan worden bepaald op welke wijze de besluitvorming en de vergaderingen van die commissies dienen plaats te

vinden.

Raad van Commissarissen: bezoldiging.

Artikel 7.8.

De bezoldiging van de Raad van Commissarissen wordt vastgesteld door de Algemene Vergadering op voorstel van de Raad van Commissarissen. De in redelijkheid gemaakte onkosten van leden van de Raad van Commissarissen worden aan hen vergoed.

Vergoeding.

Artikel 7.9.

7.9.1. Voor zover uit de Nederlandse wet niet anders voortvloeit, worden aan leden en voormalige leden van de Raad van Bestuur of de Raad van Commissarissen vergoed:

- a. de redelijke kosten van het voeren van verdediging tegen aanspraken wegens een handelen of nalaten in de uitoefening van hun functie of van een andere functie die zij op verzoek van de Vennootschap vervullen of hebben vervuld;
- b. eventuele schadevergoedingen of boetes die zij verschuldigd zijn wegens een hierboven onder a. vermeld handelen of nalaten;
- c. de redelijke kosten van het optreden in andere rechtsgedingen waarin zij als lid of als voormalig lid van de Raad van Bestuur of de Raad van Commissarissen zijn betrokken, met uitzondering van de gedingen waarin zij hoofdzakelijk een eigen vordering geldend maken, en
- d. belastingvorderingen vanwege vergoedingen in overeenstemming met dit artikel.

Een betrokkene heeft geen aanspraak op de hiervoor bedoelde vergoeding indien en voor zover:

- a. door de bevoegde rechter of, in het geval van arbitrage, door een arbiter, bij kracht van gewijsde is vastgesteld dat het handelen of nalaten van de betrokkene kan worden gekenschetst als opzettelijk, bewust roekeloos of ernstig verwijtbaar, tenzij uit de Nederlandse wet anders voortvloeit of zulks in de gegeven omstandigheden naar maatstaven van redelijkheid en billijkheid onaanvaardbaar zou zijn, of
- b. de kosten of het vermogensverlies van de betrokkene is gedekt door een verzekering en de verzekeraar deze kosten of dit vermogensverlies heeft uitbetaald.

Indien en voor zover door de bevoegde rechter of, in het geval van arbitrage, door een arbiter, bij kracht van gewijsde is vastgesteld dat de betrokkene geen aanspraak heeft op de vergoeding als hiervoor bedoeld, is hij gehouden de door de Vennootschap vergoede bedragen terstond terug te betalen.

7.9.2. De Vennootschap kan ten behoeve van de betrokkenen verzekeringen tegen aansprakelijkheid afsluiten.

7.9.3. De Raad van Bestuur kan, al dan niet bij overeenkomst, nadere uitvoering geven aan

het vorenstaande, mits met goedkeuring van de Raad van Commissarissen.

Hoofdstuk 8

Algemene Vergaderingen.

Artikel 8.1.

- 8.1.1. Algemene Vergaderingen worden gehouden in Eindhoven, Amsterdam, Rotterdam, Utrecht, Den Haag, of Haarlemmermeer (Schiphol).
- 8.1.2. Jaarlijks, uiterlijk dertig (30) juni, wordt een Algemene Vergadering gehouden.
- 8.1.3. De Raad van Bestuur en de Raad van Commissarissen verschaffen de Algemene Vergadering alle verlangde inlichtingen, tenzij een zwaarwichtig belang van de Vennootschap zich daartegen verzet. Indien door de Raad van Bestuur of door de Raad van Commissarissen een beroep wordt gedaan op een zwaarwichtig belang, wordt dit beroep gemotiveerd toegelicht.

Algemene Vergaderingen: bijeenroeping.

Artikel 8.2.

- 8.2.1. Algemene vergaderingen worden bijeengeroepen door de Raad van Bestuur of door de Raad van Commissarissen.
- 8.2.2. Een of meer houders van Aandelen die alleen of gezamenlijk ten minste het percentage van het geplaatste kapitaal vertegenwoordigen als wettelijk vereist, kunnen door de voorzieningenrechter van de rechtbank op hun verzoek worden gemachtigd tot de bijeenroeping van een Algemene Vergadering.

Algemene Vergaderingen: oproep en agenda.

Artikel 8.3.

- 8.3.1. De oproeping geschiedt met inachtneming van de wettelijke oproepingstermijn.
- 8.3.2. De oproeping geschiedt door een langs elektronische weg openbaar gemaakte aankondiging, welke tot aan de Algemene Vergadering rechtstreeks en permanent toegankelijk is.
- 8.3.3. Een onderwerp waarvan de behandeling schriftelijk is verzocht door een of meer aandeelhouders die alleen of gezamenlijk ten minste het percentage van het geplaatste kapitaal vertegenwoordigen als wettelijk vereist, wordt opgenomen in de oproeping of op dezelfde wijze aangekondigd indien de Vennootschap het met redenen omklede verzoek niet later dan op de dag die de wet voorschrijft, heeft ontvangen.

Algemene Vergaderingen: bijwonen van vergaderingen.

Artikel 8.4.

- 8.4.1. Als Vergadergerechtigden hebben te gelden, personen die op de door de wet bepaalde dag van registratie die rechten hebben en als zodanig zijn ingeschreven in een door de Raad van Bestuur aangewezen register, ongeacht wie ten tijde van de Algemene Vergadering de rechthebbenden op de Aandelen zijn.

- 8.4.2. Ter uitoefening van de in artikel 8.4.1. bedoelde rechten dienen de houders van Aandelen, uiterlijk op de dag en op de plaats als vermeld in de oproeping tot de Algemene Vergadering, de Vennootschap schriftelijk in kennis te stellen van hun voornemen daartoe.
- 8.4.3. De Raad van Bestuur kan besluiten dat door middel van een elektronisch communicatiemiddel kennis genomen kan worden van de verhandelingen ter vergadering.
- 8.4.4. De Raad van Bestuur kan besluiten dat iedere Vergadergerechtigde bevoegd is om, in persoon of bij schriftelijke gevolmachtigde, door middel van een elektronisch communicatiemiddel aan de Algemene Vergadering deel te nemen, daarin het woord te voeren en het stemrecht uit te oefenen, op voorwaarde dat de Vergadergerechtigde via het elektronische communicatiemiddel kan worden geïdentificeerd en bovendien rechtstreeks kan kennisnemen van de verhandelingen ter de betreffende vergadering en het stemrecht kan uitoefenen. De Raad van Bestuur kan voorwaarden verbinden aan het gebruik van het elektronisch communicatiemiddel, mits deze voorwaarden redelijk en noodzakelijk zijn voor de identificatie van de aandeelhouder en de betrouwbaarheid en veiligheid van de communicatie. Deze voorwaarden worden bij de oproeping tot de Algemene Vergadering bekend gemaakt en op de website van de Vennootschap geplaatst.
- 8.4.5. De leden van de Raad van Bestuur en de leden van de Raad van Commissarissen zijn bevoegd de Algemene Vergadering bij te wonen en hebben als zodanig in de Algemene Vergadering een raadgevende stem.
- 8.4.6. De voorzitter van de Algemene Vergadering kan derden toelaten tot de Algemene Vergadering.
- 8.4.7. De voorzitter van de Algemene Vergadering beslist omtrent alle kwesties die verband houden met de toelating tot de Algemene Vergadering.

Algemene Vergaderingen: vergaderorde, notulen.

Artikel 8.5.

- 8.5.1. De Algemene Vergadering wordt voorgezeten door de voorzitter van de Raad van Commissarissen die echter, ook indien hij zelf aanwezig is, een ander in zijn plaats met de leiding van de vergadering kan belasten. Bij afwezigheid van de voorzitter van de Raad van Commissarissen zonder dat hij een ander met de leiding van de vergadering belast heeft, benoemen de aanwezige leden van de Raad van Commissarissen een van hen tot voorzitter. Indien er geen leden van de Raad van Commissarissen aanwezig zijn, wordt de vergadering voorgezeten door de voorzitter van de Raad van Bestuur, of, bij afwezigheid van de voorzitter van de Raad van Bestuur, door een door de Raad van Bestuur aangewezen lid van de Raad van Bestuur. De voorzitter van de Algemene

Vergadering wijst de secretaris van de Algemene Vergadering aan.

- 8.5.2. De voorzitter van de vergadering stelt de vergaderorde vast met inachtneming van de agenda en is bevoegd de spreektijd te beperken of andere maatregelen te nemen om een ordelijk verloop van de vergadering te waarborgen.
- 8.5.3. Alle kwesties die verband houden met de gang van zaken in of ter zake van de vergadering, worden beslist door de voorzitter van de Algemene Vergadering.
- 8.5.4. Tenzij van de vergadering een notarieel proces-verbaal wordt opgemaakt, worden van de Algemene Vergadering notulen opgemaakt. Notulen worden vastgesteld en vervolgens ondertekend door de voorzitter en de secretaris van de Algemene Vergadering.
- 8.5.5. Een door de voorzitter van de Raad van Commissarissen ondertekende schriftelijke bevestiging dat de Algemene Vergadering een besluit heeft genomen, geldt als bewijs van een dergelijk besluit tegenover derden.

Algemene Vergaderingen: besluitvorming.

Artikel 8.6.

- 8.6.1. De Algemene Vergadering besluit bij volstrekte meerderheid van de uitgebrachte stemmen, tenzij de wet of de statuten anders bepalen.
- 8.6.2. Ieder aandeel geeft recht op het uitbrengen van een (1) stem tijdens de Algemene Vergadering.
Blanco stemmen, onthoudingen en ongeldige stemmen worden als niet uitgebracht aangemerkt.
- 8.6.3. Voor een Aandeel dat toebehoort aan de Vennootschap of aan een
Dochtermaatschappij daarvan kan in de Algemene Vergadering geen stem worden uitgebracht. Houders van een recht van vruchtgebruik of een pandrecht op Aandelen die aan de Vennootschap of aan haar Dochtermaatschappijen toebehoren zijn niet van het stemrecht uitgesloten indien het vruchtgebruik was gevestigd voordat het Aandeel aan de Vennootschap of een Dochtermaatschappij daarvan toebehoorde en het stemrecht bij de vestiging van het vruchtgebruik aan de houder van het recht van vruchtgebruik is toegekend. De Vennootschap of een Dochtermaatschappij daarvan kan geen stem uitbrengen voor een Aandeel waarop zij een recht van vruchtgebruik heeft.
- 8.6.4. De voorzitter bepaalt de wijze van stemming.
- 8.6.5. Het ter vergadering uitgesproken oordeel van de voorzitter omtrent de uitslag van een stemming in de Algemene Vergadering is beslissend. Hetzelfde geldt voor de inhoud van een genomen besluit, voor zover wordt gestemd over een niet schriftelijk vastgelegd voorstel.
- 8.6.6. Over alle geschillen betreffende de stemmingen, waarin bij de wet of de statuten niet is voorzien, beslist de voorzitter van de Algemene Vergadering.

Vergaderingen van houders van Aandelen van een bepaalde soort.

Artikel 8.7.

- 8.7.1. Vergaderingen van houders van Aandelen van een bepaalde soort worden zo vaak gehouden als een vergadering verplicht is op grond van een wettelijke regeling of een regeling in deze statuten.
- 8.7.2. De artikelen 8.1.2 en 8.4.1 zijn niet van toepassing op vergaderingen van houders van Preferente Aandelen.
- 8.7.3. In afwijking van de artikelen 8.7.4 en 8.7.5 is het in dit hoofdstuk 8 bepaalde van overeenkomstige toepassing op de vergadering van houders van Aandelen van een bepaalde soort.
- 8.7.4. Vergaderingen van houders van Preferente Aandelen kunnen worden bijeengeroepen met inachtneming van artikel 8.3, mits de oproeping daarvoor uiterlijk op de zesde (6^{de}) dag voorafgaand aan de dag van de vergadering wordt gedaan. Het in artikel 8.3.3. vermelde percentage verwijst uitsluitend naar de Preferente Aandelen.
- 8.7.5. Een vergadering van houders van Preferente Aandelen kan schriftelijk besluiten nemen indien het voorstel schriftelijk aan alle houders van Preferente Aandelen is toegezonden, geen van hen zich tegen die wijze van besluitvorming verzet en alle houders van Preferente Aandelen zich voor het voorstel hebben uitgesproken.

Hoofdstuk 9

Boekjaar. Jaarstukken.

Artikel 9.1.

- 9.1.1. Het boekjaar van de Vennootschap is gelijk aan het kalenderjaar.
- 9.1.2. Jaarlijks, binnen de daartoe door de wet gestelde termijn, maakt de Raad van Bestuur een Jaarrekening op. De Jaarrekening gaat vergezeld van de verklaring van de accountant bedoeld in artikel 9.2.1, van het Bestuursverslag en van de overige gegevens, voor zover die bij de stukken moeten worden gevoegd. De Jaarrekening wordt ondertekend door alle leden van de Raad van Bestuur en alle leden van de Raad van Commissarissen; ontbreekt de ondertekening van een of meer van hen, dan wordt daarvan onder opgaaf van de reden melding gemaakt.
- 9.1.3. De Vennootschap zorgt dat de opgemaakte Jaarrekening, het Bestuursverslag en de in artikel 9.1.2 bedoelde overige gegevens vanaf de dag van de oproeping tot de Algemene Vergadering bestemd tot hun behandeling, op het adres van de Vennootschap aanwezig zijn.
De Vergadergerechtigden kunnen die stukken daar inzien en daarvan kosteloos een afschrift verkrijgen.
- 9.1.4. De Algemene Vergadering stelt de Jaarrekening vast.
- 9.1.5. In de Algemene Vergadering waarin over de vaststelling van de Jaarrekening wordt

besloten, kunnen afzonderlijke voorstellen tot het verlenen van kwijting aan de leden van de Raad van Bestuur en aan de leden van de Raad van Commissarissen voor de uitoefening van hun taak aan de orde worden gesteld. De kwijting strekt niet verder dan voor zover van die taakuitoefening blijkt uit de Jaarrekening of uit informatie die anderszins aan de Algemene Vergadering is verstrekt.

Accountant.

Artikel 9.2.

- 9.2.1. De Algemene Vergadering geeft aan een registeraccountant opdracht om de door de Raad van Bestuur opgemaakte Jaarrekening te onderzoeken overeenkomstig artikel 2:393 lid 3 BW. De opdracht kan worden verleend aan een organisatie waarin registeraccountants samenwerken. De Raad van Commissarissen doet daartoe een voordracht.
- 9.2.2. Indien de Algemene Vergadering niet overgaat tot het verlenen van een dergelijke opdracht, dan is de Raad van Commissarissen daartoe bevoegd of, indien de Raad van Commissarissen eveneens in gebreke blijft een dergelijke opdracht te verlenen, de Raad van Bestuur.
- 9.2.3. De aan de accountant verleende opdracht kan worden ingetrokken door de Algemene Vergadering en door degene die de opdracht heeft verleend; de door de Raad van Bestuur verleende opdracht kan bovendien door de Raad van Commissarissen worden ingetrokken. De opdracht kan enkel worden ingetrokken om gegronde redenen met inachtneming van artikel 2:393 lid 2 BW.
- 9.2.4. De accountant brengt van zijn onderzoek verslag uit aan de Raad van Bestuur en de Raad van Commissarissen en geeft de uitslag van zijn onderzoek weer in een verklaring omtrent de getrouwheid van de Jaarrekening.
- 9.2.5. Zowel de Raad van Bestuur als de Raad van Commissarissen kan aan de hiervoor bedoelde accountant of aan een andere accountant op kosten van de Vennootschap opdrachten (anders dan hiervoor bedoeld) verstrekken.

Hoofdstuk 10

Winst en verlies. Uitkering op Aandelen.

Artikel 10.1.

- 10.1.1. In afwijking van artikel 3.5.2. en 10.1.3. onder d. houdt de Raad van Bestuur een agioreserve en een winstreserve aan voor de Gewone Aandelen, tot welke reserves slechts de houders van de Gewone Aandelen gerechtigd zijn.
- 10.1.2. De Vennootschap kan slechts uitkeringen doen op Aandelen voor zover haar eigen vermogen groter is dan het bedrag van het gestorte en opgevraagde deel van het kapitaal, vermeerderd met de reserves die op grond van de wet of de statuten moeten worden aangehouden.

- 10.1.3. a. Uit de voor uitkering beschikbare winst wordt allereerst een dividend uitgekeerd op de Preferente Aandelen met inachtneming van het onder b. bepaalde.
- b. Indien de Preferente Aandelen ten laste van de Beschermingsstichting Reserve worden uitgegeven, bedraagt de uitkering éénderuitend euro (EUR 1.000,--) voor het geheel aan uitstaande Preferente Aandelen die ten laste van deze reserve zijn uitgegeven. In andere gevallen wordt het op de Preferente Aandelen uit te keren dividend gebaseerd op het hieronder genoemde percentage van het op de desbetreffende Preferente Aandelen opgevraagde en gestorte bedrag. Het in de voorgaande volzin genoemde percentage is gelijk aan de gemiddelde waarde van de Gemiddelde Herfinancieringsrentes gedurende het boekjaar waarover de uitkering geschiedt, verhoogd met twee procent (2%), met dien verstande dat het in de voorafgaande volzin genoemde percentage niet lager zal zijn dan één/tiende procent (0,1%). Onder Gemiddelde Herfinancieringsrente wordt verstaan de gemiddelde waarde van de op iedere afzonderlijke dag van het boekjaar waarover de uitkering geschiedt geldende Herfinancieringsrentes. Onder herfinancieringsrente wordt verstaan de rente van de Main Refinancing Operation welke regelmatig wordt vastgesteld en gepubliceerd door de Europese Centrale Bank.
- c. Indien in het boekjaar waarover voornoemd dividend is uitgekeerd het opgevraagde en gestorte bedrag op de Preferente Aandelen is afgenomen of, ingevolge een besluit tot het opvragen nadere volstorting van die Preferente Aandelen, is toegenomen, dient het dividend te worden verlaagd of, waar mogelijk, verhoogd met een bedrag dat gelijk is aan dat percentage van het bedrag van de verlaging dan wel de verhoging, berekend vanaf de datum van de verlaging dan wel de datum waarop de nadere volstorting van die Preferente Aandelen werd opgevraagd.
- d. Indien en voor zover de winst niet voldoende is voor een volledige uitkering van het onder b bedoelde dividend, wordt het tekort ten laste van de reserves uitgekeerd, voor zover dit niet in strijd is met artikel 10.1.2.
- Indien en voor zover het dividend als bedoeld onder a. van het onderhavige artikel ook niet ten laste van de reserves kan worden uitgekeerd, wordt de gerealiseerde winst uit navolgende jaren allereerst aangewend voor de uitkering aan de houders van Preferente Aandelen totdat het tekort volledig is aangezuiverd, voordat de bepalingen in de volgende leden van dit artikel toepassing kunnen vinden. Er mogen niet meer dividenden op de Preferente Aandelen worden uitgekeerd dan voor zover bepaald in het onderhavige artikel en in de artikelen 10.2 en 11.2. Tussentijdse dividenden die voor welk boekjaar

- dan ook met inachtneming van artikel 10.2 zijn uitgekeerd, dienen op grond van het onderhavige artikel 10.1.3 in mindering te worden gebracht op het dividend.
- e. Indien de gerealiseerde winst over welk boekjaar dan ook is bepaald en in dat jaar een (1) of meer Preferente Aandelen zijn ingetrokken, hebben de voormalige houders van de desbetreffende Preferente Aandelen een onvervreemdbaar recht op uitkering van dividend, op de hieronder beschreven wijze. Het bedrag van de voor uitkering vatbare winst die aan voornoemde personen wordt uitgekeerd is gelijk aan het dividendbedrag waartoe zij, uit hoofde van de bepaling onder b, gerechtigd zouden zijn indien zij op de dag van de winstbepaling nog houders waren geweest van voornoemde Preferente Aandelen, berekend op basis van de periode gedurende welke zij in het desbetreffende boekjaar houders van die Preferente Aandelen waren, waarbij dit dividend wordt verminderd met eventuele tussentijdse dividenden die in overeenstemming met artikel 10.2 zijn uitgekeerd.
 - f. Indien in de loop van enig boekjaar Preferente Aandelen zijn uitgegeven, wordt het voor dat boekjaar over de desbetreffende Aandelen uit te keren dividend verlaagd naar evenredigheid van de dag van uitgifte van die Preferente Aandelen.
 - g. Indien het dividendpercentage in de loop van een boekjaar is aangepast, wordt voor de berekening van het dividend over het desbetreffende boekjaar het percentage dat voorafgaand aan die aanpassing van kracht was tot aan de aanpassingsdatum als de toepasselijke rente genomen en het gewijzigde percentage als de toepasselijke rente na de aanpassingsdatum.
- 10.1.4. De Raad van Bestuur kan met goedkeuring van de Raad van Commissarissen bepalen dat hetgeen na toepassing van artikel 10.1.3 van de winst is overgebleven aan de reserves zal worden toegevoegd.
 - 10.1.5. Hetgeen na toepassing van artikel 10.1.3 en 10.1.4 van de winst is overgebleven staat tot de beschikking van de Algemene Vergadering, welke bevoegd is te besluiten deze aan de reserves toe te voegen dan wel deze onder de houders van Gewone Aandelen uit te keren.
 - 10.1.6. De Raad van Bestuur kan met goedkeuring van de Raad van Commissarissen besluiten tot uitkering van een dividend aan de houders van Gewone Aandelen in de vorm van Gewone Aandelen.
 - 10.1.7. Onverminderd de overige bepalingen van het onderhavige artikel 10.1 kan de Algemene Vergadering, op voorstel van de Raad van Bestuur (voor welk voorstel de goedkeuring van de Raad van Commissarissen vereist is), besluiten tot uitkeringen aan de houders van Gewone Aandelen ten laste van een of meerdere reserves, voor zover

het de Vennootschap uit hoofde van de wet of de statuten niet wordt verboden deze uitkering te doen.

- 10.1.8. Er mogen geen dividenden worden uitgekeerd aan de Vennootschap op Aandelen gehouden door de Vennootschap, tenzij de desbetreffende Aandelen zijn bezwaard met een recht van vruchtgebruik of pandrecht.

Tussentijdse uitkeringen.

Artikel 10.2.

- 10.2.1. De Raad van Bestuur kan met goedkeuring van de Raad van Commissarissen besluiten tot tussentijdse uitkeringen aan de aandeelhouders of aan houders van Aandelen van een bepaalde soort, indien uit een tussentijdse vermogensopstelling blijkt dat aan het vereiste van artikel 10.1.2 is voldaan. Daarnaast kan de Algemene Vergadering op voorstel van de Raad van Bestuur en met goedkeuring van de Raad van Commissarissen een tussentijdse uitkering doen.
- 10.2.2. De tussentijdse vermogensopstelling heeft betrekking op de stand van het vermogen op ten vroegste de eerste dag van de derde maand voorafgaand aan de maand waarin het besluit tot uitkering bekend wordt gemaakt. Deze tussentijdse opstelling wordt opgemaakt met inachtneming van in het maatschappelijk verkeer als aanvaardbaar beschouwde waarderingsmethoden. In de vermogensopstelling dienen de krachtens de wet en de statuten te reserveren bedragen te worden opgenomen. Zij dient te worden ondertekend door de leden van de Raad van Bestuur en de leden van de Raad van Commissarissen. Ontbreekt de handtekening van een of meer van hen, dan wordt daarvan onder opgave van reden melding gemaakt.
- 10.2.3. Indien alle uitgegeven en uitstaande Preferente Aandelen tegen terugbetaling worden ingetrokken, wordt op de dag van de desbetreffende terugbetaling een dividend uitgekeerd dat gelijk is aan het bij de uitgifte van het desbetreffende Preferente Aandeel gestorte agio, vermeerderd met een uitkering berekend in overeenstemming met de bepalingen van artikel 10.1.4 en over de periode waarin tot de datum van terugbetaling geen eerdere uitkering als bedoeld in artikel 10.1.4, eerste volzin, is gedaan, een en ander op voorwaarde dat aan het vereiste van artikel 10.1.2 is voldaan, zoals blijkt uit een tussentijdse vermogensopstelling als bedoeld in artikel 10.2.2.

Aankondigingen en uitkeringen.

Artikel 10.3.

- 10.3.1. Voorstellen voor uitkering van dividend op Gewone Aandelen en besluiten tot uitkering van tussentijds dividend op Gewone Aandelen dienen terstond door de Raad van Bestuur te worden bekendgemaakt overeenkomstig de regels van de beurs waaraan de Gewone Aandelen op verzoek van de Vennootschap officieel genoteerd staan. In de aankondiging wordt de datum en de plaats van betaalbaarstelling vermeld, dan wel - in

geval van een voorstel tot uitkering van dividend - de verwachte datum en plaats van betaalbaarstelling.

- 10.3.2. Uitkeringen worden uiterlijk dertig (30) dagen na de dag waarop zij zijn vastgesteld betaalbaar gesteld, tenzij het orgaan dat de uitkering vaststelt een andere dag bepaalt.
- 10.3.3. Uitkeringen waarover vijf (5) jaren en één (1) dag nadat zij opeisbaar zijn geworden niet is beschikt, vervallen aan de Vennootschap en worden aan de reserves toegevoegd.
- 10.3.4. De Raad van Bestuur kan bepalen dat uitkeringen op Aandelen in euro's dan wel in een andere valuta betaalbaar worden gesteld.

Hoofdstuk 11

Statutenwijziging. Ontbinding.

Artikel 11.1.

- 11.1.1. Voor een besluit tot wijziging van de statuten of tot ontbinding van de Vennootschap op voorstel van de Raad van Bestuur is een gewone meerderheid van de uitgebrachte stemmen vereist.
- 11.1.2. Indien het besluit tot wijziging van de statuten of tot ontbinding van de Vennootschap niet op voorstel van de Raad van Bestuur wordt genomen, is voor het besluit tot wijziging van de statuten een meerderheid van ten minste driekwart van de uitgebrachte stemmen in een Algemene Vergadering vereist, mits de meerderheid meer dan de helft van het geplaatste aandelenkapitaal vertegenwoordigt. Indien niet aan het voornoemde quorumvereiste is voldaan, kan een tweede vergadering worden bijeengeroepen die binnen acht (8) weken na de eerste vergadering dient plaats te vinden en waarin een meerderheid van ten minste driekwart van de uitgebrachte stemmen is vereist voor het besluit, ongeacht het in die vergadering vertegenwoordigde aandelenkapitaal.
- 11.1.3. Voor een besluit tot wijziging van de statuten of tot ontbinding van de Vennootschap is de goedkeuring van de Raad van Commissarissen vereist.

Vereffening.

Artikel 11.2.

- 11.2.1. Bij ontbinding van de Vennootschap geschiedt de vereffening door de Raad van Bestuur, onder toezicht van de Raad van Commissarissen, tenzij de Algemene Vergadering anders besluit.
- 11.2.2. De bepalingen van deze statuten blijven tijdens de vereffening voor zover mogelijk van kracht.
- 11.2.3. Hetgeen na de voldoening van de schulden van het vermogen van de Vennootschap overblijft, wordt, overeenkomstig het bepaalde in artikel 2:23b BW, als volgt verdeeld:
 - a. allereerst wordt, waar mogelijk, aan de houders van Preferente Aandelen uitgekeerd de nominale waarde van hun Preferente Aandelen dan wel, ingeval de

- desbetreffende Preferente Aandelen niet zijn volgestort, het op de desbetreffende Preferente Aandelen uitgekeerde bedrag vermeerderd met een bedrag gelijk aan het in artikel 10.1.3 onder b. genoemde percentage van het op de Preferente Aandelen opgevraagde en gestorte bedrag, berekend over elk jaar of gedeelte van een jaar in de periode die begint op de dag na de periode waarover het laatste dividend op de Preferente Aandelen was betaald en die eindigt op de dag van uitkering, als bedoeld in het onderhavige artikel, op Preferente Aandelen; indien het resterende vermogen van de Vennootschap niet toereikend is om de uitkeringen zoals hier onder a. bedoeld te verrichten, wordt aan de houders van de Preferente Aandelen een bedrag uitgekeerd naar evenredigheid van het bedrag dat zou zijn uitgekeerd indien het resterende vermogen toereikend was geweest voor volledige uitkering;
- b. vervolgens wordt hetgeen dat na de uitkeringen als bedoeld onder a. overblijft aan de houders van Gewone Aandelen uitgekeerd naar evenredigheid van de nominale waarde van de door ieder van hen gehouden Gewone Aandelen.

- 11.2.4. Artikel 11.2.3 onder a. is niet van toepassing op ten laste van de reserves van de Vennootschap uitgegeven Preferente Aandelen.

Hoofdstuk 12

Overgangsbepaling.

Artikel 12.1.

- 12.1.1. Artikel 3.5 vindt geen toepassing voor zolang als Koninklijke Philips N.V., een naamloze vennootschap met statutaire zetel in Eindhoven, alle geplaatste Aandelen houdt.
- 12.2.2 Dit hoofdstuk 12 en haar opschrift vervallen zodra Koninklijke Philips N.V. niet langer alle geplaatste Aandelen houdt.

DRAFT

ARTICLES OF ASSOCIATION PHILIPS LIGHTING N.V.
(UNOFFICIAL TRANSLATION)

Chapter 1

Definitions.

Article 1.

In these articles of association, the following terms will have the following meaning:

| | |
|--------------------------------------|--|
| Annual Accounts | : the annual accounts as referred to in article 2:361 BW; |
| Annual Reporting | : the annual accounts and the Management Commentary as well as the additional information referred to in article 2:392 BW; |
| Board of Management | : the board of management of the Company; |
| BW | : the Dutch Civil Code (<i>Burgerlijk Wetboek</i>); |
| Company | : Philips Lighting N.V.; |
| General Meeting | : the corporate body that consists of shareholders and all other persons with meeting rights / the meeting in which the shareholders and all other persons with meeting rights assemble; |
| Management Commentary | : the management commentary as referred to in article 2:391 BW; |
| Meeting Rights | : the right, either in person or by proxy authorised in writing, to attend and address the General Meeting; |
| Ordinary Share | : an ordinary share in the share capital of the Company; |
| Preference Share | : a preference share in the share capital of the Company; |
| Persons with Voting Rights | : shareholders with voting rights as well as holders of a right of usufruct and holders of a right of pledge with voting rights; |
| Persons with Meeting Rights | : shareholders as well as holders of a right of usufruct and holders of a right of pledge with meeting rights; |
| Protective Foundation | : Stichting Continuïteit Philips Lighting; |
| Protective Foundation Reserve | : the reserve referred to in article 3.5.3 of these |

| | |
|--------------------------|--|
| | articles of association; |
| Shares | : Ordinary Shares and Preference Shares; |
| Subsidiary | : a subsidiary as referred to in section 2:24a BW; |
| Supervisory Board | : the supervisory board of the Company. |

Chapter 2

Name. Corporate seat.

Article 2.1.

- 2.1.1. The name of the Company is Philips Lighting N.V.
 2.1.2. Its corporate seat is in Eindhoven.

Objects.

Article 2.2.

The objects of the Company are to establish, participate in, administer and finance legal entities, companies and other legal forms for the purpose of the development (including research) and manufacture of, and trading in, electrical and electronic products and the exploitation of technical and other expertise (including software), in particular products and expertise relating to light sources, luminaires, lighting electronics and controls to application-specific lighting systems and services and its natural successors, or for the purpose of other activities, and to do everything pertaining to or connected with the above, including providing security in any way and binding the Company for commitments of third parties, including companies which belong to its group, all this in the widest sense, as may also be conducive to the proper continuity of the collectivity of business undertakings, in the Netherlands and abroad, which are carried on by the Company and the companies in which it directly or indirectly participates.

Chapter 3

Share structure.

Article 3.1.

- 3.1.1. The authorised share capital of the Company amounts to six million euro (EUR 6,000,000) and is divided into:
- a. three hundred million (300,000,000) Ordinary Shares, each with a nominal value of one eurocent (EUR 0.01), and
 - b. three hundred million (300,000,000) Preference Shares, each with a nominal value of one eurocent (EUR 0.01).
- 3.1.2. The Shares are registered and numbered consecutively as follows:
- the Ordinary Shares from 1 onwards, and
 - the Preference Shares from P-1 onwards.

Issue of Shares.

Article 3.2.

- 3.2.1. Shares are issued pursuant to a Board of Management resolution approved by the Supervisory Board if the Board of Management has been authorised to do so by resolution of the General Meeting for a fixed period of no more than five (5) years. This

resolution of the General Meeting must state how many Shares of which class may be issued. The authorisation may be extended by consecutive periods of no more than five (5) years. Unless otherwise stipulated in the authorisation, the authorisation may not be withdrawn.

- 3.2.2. If and insofar as the Board of Management is not authorised as referred to in article 3.2.1, the General Meeting may resolve to issue Shares on a proposal of the Board of Management which has been approved by the Supervisory Board.
- 3.2.3. Articles 3.2.1 and 3.2.2 equally apply to a grant of rights to subscribe for Shares, but do not apply to an issue of Shares to a person exercising a right to subscribe for Shares.
- 3.2.4. Subject to the provisions in article 2:80 BW, the issue price may not be lower than the nominal value of the Shares.

Payment for Shares.

Article 3.3.

- 3.3.1. Ordinary Shares may only be issued against payment of the full amount at which they have been issued and in accordance with articles 2:80a and 2:80b BW.
- 3.3.2. Preference Shares may be issued against payment of at least a quarter of the nominal amount and in accordance with articles 2:80a and 2:80b BW. Further payment on the Preference Shares will be made within one (1) month after the Board of Management, subject to the approval of the Supervisory Board, has made a corresponding request in writing to the holder of Preference Shares concerned.
- 3.3.3. Payment on Shares must be made in cash if no alternative contribution has been agreed. Payment other than in cash must be made in accordance with the provisions in article 2:94b BW.
- 3.3.4. Payment may be made in a foreign currency subject to the Company's consent and in accordance with article 2:80a(3) BW.
- 3.3.5. The Board of Management may perform legal acts as referred to in article 2:94 BW without the prior approval of the General Meeting.

Pre-emptive right.

Article 3.4.

- 3.4.1. Upon the issue of Ordinary Shares, each shareholder has a pre-emptive right in proportion to the aggregate amount of that shareholder's Ordinary Shares. This pre-emptive right does not apply to:
 - a. Ordinary Shares issued to employees of the Company or of a group company; and
 - b. Ordinary Shares that are issued and paid for other than in cash.
- 3.4.2. Subject to the approval of the Supervisory Board, the Board of Management may resolve to restrict or exclude the pre-emptive right if and insofar as the Board of

Management has been authorised to do so by the General Meeting for a fixed period of no more than five (5) years. This designation may be extended by consecutive periods of no more than five (5) years. Unless otherwise stipulated in the authorisation, the authorisation may not be withdrawn. If and insofar as the Board of Management is not authorised as referred to in this article 3.4.2, pre-emptive rights may be limited or excluded by a resolution of the General Meeting on a proposal of the Board of Management which has been approved by the Supervisory Board.

A resolution of the General Meeting to limit or exclude pre-emptive rights and a resolution to authorise the Board of Management as referred to in this article 3.4.2 requires a two-thirds majority of the votes cast if less than one-half of the issued share capital is represented at a General Meeting.

- 3.4.3. Subject to article 2:96a BW, the General Meeting or the Board of Management determines, when adopting a resolution to issue Ordinary Shares, how and during which period these pre-emptive rights may be exercised.
- 3.4.4. This article equally applies to a grant of rights to subscribe for Ordinary Shares, but does not apply to an issue of Ordinary Shares to a person exercising a right to subscribe for Ordinary Shares.

Option Right Protective Foundation.

Article 3.5.

- 3.5.1. The Protective Foundation has the right to subscribe for a number of Preference Shares up to the number of Preference Shares included in the Company's authorised share capital from time to time.
- 3.5.2. At the request of the Protective Foundation, Preference Shares issued to the Protective Foundation are issued at the expense of the Protective Foundation Reserve.
- 3.5.3. The Company shall maintain a non-distributable reserve in an amount equal to the payment obligation on the Preference Shares if the right to acquire Preference Shares as referred to under article 3.5.1 was to be exercised in full without the application of article 3.3.2 first sentence. This reserve can be formed at the expense of the profits of the Company or the other reserves of the Company at the election of the Board of Management, subject to approval of the Supervisory Board. The obligation to maintain this reserve lapses if the Company is dissolved.
- 3.5.4. The Board of Management may implement article 3.5.1. in further detail in an agreement or otherwise and the terms of such implementation may be amended by the Board of Management, subject to the approval of the Supervisory Board.

Chapter 4

Share repurchase. Disposal of Shares.

Article 4.1.

- 4.1.1. The Company may repurchase Shares against payment if and insofar as the General Meeting has authorised the Board of Management to do so. This authorisation is valid for a fixed period of time of no more than eighteen (18) months and may be extended by consecutive periods of no more than eighteen (18) months. The General Meeting determines in its authorisation how many Shares the Company may repurchase, in what manner and at what price range. Repurchase by the Company of partly paid-up Shares is null and void.
- 4.1.2. The authorisation of the General Meeting as referred to in article 4.1.1 is not required if the Company repurchases fully paid-up Shares for the purpose of transferring these Shares to employees of the Company or of a group company under any applicable equity compensation plan, provided that those Shares are quoted on an official list of a stock exchange.
- 4.1.3. The resolution of the Board of Management to repurchase Shares or to dispose of Shares is subject to the approval of the Supervisory Board. A resolution of the Board of Management to transfer Shares to employees of the Company or of a group company under any applicable equity compensation plan or a repurchase of Shares for this purpose is not subject to the approval of the Supervisory Board.

Capital reduction.

Article 4.2.

- 4.2.1. The General Meeting may resolve on a proposal of the Board of Management which has been approved by the Supervisory Board to reduce the issued share capital by (i) reducing the nominal value of the Shares by amending the articles of association, or (ii) cancelling:
 - a. Shares held by the Company itself, or
 - b. all Shares of a specific class.
- 4.2.2. Partial repayment on Shares pursuant to a resolution to reduce their nominal value may only be made on the Shares of a specific class.
- 4.2.3. In the event all Shares of a specific class are cancelled, the amount paid up on those Shares and, where applicable, the share premium reserve connected to that specific class of Shares must be repaid and the Company must simultaneously grant release from the obligation to fully pay up those Shares to the extent that they have only been partially paid up.
- 4.2.4. Article 4.2.3 does not apply to Preference Shares that are paid up at the expense of the Protective Foundation Reserve.

Chapter 5

Transfer of Shares.

Article 5.

- 5.1. Rights held by a shareholder in connection with Shares included in the giro system within the meaning of the Act on Securities Transactions by Giro (*Wet giraal effectenverkeer*) must be transferred in accordance with the provisions of that Act.
- 5.2. The transfer of a Share requires a deed for that purpose and, save in the event that the Company itself is a party to the transaction, the Company's written acknowledgment of the transfer. Service on the Company of the transfer deed or a certified notarial copy or extract of that deed is regarded as such an acknowledgement.
- 5.3. Article 5.2. equally applies to the transfer of a right of usufruct or right of pledge on a Share.

Chapter 6

Shareholders register.

Article 6.1.

- 6.1.1. The Board of Management keeps a register of shareholders. The register is regularly updated.
- 6.1.2. The name, address and further information as required by law or considered appropriate by the Board of Management are recorded in the shareholders register.
- 6.1.3. If a shareholder requests, the Board of Management provides the shareholder, free of charge, with written evidence of the information in the register concerning the Shares registered in the shareholder's name.
- 6.1.4. The provisions in articles 6.1.2 and 6.1.3 equally apply to holders of a right of usufruct or right of pledge on one or more Shares.

Right of Pledge.

Article 6.2.

- 6.2.1. Shares may be pledged.
- 6.2.2. If an Ordinary Share is encumbered with a right of pledge, the voting rights attached to that Ordinary Share will vest in the shareholder, unless at the creation of the pledge the voting rights have been granted to the pledgee.
- 6.2.3. If a Preference Share is encumbered with a right of pledge, the voting right may not be granted to the pledgee.
- 6.2.4. Shareholders who as a result of a right of pledge do not have voting rights have Meeting Rights.

Right of Usufruct.

Article 6.3.

- 6.3.1. A right of usufruct may be created on Shares
- 6.3.2. If a right of usufruct has been created on a Share, the shareholder holds the voting rights attached to that Share, unless at the creation of the usufruct the voting rights were granted to the holder of the right of usufruct.

- 6.3.3. Shareholders who have no voting rights as a result of a right of usufruct do have Meeting Rights. Holders of a right of usufruct without voting rights have no Meeting Rights.

Chapter 7

Board of Management. Supervisory Board.

Article 7.1.

- 7.1.1. Members of the Board of Management shall duly perform their duties towards the Company. These duties include all management duties that have not been allocated to one or more other members of the Board of Management by law or these articles of association. In fulfilling their duties, the members of the Board of Management shall be guided by the interests of the Company. Each member of the Board of Management is responsible for the general course of business within the Company.
- 7.1.2. The Supervisory Board supervises the policy of the Board of Management and the general course of business within the Company and its undertaking. The Supervisory Board supports the Board of Management with advice. In fulfilling their duties, the members of the Supervisory Board shall be guided by the interests of the Company.

Board of Management: appointment, suspension and dismissal.

Article 7.2.

- 7.2.1. Members of the Board of Management are appointed by the General Meeting on the nomination of the Supervisory Board, which nomination may be binding. The Supervisory Board determines the number of members of the Board of Management.
- 7.2.2. If a member of the Board of Management is to be appointed, the Supervisory Board shall, after consultation with the Board of Management, make a nomination.
- 7.2.3. If the Supervisory Board makes a non-binding nomination, the nominated candidate is appointed by a resolution adopted by the General Meeting with a simple majority of the votes cast.
- If the Supervisory Board makes a binding nomination, the General Meeting may at all times overrule the binding nomination by a resolution adopted by a majority of the votes cast, provided that the majority represents more than one-third of the issued share capital. If a majority of the votes are cast in favour of overruling the binding nomination, but that majority does not represent more than one-third of the issued share capital, a new General Meeting may be convened at which the resolution to overrule the binding nomination may be adopted by a simple majority of the votes cast, regardless of the issued share capital represented by that majority.
- 7.2.4. In the event the candidate nominated by way of a non-binding nomination is not appointed or a binding nomination is overruled, the Supervisory Board may, after consultation with the Board of Management make a new nomination, which nomination

may be binding. In the event that the candidate nominated by the Supervisory Board by way of a non-binding nomination is not appointed or if the binding nomination is overruled, the General Meeting shall be free to appoint a member of the Board of Management to fill the vacancy.

- 7.2.5. Members of the Board of Management may be suspended or dismissed by the General Meeting. A resolution to suspend or dismiss a member of the Board of Management, other than a resolution proposed by the Board of Management or the Supervisory Board, may only be adopted by a simple majority of the votes cast, provided that the majority represents at least one-third of the issued share capital.

If a majority of the votes are cast in favour of the suspension or dismissal, but that majority does not represent more than one-third of the issued share capital, a new General Meeting may be convened at which the resolution to suspend or dismiss the member of the Board of Management may be adopted by a simple majority of the votes cast, regardless of the issued share capital represented by that majority.

- 7.2.6. The Supervisory Board may at any time suspend a member of the Board of Management. Within three months of a suspension, a General Meeting will be held to decide whether the suspension will be cancelled or upheld. The suspended member of the Board of Management is entitled to be heard at the General Meeting.

- 7.2.7. In the event that one or more members of the Board of Management are prevented from acting, or in the case of a vacancy or vacancies for one or more members of the Board of Management, the remaining members of the Board of Management or the only remaining member of the Board of Management shall temporarily be in charge of the management and the Supervisory Board shall have the right to designate one or more temporary members of the Board of Management.

In the event that all members of the Board of Management are prevented from acting or there are vacancies for all members of the Board of Management, the Supervisory Board shall temporarily be in charge of the management, unless the Supervisory Board designates one or more temporary members of the Board of Management.

If there are vacancies for all members of the Board of Management, the Supervisory Board shall take the necessary measures to make a definitive arrangement.

The term prevented from acting means:

- (i) suspension;
- (ii) illness; and
- (iii) inaccessibility,

in the events referred to under sub (ii) and (iii) without the possibility of contact for a period of five (5) days between the member of the Board of Management concerned and the Company, unless the Supervisory board sets a different term.

Board of Management: decision-making.

Article 7.3.

- 7.3.1. The Supervisory Board appoints one of the members of the Board of Management as chairman of the Board of Management. The Supervisory Board may also grant titles to members of the Board of Management.
- 7.3.2. The Board of Management may adopt written rules governing, among others, its decision-making process and conduct of meetings. Adoption and amendment of these rules are subject to the approval of the Supervisory Board. The members of the Board of Management may divide their duties among themselves, whether or not by way of rules, subject to the approval of the Supervisory Board.
- 7.3.3. A member of the Board of Management shall not participate in the deliberations and decision-making process if he has a direct or indirect personal conflict of interest with the Company and its business. If the Board of Management is unable to adopt a resolution as a result of this, the resolution may be adopted by the Supervisory Board.
- 7.3.4. The approval of the General Meeting is required for resolutions of the Board of Management regarding a significant change in the identity or nature of the Company or its business, including in any event:
 - a. the transfer of the business, or practically the entire business, to a third party;
 - b. concluding or cancelling a long-lasting cooperation of the Company or a subsidiary with another legal person or Company or as a fully liable general partner in a partnership, provided that the cooperation or cancellation is of material significance to the Company; and
 - c. acquiring or disposing of a participating interest in the share capital of a company with a value of at least one-third of the Company's assets, as shown in the consolidated balance sheet with explanatory notes according to the last adopted annual accounts by the Company or a Subsidiary.
- 7.3.5. In addition to the resolutions by the Board of Management that are subject to the approval of the Supervisory Board by law or under these articles of association, the Supervisory Board may make other resolutions subject to its approval. Those resolutions must be clearly specified and communicated in writing to the Board of Management.

Board of Management: remuneration.

Article 7.4.

- 7.4.1. The Company has a policy in respect of the remuneration of the Board of Management. The remuneration policy is adopted by the General Meeting on a proposal of the Supervisory Board.
- 7.4.2. The remuneration of the members of the Board of Management is determined by the

Supervisory Board in accordance with the remuneration policy adopted by the General Meeting.

- 7.4.3. A proposal with respect to remuneration schemes in the form of Shares or rights to subscribe for Shares must be submitted by the Supervisory Board to the General Meeting for its approval.

This proposal states at least the maximum number of Shares or rights to subscribe for Shares that may be granted to the members of the Board of Management and the criteria for making and amending such grants.

Representation.

Article 7.5.

- 7.5.1. The Board of Management has the power to represent the Company. This power is also vested in two members of the Board of Management acting jointly.
- 7.5.2. The Board of Management may authorise each of its members separately to represent the Company within the limits defined in the authorisation.
- 7.5.3. The Board of Management may grant powers of attorney to persons, whether or not in the service of the Company, to represent the Company and may thereby determine the scope of such powers of attorney and the titles of those persons.

Supervisory Board: appointment, suspension and dismissal.

Article 7.6.

- 7.6.1. The Company has a Supervisory Board. Members of the Supervisory Board are appointed by the General Meeting on the nomination of the Supervisory Board, which nomination may be binding. The Supervisory Board determines the number of members of the Supervisory Board.
- 7.6.2. If a member of the Supervisory Board is to be appointed, the Supervisory Board shall make a nomination.
- 7.6.3. If the Supervisory Board makes a non-binding nomination, the nominated candidate is appointed by a resolution adopted by the General Meeting with a simple majority of the votes cast.

If the Supervisory Board makes a binding nomination, the General Meeting may at all times overrule the binding nomination by a resolution adopted by a simple majority of the votes cast, provided that the majority represents more than one-third of the issued share capital. If a majority of the votes are cast in favour of overruling the binding nomination, but that majority does not represent more than one-third of the issued share capital, a new General Meeting may be convened at which the resolution to overrule the binding nomination may be adopted by a simple majority of the votes cast, regardless of the issued share capital represented by that majority.

- 7.6.4. In the event the candidate nominated by way of a non-binding nomination is not appointed or a binding nomination is overruled, the Supervisory Board may make a new nomination, which nomination may be binding. In the event that the candidate nominated by the Supervisory Board by way of a non-binding nomination is not appointed or if the binding nomination is overruled, the General Meeting shall be free to appoint a member of the Supervisory Board to fill the vacancy.
- 7.6.5. Members of the Supervisory Board may be suspended or dismissed by the General Meeting. A resolution to suspend or dismiss a member of the Supervisory Board, other than a resolution proposed by the Supervisory Board, may only be adopted by a simple majority of the votes cast, provided that the majority represents at least one-third of the issued share capital.
- If a majority of the votes are cast in favour of the suspension or dismissal, but that majority does not represent more than one-third of the issued share capital, a new General Meeting may be convened at which the resolution to suspend or dismiss the member of the Supervisory Board may be adopted by a simple majority of the votes cast, regardless of the issued share capital represented by that majority.
- 7.6.6. The Supervisory Board may at any time suspend a member of the Supervisory Board. Within three months of a suspension a General Meeting must be held to decide whether the suspension will be cancelled or upheld. The suspended member of the Supervisory Board will be entitled to be heard at the General Meeting.
- 7.6.7. In the event that one or more members of the Supervisory Board are prevented from acting, or in the case of a vacancy or vacancies for one or more members of the Supervisory Board, the remaining members of the Supervisory Board or the only remaining member of the Supervisory Board shall temporarily be in charge of the supervision and the Supervisory Board shall have the right to designate one or more temporary members of the Supervisory Board.
- In the event that all members of the Supervisory Board are prevented from acting or there are vacancies for all members of the Supervisory Board, the Board of Management shall designate one or more temporary members of the Supervisory Board.
- If there are vacancies for all members of the Supervisory Board, the temporary members of the Supervisory Board shall take the necessary measures to make a definitive arrangement.
- The term prevented from acting means:
- (i) suspension;
 - (ii) illness; and
 - (iii) inaccessibility,

in the events referred to under sub (ii) and (iii) without the possibility of contact for a period of five (5) days between the member of the Supervisory Board concerned and the Company, unless the Supervisory Board sets a different term.

Supervisory Board: decision-making.

Article 7.7.

- 7.7.1. The Supervisory Board appoints one of its members as chairman and one of its members as vice-chairman of the Supervisory Board. The Supervisory Board also appoints a secretary from among the members of the Supervisory Board or otherwise. In addition, the Supervisory Board may appoint one or more members of the Supervisory Board as delegate member of the Supervisory Board in charge of communicating with the Board of Management on a regular basis; the delegate members of the Supervisory Board report their findings to the Supervisory Board. The chairman of the Supervisory Board may also be a delegate member of the Supervisory Board.
- 7.7.2. The Supervisory Board may adopt written rules governing, among other things, its decision-making process and conduct of meetings. The members of the Supervisory Board may divide their duties among themselves, whether or not by way of rules.
- 7.7.3. A member of the Supervisory Board shall not participate in the deliberations and decision-making process if he has a direct or indirect personal conflict of interest with the Company and its business. If no resolution of the Supervisory Board can be adopted as a result, the resolution is adopted by the General Meeting.
- 7.7.4. The Supervisory Board may institute committees from among its members and adopt written rules governing, among other things, the decision-making process and conduct of meetings of those committees.

Supervisory Board: remuneration.

Article 7.8.

The remuneration of the Supervisory Board is determined by the General Meeting on a proposal of the Supervisory Board. The members of the Supervisory Board are reimbursed for reasonable expenses incurred.

Indemnity.

Article 7.9.

- 7.9.1. Unless Dutch law provides otherwise, current and former members of the Board of Management and Supervisory Board are reimbursed for:
 - a. the reasonable costs of conducting a defence against claims based on action or inaction in exercising their duties or any other duties in another position they are fulfilling or have fulfilled at the Company's request;
 - b. any damages or fines payable by them as a result of actions or inactions as mentioned under a;

- c. the reasonable costs of appearing in any other legal proceedings that they are involved in as a current or former member of the Board of Management or Supervisory Board, with the exception of proceedings primarily aimed at pursuing a claim on their own behalf; and
- d. any tax claims as a result of a reimbursement in accordance with this article.

There is no entitlement to this reimbursement if and to the extent that:

- a. it has been established in a final and conclusive decision of a Dutch court or, in the event of arbitration, by an arbitrator that the action or inaction of the person concerned can be characterised as deliberate, wilfully reckless or seriously culpable, unless Dutch law provides otherwise or this would be unacceptable in the given circumstances according to standards of reasonable and fair conduct; or
- b. the person's costs or financial losses are covered by insurance and the insurer has paid out these costs or financial losses.

If a competent court or arbitral panel has established in a final decision that the person concerned is not entitled to the reimbursement, that person must immediately repay the amounts reimbursed by the Company.

- 7.9.2. The Company may take out liability insurance for the benefit of the persons concerned.
- 7.9.3. The Board of Management may implement the above provisions in further detail, in an agreement or otherwise, subject to the approval of the Supervisory Board.

Chapter 8

General Meetings.

Article 8.1.

- 8.1.1. General Meetings are held in Eindhoven, Amsterdam, Rotterdam, Utrecht, The Hague, or Haarlemmermeer (Schiphol).
- 8.1.2. A General Meeting is held each year, on the thirtieth (30th) day of June at the latest.
- 8.1.3. The Board of Management and the Supervisory Board shall provide to the General Meeting any information it requests, unless this would be contrary to an overriding interest of the Company. If the Board of Management or the Supervisory Board invokes an overriding interest, the reasons for this must be explained.

General Meetings: convening meetings.

Article 8.2.

- 8.2.1. General Meetings are convened by the Board of Management or the Supervisory Board.
- 8.2.2. One or more holders of Shares alone or jointly representing at least the percentage of the issued share capital as required by law may, at their request, be authorised by the preliminary relief judge of the district court to convene a General Meeting.

General Meetings: notice of meetings and agenda.

Article 8.3.

- 8.3.1. Meetings are convened in accordance with the statutory notice period.
- 8.3.2. The notice convening a meeting is issued by a public announcement in electronic form which can be directly and continuously accessed until the General Meeting.
- 8.3.3. An item requested in writing by one or more shareholders solely or jointly representing at least the percentage of the issued share capital as required by law must be included in the notice of the meeting or announced in the same manner if the Company receives the request, including the reasons, no later than on the day as required by law.

General Meetings: attending meetings.

Article 8.4.

- 8.4.1. Those persons holding Meeting Rights and listed as such in a register designated for that purpose by the Board of Management on the statutory registration date are deemed Persons with Meeting Rights, regardless of who are entitled to the Shares at the time of the General Meeting.
- 8.4.2. In order to exercise the rights mentioned in article 8.4.1., the holders of Shares shall notify the Company in writing of their intention to do so no later than on the day and at the place mentioned in the notice convening the General Meeting.
- 8.4.3. The Board of Management may resolve that the proceedings at the meeting may be observed by electronic means of communication.
- 8.4.4. The Board of Management may decide that each Person with Meeting Rights has the right, in person or represented by a written proxy, to take part in, address and vote at the General Meeting using electronic means of communication, provided that the Person with Meeting Rights can be identified via the same electronic means and is able to directly observe the proceedings and vote at the meeting. The Board of Management may attach conditions to the use of the electronic means of communication, provided that these conditions are reasonable and necessary for the identification of the shareholder and for the reliability and security of the communication. The conditions must be included in the notice convening the meeting and be published on the Company's website.
- 8.4.5. Members of the Board of Management and members of the Supervisory Board are authorised to attend the General Meeting and have an advisory vote in that capacity at the General Meeting.
- 8.4.6. The chairman of the General Meeting may admit third parties to the General Meeting.
- 8.4.7. The chairman of the General Meeting decides on all matters relating to admission to the General Meeting.

General Meetings: order of discussion, minutes.

Article 8.5.

- 8.5.1. The General Meeting is chaired by the chairman of the Supervisory Board. However, the chairman may charge another person with chairing the General Meeting even if the chairman is present at the meeting. If the chairman of the Supervisory Board is absent and has not charged another person with chairing the meeting instead, the members of the Supervisory Board present at the meeting will appoint one of them as chairman. In the absence of all members of the Supervisory Board, the meeting is chaired by the chairman of the Board of Management or, in the absence of the chairman of the Board of Management, by another member of the Board of Management appointed by the Board of Management. The chairman of the General Meeting appoints the secretary of the General Meeting.
- 8.5.2. The chairman of the General Meeting determines the order of discussion in accordance with the agenda and may limit speaking time or take other measures to ensure that the meeting proceeds in an orderly manner.
- 8.5.3. All issues relating to the proceedings at or concerning the meeting are decided by the chairman of the General Meeting.
- 8.5.4. Minutes must be kept of the business transacted at the meeting, unless a notarial record of the General Meeting is prepared. Minutes of a General Meeting are adopted and subsequently signed by the chairman and the secretary of the General Meeting.
- 8.5.5. A written confirmation signed by the chairman of the Supervisory Board stating that the General Meeting has adopted a resolution constitutes valid proof of that resolution towards third parties.

General Meetings: decision-making.**Article 8.6.**

- 8.6.1. The General Meeting adopts resolutions by an absolute majority of the votes cast, unless the law or the articles of association provide otherwise.
- 8.6.2. Each Share confers the right to cast one (1) vote at the General Meeting. Blank votes, abstentions and invalid votes are regarded as votes that have not been cast.
- 8.6.3. No vote may be cast at the General Meeting for a Share held by the Company or one of its Subsidiaries. Holders of a right of usufruct or a right of pledge on Shares belonging to the Company or its Subsidiaries are not excluded from voting if the right of usufruct was created before the Share concerned was held by the Company or one of its Subsidiaries and the voting rights were granted to the holder of the right of usufruct when that right of usufruct was created. The Company or a Subsidiary may not cast a vote in respect of a Share on which it holds a right of usufruct.
- 8.6.4. The chairman of the General Meeting determines the method of voting.

- 8.6.5. The finding by the chairman of the General Meeting on the outcome of a vote is decisive. The same applies to the content of a resolution adopted, to the extent that a vote was held on a proposal not set out in writing.
- 8.6.6. All disputes concerning voting for which neither the law nor the articles of association provide are decided by the chairman of the General Meeting.

Meetings of holders of Shares of a specific class.

Article 8.7.

- 8.7.1. Meetings of holders of Shares of a specific class will be held as frequently and whenever such a meeting is required by virtue of any statutory regulation or any regulation in these articles of association.
- 8.7.2. Articles 8.1.2 and 8.4.1 do not apply to a meeting of holders of Preference Shares.
- 8.7.3. Notwithstanding articles 8.7.4 and 8.7.5, the provisions of this chapter 8 apply *mutatis mutandis* to the meeting of holders of Shares of a specific class.
- 8.7.4. Meetings of holders of Preference Shares may be convoked in accordance with article 8.3, provided that the notice is sent no later than on the sixth (6th) day prior to the day of the meeting. The percentage set out in article 8.3.3 relates to the Preference Shares only.
- 8.7.5. A meeting of holders of Preference Shares may adopt resolutions in writing if the proposal has been sent to all holders of Preference Shares in writing, none of them opposes this manner of decision-making and all holders of Preference Shares express themselves in favour of the proposal concerned.

Chapter 9

Financial year. Annual reporting.

Article 9.1.

- 9.1.1. The Company's financial year coincides with the calendar year.
- 9.1.2. Each year, within the statutory period, the Board of Management shall prepare Annual Accounts. The Annual Accounts must be accompanied by an auditor's statement as referred to in article 9.2.1, the Management Commentary, and the additional information to the extent that this information is required. The Annual Accounts must be signed by all members of the Board of Management and all members of the Supervisory Board; if the signature of one or more of them is missing, this and the reasons for this must be disclosed.
- 9.1.3. The Company shall ensure that the Annual Accounts, the Management Commentary and the additional information referred to in article 9.1.2 are available at the Company's address from the day of the notice of the General Meeting where they are to be discussed.
The Persons with Meeting Rights may inspect these documents and obtain a copy free

of charge.

- 9.1.4. The Annual Accounts are adopted by the General Meeting.
- 9.1.5. In the General Meeting where adoption of the Annual Accounts is discussed, separate proposals may be raised to grant discharge to the members of the Board of Management and the Supervisory Board for the performance of their duties. This discharge only applies to the performance of duties as reflected by the Annual Accounts or by information otherwise made available to the General Meeting.

Auditor.

Article 9.2.

- 9.2.1. The General Meeting instructs a statutory auditor to audit the annual accounts prepared by the Board of Management in accordance with article 2:393(3) BW. The instruction may be given to a firm in which chartered accountants work together. The Supervisory Board shall nominate an auditor for appointment.
- 9.2.2. If the General Meeting fails to issue the instructions to the auditor, the Supervisory Board is authorised to do so or, if the Supervisory Board also fails to issue the instructions, the Board of Management.
- 9.2.3. The instructions issued to the auditor may be revoked by the General Meeting and by the person issuing the instructions; the instructions issued by the Board of Management may also be revoked by the Supervisory Board. The instructions may only be revoked for valid reasons and in accordance with article 2:393(2) BW.
- 9.2.4. The auditor shall report the findings of the audit to the Board of Management and the Supervisory Board and present the results of the audit in a statement on the true and fair view provided by the annual accounts.
- 9.2.5. Both the Board of Management and the Supervisory Board may issue instructions (other than those referred to above) to the above auditor or to a different auditor at the Company's expense.

Chapter 10

Profit and loss. Distributions on Shares.

Article 10.1.

- 10.1.1. Notwithstanding articles 3.5.2. and 10.1.3. under d, the Board of Management shall keep a share premium reserve and profit reserve for the Ordinary Shares to which only the holders of the Ordinary Shares are entitled.
- 10.1.2. The Company may make distributions on Shares only to the extent that its shareholders' equity exceeds the sum of the paid-up and called-up part of the capital and the reserves which must be maintained by law or the articles of association.
- 10.1.3. a. A dividend will be paid out of the profit, if available for distribution, first of all on the Preference Shares in accordance with paragraph b.

- b. If the Preference Shares are issued at the expense of the Protective Foundation Reserve, the distribution will be one thousand euro (EUR 1,000) for the aggregate outstanding Preference Shares issued at the expense of this reserve. In other cases, the dividend paid on the Preference Shares will be based on the percentage, mentioned immediately below, of the amount called up and paid up on those Preference Shares. The percentage referred to in previous sentence will be equal to the Average Main Refinancing Rates during the financial year for which the distribution is made, plus two per cent (2%), provided that the percentage referred to in the previous sentence shall not be lower than one/tenth per cent (0.01%). Average Main Refinancing Rate will be understood to mean the average value on each individual day during the financial year for which the distribution is made of the Main Refinancing Rates prevailing on such day. Main Refinancing Rate will be understood to mean the rate of the Main Refinancing Operation as determined and published from time to time by the European Central Bank.
- c. If in the financial year over which the aforesaid dividend is paid the amount called up and paid up on the Preference Shares has been reduced or, pursuant to a resolution to make a further call on those Preference Shares, has been increased, the dividend must be reduced or, if possible, increased by an amount equal to that percentage of the amount of the reduction or increase, as the case may be, calculated from the date of the reduction or, as the case may be, from the date when the further call on the Preference Shares was made.
- d. If and to the extent that the profit is not sufficient to pay in full the dividend referred to under paragraph b, the deficit will be paid to the debit of the reserves provided that doing so is not in violation of article 10.1.2.
If and to the extent that the dividend referred to under paragraph a of this article cannot be paid to the debit of the reserves either, the profits earned in subsequent years will be applied first towards making to the holders of Preference Shares such payment as will fully clear the deficit before the provisions of the following paragraphs of this article can be applied. No further dividends on the Preference Shares may be paid than as stipulated in this article, in article 10.2 and in article 11.2. Interim dividends paid over any financial year in accordance with article 10.2 must be deducted from the dividend paid by virtue of this article 10.1.3.
- e. If the profit earned in any financial year has been determined and in that financial year one (1) or more Preference Shares have been cancelled, the persons who were the holders of those Preference Shares will have an inalienable right to

payment of dividend as described below. The amount of profit, if available for distribution, to be distributed to the aforesaid persons will be equal to the amount of the dividend to which by virtue of the provision under paragraph b they would be entitled if on the date of determination of the profit they had still been the holders of the aforesaid Preference Shares, calculated on the basis of the period during which in the financial year concerned those persons were holders of those Preference Shares, this dividend to be reduced by the amount of any interim dividend paid in accordance with article 10.2.

- f. If in the course of any financial year Preference Shares have been issued, with respect to that financial year the dividend to be paid on the Shares concerned will be reduced pro rata to the day of issue of those Preference Shares.
 - g. If the dividend percentage has been adjusted in the course of a financial year, then for the purposes of calculating the dividend over that financial year the applicable rate until the date of adjustment will be the percentage in force prior to that adjustment and the applicable rate after the date of adjustment will be the altered percentage.
- 10.1.4. The Board of Management may determine, subject to the approval of the Supervisory Board, that any amount remaining out of the profit after application of article 10.1.3 will be added to the reserves.
 - 10.1.5. The profit remaining after application of articles 10.1.3 and 10.1.4 will be at the disposal of the General Meeting, which may resolve to carry it to the reserves or to distribute it among the holders of Ordinary Shares.
 - 10.1.6. The Board of Management, subject to the approval of the Supervisory Board, may resolve to distribute to the holders of Ordinary Shares a dividend in the form of Ordinary Shares.
 - 10.1.7. Subject to the other provisions of this article 10.1, the General Meeting may, on a proposal made by the Board of Management – which proposal must be approved by the Supervisory Board –, resolve to make distributions to the holders of Ordinary Shares to the debit of one or several reserves which the Company is not prohibited from distributing by virtue of the law or the articles of association.
 - 10.1.8. No dividends may be paid to the Company on Shares held by the Company, unless those Shares are encumbered with a right of usufruct or a right of pledge.

Interim distributions.

Article 10.2.

- 10.2.1. The Board of Management may resolve, subject to the approval of the Supervisory Board, to make interim distributions to the shareholders or to holders of Shares of a particular class if an interim statement of assets and liabilities shows that the

requirement of article 10.1.2 has been met. The General Meeting may also resolve to make an interim distribution on the proposal of the Board of Management, subject to the approval of the Supervisory Board.

- 10.2.2. The interim statement of assets and liabilities relates to the condition of the assets and liabilities on a date no earlier than the first day of the third month preceding the month in which the resolution to distribute is published. This interim statement must be prepared on the basis of generally acceptable valuation methods. The amounts to be reserved under the law and the articles of association must be included in the statement of assets and liabilities. It must be signed by the members of the Board of Management and the members of the Supervisory Board. If one or more of their signatures are missing, this absence and the reason for this absence must be stated.
- 10.2.3. If all issued and outstanding Preference Shares are cancelled against repayment, on the day of that repayment a dividend will be paid, this dividend to be equal to the premium paid on the Preference Share concerned at its issue increased by a distribution to be calculated in accordance with the provisions of article 10.1.4 and over the period over which until the date of repayment no earlier distribution as referred to in the first sentence of article 10.1.4 has been made, all this provided that the requirement of article 10.1.2 has been met as demonstrated by an interim statement of assets and liabilities as referred to article 10.2.2.

Notices and payments.

Article 10.3.

- 10.3.1. Any proposal for distribution of dividend on Ordinary Shares and any resolution to distribute an interim dividend on Ordinary Shares must immediately be published by the Board of Management in accordance with the regulations of the stock exchange where the ordinary Shares are officially listed at the Company's request. The notification must specify the date when and the place where the dividend will be payable or - in the case of a proposal for distribution of dividend - is expected to be made payable.
- 10.3.2. Distributions will be payable no later than thirty (30) days after the date when they were declared, unless the body declaring the distribution determines a different date.
- 10.3.3. Dividends which have not been claimed upon the expiry of five (5) years and one (1) day after the date when they became payable will be forfeited to the Company and will be carried to the reserves.
- 10.3.4. The Board of Management may determine that distributions on Shares will be made payable either in euro or in another currency.

Chapter 11

Amendments to these articles of association. Dissolution.

Article 11.1.

- 11.1.1. A resolution to amend these articles of association or to dissolve the Company requires a simple majority of the votes cast if the resolution is adopted on a proposal of the Board of Management.
- 11.1.2. If the resolution to amend these articles of association or to dissolve the Company is not adopted on a proposal of the Board of Management, the resolution to amend these articles of association requires a majority of at least three-fourths of the votes cast in a General Meeting, provided that the majority represents more than one-half of the issued share capital. If the aforementioned quorum is not met, a second meeting may be convened, to be held within eight (8) weeks of the first meeting, at which the resolution requires a majority of at least three-fourths of the votes cast, irrespective of the share capital represented at the meeting.
- 11.1.3. A resolution to amend these articles of association or to dissolve the Company requires the approval of the Supervisory Board.

Liquidation.

Article 11.2.

- 11.2.1. If the Company is dissolved, the liquidation is carried out by the Board of Management under the Supervisory Board's supervision, unless the General Meeting resolves otherwise.
- 11.2.2. These articles of association remain in force where possible during the liquidation.
- 11.2.3. The surplus assets of the Company remaining after satisfaction of its debts will be divided, in accordance with the provisions of article 2:23b BW, as follows:
 - a. firstly, the holders of the Preference Shares will be paid, if possible, the nominal value amount of their Preference Shares or, if those Preference Shares are not fully paid up, the amount paid on those Preference Shares, that payment to be increased by an amount equal to the percentage, referred to under b of article 10.1.3, of the amount called up and paid up on the Preference Shares, calculated over each year or part of a year in the period beginning on the day following the period over which the last dividend on the Preference Shares was paid and ending on the day of the distribution, as referred to in this article, made on Preference Shares; if the Company's surplus assets are not sufficient to make the distributions as referred to in this subparagraph a, these distributions will be made to the holders of the Preference Shares pro rata to the amounts that would be paid if the surplus assets were sufficient for distribution in full;
 - b. secondly, the balance, if any, remaining after the payments referred to under a will be for the benefit of the holders of Ordinary Shares in proportion to the nominal value amount of Ordinary Shares held by each of them.
- 11.2.4. Article 11.2.3 under a does not apply to Preference Shares issued at the expense of the

reserves of the Company.

Chapter 12

Transitional provision.

Article 12.1

- 12.1.1. Article 3.5 does not apply as long as Koninklijke Philips N.V., a public limited liability company with corporate seat in Eindhoven, the Netherlands, holds all issued and outstanding Shares.
- 12.2.2. This chapter 12 and its heading lapse once Koninklijke Philips N.V. does no longer hold all issued and outstanding Shares.

Schedule 3 Supervisory Board Rules and Supervisory Board
Committee Charters

PHILIPS

Supervisory Board Rules

Philips Lighting N.V.

Definitions

| | |
|---|--|
| Articles of Association | : the articles of association of the Company; |
| Audit Committee | : the audit committee of the Supervisory Board; |
| Board of Management | : the board of management of the Company; |
| Chairman | : the chairman of the Supervisory Board; |
| Company | : Philips Lighting N.V.; |
| Conflict of Interest | : a direct or indirect personal interest that conflicts with the interests of the Company in the meaning of 2:140 paragraph 5 of the Dutch Civil Code or a conflict of interest as described in the Dutch Corporate Governance Code; |
| Corporate Governance and Nomination & Selection Committee / CGNS Committee | : the corporate governance and nomination and selection committee of the Supervisory Board; |
| Dutch Corporate Governance Code | : the code referred to in section 2:391 paragraph 5 of the Dutch Civil Code; |
| General Meeting | : the corporate body that consists of shareholders and all other persons with meeting rights / the meeting in which the shareholders and all other persons with meeting rights assemble; |
| General Secretary | : the general secretary appointed in accordance with article 2.6; |
| Group | : the Company and the companies and enterprises that belong to the Company's group; |
| Inside Information | : inside information as defined in the Company's rules of conduct; |
| Related Party Transactions Policy | : the policy included in Annex II to these Rules; |
| Remuneration Committee | : the remuneration committee of the Supervisory Board; |
| Royal Philips | : Koninklijke Philips N.V.; |
| Royal Philips Nominee | : a member of the Supervisory Board appointed following a nomination by Royal Philips in accordance with the relationship agreement entered into by the Company and Royal Philips; |
| Rules | : these rules of the Supervisory Board; |
| Securities | : amongst others shares, bonds, convertible bonds, |

options, warrants and other derivative securities, share swaps and similar agreements, securities whose value is determined in whole or in part (e.g., more than 10%) by the value of securities mentioned above, and employee stock options, performance shares and restricted share rights;

Supervisory Board : the supervisory board of the Company; and
Vice-Chairman : the vice-chairman of the Supervisory Board.

Responsibilities of the Supervisory Board

Article 1

- 1.1. The Supervisory Board supervises the policies, management and the general affairs of the Group. The members of the Supervisory Board assist the Board of Management with advice on general policies related to the activities of the Group.
- 1.2. In fulfilling their responsibilities, the members of the Supervisory Board act in the interest of the Group and give specific attention to the relevant interests of the Company's shareholders and of the employees, customers, suppliers and other stakeholders of the Group. In carrying out their supervisory function, the basic principles of responsible and reasonable entrepreneurship aiming for a satisfactory return on investment serve as guiding principles for the members of the Supervisory Board. The Supervisory Board must ensure that policies are at any rate in conformity with the law and the Articles of Association, and that the proper continuity of the Company and the Group is ensured. Criteria for this include considerations such as whether the decisions made or to be made by the members of the Board of Management are well founded, in the interest of the Group and whether they are arrived at with due care.
- 1.3. The Supervisory Board must act in a manner that is critical and constructive. Its supervisory function requires a certain restraint in respect of the actual policies and management and the general affairs of the Group, in order to facilitate an impartial supervision and, if necessary, intervention. In carrying out its supervisory function, the Supervisory Board must, in principle, not get involved with the day-to-day implementation of the Company's policies.
- 1.4. The responsibilities and tasks of the Supervisory Board include supervising and advising the Board of Management with respect to:
 - a. the Group's performance;
 - b. the Group's general strategy and the risks connected to its business activities and the operational and financial objectives;
 - c. the parameters to be approved in relation to the strategy;
 - d. corporate social responsibility issues;
 - e. the structure and management of the systems of internal business controls;
 - f. the financial reporting process;
 - g. compliance with applicable laws and regulations; and
 - h. the Company-shareholders relationship.

- 1.5. In addition, the responsibilities and tasks of the Supervisory Board include:
- a. supervising and advising the Board of Management with respect to the corporate governance structure of the Company;
 - b. approving the annual accounts of the Company;
 - c. selecting and nominating individuals for appointment by the General Meeting as member of the Board of Management, proposing the remuneration policy for members of the Board of Management for adoption by the General Meeting and determining the remuneration and the employment terms for the individual members of the Board of Management in conformity with the remuneration policy;
 - d. selecting and nominating individuals for appointment by the General Meeting as member of the Supervisory Board and proposing the remuneration for members of the Supervisory Board for adoption by the General Meeting;
 - e. reviewing the functioning of members of the Supervisory Board, its committees, and its individual members and the conclusions that must be drawn on the basis of this review at least on an annual basis;
 - f. reviewing the functioning of the Board of Management and its individual members and the conclusions that must be drawn on the basis of this review at least on an annual basis;
 - g. selecting and nominating for appointment by the General Meeting of the Company's external auditor; and
 - h. reviewing and approving any resolution of the Board of Management concerning the matters referred to in Annex I to these Rules.
- 1.6. The Supervisory Board must prepare and publish a report that will be included in the Company's management commentary for that year. The report will relate to the functioning and activities of the Supervisory Board during that financial year.
- 1.7. The Board of Management must provide the Supervisory Board and its committees in due time with any information the members of the Supervisory Board and the committees may need for the performance of their duties or as reasonably requested and must regularly report to the Supervisory Board on the course of business of the Group.
- 1.8. Without prejudice to article 1.7 and 2.3, each member of the Supervisory Board has an own responsibility for obtaining all (additional) information from the members of the Board of Management and the external auditor necessary for the due performance of its supervisory duties. If the members of the Supervisory Board, or the committees after having informed the Chairman and the CEO (*chief executive officer*) of the Company, determine it necessary or advisable, the members of the Supervisory Board may also obtain information from officers, employees and (external) advisors of the Group and can engage its own internal and external experts and advisors (subject to appropriate confidentiality requirements imposed on such experts and advisors). The Company will make the necessary resources available to do so. The members of the Supervisory Board may inspect all corporate records, interview all officers and employees of the Group as they consider necessary to fulfil their duties. If members of the Board

of Management have been invited to the Supervisory Board meetings, the members shall attend and provide at those meetings all information required by the Supervisory Board.

Responsibilities of the Chairman, Vice-Chairman, secretary of the Supervisory Board and the General Secretary of the Company

Article 2

- 2.1. The Supervisory Board will appoint the Chairman, Vice-Chairman and the secretary of the Supervisory Board from among its members. The Chairman shall be independent in the meaning of the Dutch Corporate Governance Code.
- 2.2. Meetings of the Supervisory Board are chaired by the Chairman and in his absence by the Vice-Chairman. If both the Chairman and the Vice-Chairman are not present at a meeting, the most senior member present will act as chairman.
- 2.3. The Chairman ensures that the members of the Supervisory Board and the committees function properly in all respects and comply with these Rules. He in principle is available at all times for consultation by the other members of the Supervisory Board and the Board of Management. The Chairman will remain in close and frequent contact with the CEO (*chief executive officer*) and if and when required with the other members of the Board of Management and keeps the Supervisory Board informed of these contacts regularly.
- 2.4. The Vice-Chairman deputises for the Chairman when the occasion arises. The Vice-Chairman acts as contact of individual members of the Supervisory Board or the Board of Management concerning the functioning of the Chairman of the Supervisory Board.
- 2.5. The Company will have a General Secretary. The General Secretary, either on the recommendation of the Supervisory Board or otherwise, is appointed and dismissed by the Board of Management, after the approval of the Supervisory Board has been obtained.
- 2.6. The Supervisory Board is supported by the General Secretary. The General Secretary sees to it that correct procedures are followed and that the Supervisory Board acts in accordance with its obligations under the law, regulations and the Articles of Association. The General Secretary assists the Chairman in the actual organization of the affairs of the Supervisory Board – in respect of information, agenda, evaluation, training program – and is the contact person for interested parties who want to make concerns known to the Supervisory Board. The General Secretary, either on the recommendation of the Supervisory Board or otherwise, is appointed and dismissed by the Board of Management, after the approval of the Supervisory Board has been obtained.
- 2.7. The Chairman and the General Secretary monitor the information to be submitted by or on behalf of the Board of Management to the Supervisory Board and request any other information as they consider appropriate.

Committees of the Supervisory Board

Article 3

- 3.1. The Supervisory Board, though remaining responsible, may assign certain tasks to one or more permanent and/or ad hoc committees formed from among its members. The function of these

committees is to prepare the decision-making of the Supervisory Board. These committees have no independent or assigned powers unless and to the extent explicitly assigned by these Rules or by the Supervisory Board. The committees, on a regular basis, report on their actions, reviews, proposals, and findings to the Supervisory Board.

- 3.2. The members of these committees are appointed by the Supervisory Board, which also appoints the committee's chairman and its secretary, who does not need to be a member of the Supervisory Board, and establish the form and frequency of reporting to the members of the Supervisory Board.
- 3.3. Three permanent committees assist the Supervisory Board: a Corporate Governance and Nomination & Selection Committee, an Audit Committee and a Remuneration Committee. The charters of each of these committees are laid down in separate documents.
- 3.4. Until the date on which Royal Philips holds thirty percent or less of the issued and outstanding ordinary shares in the share capital of the Company, both the Audit Committee and the Remuneration Committee shall comprise a Royal Philips Nominee.

Meetings of the Supervisory Board

Article 4

- 4.1. The Supervisory Board meets at least six times per year. The schedule for its meetings in the next year will be adopted each year at the latest in the last scheduled meeting of the then current year. One meeting will be scheduled to approve the annual accounts to be submitted to the General Meeting.
- 4.2. Meetings of the Supervisory Board are called in writing by or on behalf of the Chairman or in his absence by the Vice-Chairman. The invitation to meetings must contain the agenda. Every member can suggest items for the agenda. The agenda and accompanying materials for the meeting must be sent to the members in good time before any meeting.
- 4.3. Meetings of the Supervisory Board and the committees may be held, and members of the Supervisory Board may participate in meetings, by telephone or videoconference.
- 4.4. Unless the Supervisory Board decides otherwise, the meetings of the Supervisory Board must be attended by the CEO (*chief executive officer*) and, if practically possible, by the other members of the Board of Management and by the General Secretary. If a Conflict of Interest concerning a member of the Supervisory Board or the Board of Management is discussed, the relevant member may not be present during those discussions. The external auditor of the Company must attend any meeting or (part of a) meeting of the Supervisory Board in which the annual accounts of the Company are discussed and approved.
- 4.5. The Supervisory Board and/or its Chairman may request officers, external advisors of the Group or other parties to be present at a meeting of the Supervisory Board. Upon request by Royal Philips, the Supervisory Board will invite an individual nominated by Royal Philips to become a Royal Philips Nominee to attend the meetings of the Supervisory Board.

- 4.6. If a member of the Supervisory Board is frequently absent during meetings of the Supervisory Board, the Chairman will discuss this with that member. If the Chairman is frequently absent during meetings of the Supervisory Board, the Vice-Chairman will discuss this with the Chairman.
- 4.7. The minutes of the meetings of the Supervisory Board are prepared under the responsibility of the General Secretary or any other person designated by the Chairman. The minutes must be signed for adoption by the Chairman and the General Secretary.

Items to be discussed in the Supervisory Board

Article 5

- 5.1. At least once a year the Supervisory Board – on the basis of a written report of the Board of Management – will discuss the general strategy of the Group, as well as the main risks associated with its business activities, and the results of the assessment by the Board of Management of the structure and operation of the systems of internal business controls and any significant changes in these systems. The Audit Committee advises the Supervisory Board on these issues.
- 5.2. At least once a year the Supervisory Board will discuss – without the members of the Board of Management being present – the:
 - a. functioning of the Supervisory Board (and its individual members);
 - b. profile and composition of the Supervisory Board;
 - c. relationship with the Board of Management;
 - d. composition and the functioning of the Board of Management and their individual members;
 - e. succession of members of the Board of Management, and
 - f. remuneration of members of the Board of Management.
- 5.3. The Supervisory Board in consultation with the Board of Management will resolve on the inclusion in the agenda of the General Meeting of any proposal from shareholder(s), made in accordance with article 8.3.3 of the Articles of Association.

Resolutions of the Supervisory Board

Article 6

- 6.1. Resolutions of the Supervisory Board are adopted by majority vote. Resolutions can only be adopted if at least one third of the members are present or represented, such quorum including at least one Royal Philips Nominee (as long as a Royal Philips Nominee is in office). A Conflict of Interest of one or all Royal Philips Nominees does not affect the ability of the Supervisory Board to adopt a resolution. A conflicted member must not be taken into account when calculating a quorum or majority requirement. If no resolution can be adopted by the Supervisory Board as a consequence of a Conflict of Interest of all members of the Supervisory Board, the relevant resolution will be referred to the General Meeting. If all members are present and agree, the members of the Supervisory Board may resolve on issues not on the agenda.
- 6.2. Upon a proposal by or on behalf of the Chairman, resolutions of the members of the Supervisory Board can also be adopted in writing if:

- a. a proposal for that resolution has been sent to all members;
- b. no member has objected to adopting such resolution in writing, and
- c. more than half of the members entitled to vote have voted in favour of the proposed resolution.

Article 6.1 applies accordingly.

The resolution of the members of the Supervisory Board will be recorded in writing and signed by the Chairman and the General Secretary.

- 6.3. A declaration signed by two members of the Supervisory Board that a resolution has been adopted serves as evidence to third parties of that resolution.
- 6.4. Resolutions to enter into transactions in which there is a Conflict of Interest with a member of the Supervisory Board that is of material significance to the Company and/or to the relevant member(s) of the Supervisory Board require the approval of the Supervisory Board.
- 6.5. Resolutions to determine the remuneration of the members of the Board of Management, require the affirmative vote of the Royal Philips Nominee that is a member of the Remuneration Committee, as long as Royal Philips' shareholding in the Company equals or exceeds 30% of the ordinary shares issued and outstanding.
- 6.6. Resolutions to approve a resolution of the Board of Management regarding:
 - (i) an issue of shares (or grant of a right to subscribe for shares) or to restrict or exclude pre-emptive rights accruing to shareholders on the basis of a delegation of this authority, or
 - (ii) a proposal to the General Meeting to issue shares (or grant a right to subscribe for shares) or a proposal to the General Meeting to restrict or exclude pre-emptive rights,
 requires the affirmative vote of a Royal Philips Nominee as long as Royal Philips' shareholding in the Company equals or exceeds 50% of the ordinary shares issued and outstanding.
 The affirmative vote of the Royal Philips Nominee shall not be required if it concerns:
 - (i) an issue of shares to a person exercising a right to subscribe for shares, or
 - (ii) an issue of shares or grant of a right to subscribe for shares to an employee of the Company or a group company under any applicable employee share incentive plan.

Period of appointment and re-election

Article 7

- 7.1. The members of the Supervisory Board resign in accordance with a rotation plan established by the Supervisory Board.
- 7.2. Resolutions to nominate a member for re-election to the Supervisory Board are dealt with in the same manner and with the same degree of diligence as resolutions to nominate a person for election to the Supervisory Board for the first time.
- 7.3. A member of the Supervisory Board must step down in the event of inadequate functioning, structural conflicts, structural conflicting interests, any other compelling reason or when this is otherwise considered necessary at the discretion of the Supervisory Board.
- 7.4. Members of the Supervisory Board who temporarily take on the management of the Company in the event any member of the Board of Management is absent or unable to

perform his duties must resign as a member of the Supervisory Board or temporarily suspend their activities as member of the Supervisory Board for the period they are performing management duties.

- 7.5. Each member of the Supervisory Board must attend after his appointment an introductory programme, in which attention will be paid to:
- a. the general financial and legal affairs of the Group;
 - b. the financial reporting by the Group;
 - c. specific aspects unique to the Group and its business activities, and
 - d. the responsibilities of members of the Supervisory Board.

The Supervisory Board will review each year those aspects which merit further training and education of the members of the Supervisory Board on the basis of an annual evaluation.

Composition and profile of the Supervisory Board

Article 8

- 8.1. The Supervisory Board will exercise its powers to recommend persons for election to the Supervisory Board in such a way that the Supervisory Board and its members can fulfil their supervisory and advisory tasks independently and critically.
- 8.2. The Supervisory Board's composition follows the profile, which aims for an appropriate combination of knowledge and experience among its members, encompassing marketing, manufacturing, technology, financial, economic, social and legal aspects of international business and government and public administration in relation to the global character of the Company's businesses. The Supervisory Board pays great value to diversity in its composition. More particular it aims for having members with a European and a non-European background (nationality, working experience or otherwise), at least 30% male and at least 30% female members and one or more members with an executive or similar position in business or society no longer than 5 years ago.

Each member of the Supervisory Board must be capable of assessing the broad outline of the overall policy of the Company.

The profile of the Supervisory Board must be made public through publication in the Company's management commentary or on the Company's website.

- 8.3. The members of the Supervisory Board will recommend those persons for election to the Supervisory Board as necessary to ensure that the combined composition of the Supervisory Board matches the profile of the Supervisory Board and that the Supervisory Board and its members are able to fulfil their supervisory and advisory tasks in an independent critical way from one another, independent of the members of the Board of Management and any particular interest and carry out their responsibilities in a proper manner.
- 8.4. Notwithstanding the arrangements with Royal Philips regarding the nomination of candidates for the positions of Royal Philips Nominee, the Supervisory Board, in exercising its powers to nominate persons for appointment to the Supervisory Board or the Board of Management, will strive to nominate candidates that have the confidence of the General Meeting and that qualify

as independent to the extent required under Dutch law and the Dutch Corporate Governance Code.

- 8.5. Members of the Supervisory Board may not hold in total more than five supervisory board memberships (including non-executive board memberships) of Dutch listed companies, the chairmanship of a supervisory board counting twice. In taking up other positions or interests other than those disclosed at the time of election, members must inform the Chairman and ensure that they will remain able to fulfil their tasks as a member of the Supervisory Board or its committees.
- 8.6. The Supervisory Board may appoint one of its members as delegate member. A delegated member is assigned a special task. Its delegated authority may not exceed the authority or tasks of the Supervisory Board itself and does not include the task of managing the Company. The delegation relates to a more intensive supervisory and advisory role of and more frequent consultation with the Board of Management with regard to the general affairs of the Company by the delegated Supervisory Board member. The delegation may be for a temporary period only and the term of the delegation must be stated in a resolution of the Supervisory Board. The delegated Supervisory Board member will remain a member of the Supervisory Board.

Trading in Securities

Article 9

- 9.1. If any Supervisory Board member holds shares in the share capital of the Company, this will be for the purpose of long-term investment; the Supervisory Board must refrain from short-term transactions in Securities.
- 9.2. With respect to Securities, the Supervisory Board members are bound to the rules with respect to Inside Information and must at all times comply with all applicable laws and regulations, including notification requirements, applicable to the ownership of and transactions related to Securities.
- 9.3. With respect to transactions related to securities in any of the companies belonging to the peer group of leading multinational lighting companies as determined by the Supervisory Board and published in the Company's management commentary, members of the Supervisory Board are prohibited from trading, directly or indirectly, during blocked periods – with respect to Inside Information – preceding the disclosure of the Company's figures. However, the prohibition referred to in the previous sentence does not apply if the relevant member of the Supervisory Board has transferred the discretionary management of his securities portfolio to an independent third party by means of a written mandate agreement.
- 9.4. Each member of the Supervisory Board shall provide such information to the Company as is necessary to enable the Company to comply with applicable laws and regulations (including the rules of any stock exchanges on which the Company may be listed).

Conflicts of interests

Article 10

- 10.1. A member of the Supervisory Board must not participate in the discussions and decision-making on a subject or transaction in relation to which such member has a Conflict of Interest.
- A transaction as referred to above must be concluded on terms at least customary in the sector concerned and must be approved by the Supervisory Board.
- 10.2. Each member of the Supervisory Board (other than the Chairman) must immediately report any (potential) Conflict of Interest to the Chairman of the Supervisory Board. That member of the Supervisory Board with a (potential) Conflict of Interest must provide all relevant information to the Chairman, including information concerning his/her spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree.
- The Chairman must immediately report any (potential) Conflict of Interest, to the Vice-Chairman of the Supervisory Board. The Chairman must provide the Vice-Chairman of the members of the Supervisory Board with all relevant information, including information concerning the spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree of the Chairman.
- 10.3. The Supervisory Board, without the relevant member of the Supervisory Board being present, determines whether a reported (potential) conflict of interest qualifies as a Conflict of Interest which article 10.1 of these Rules applies to or to which that article in its opinion should be applied in a similar way.
- 10.4. In the event of a possible Related Party Transaction (as defined in the Related Party Transactions Policy), the rules of procedure as set out in the Related Party Transactions Policy shall be applied.
- 10.5. Transactions as referred to in this article 10 must be mentioned in the Company's management commentary for the financial year in question.

Relationship with shareholders

Article 11

- 11.1. The Supervisory Board must provide the General Meeting with any information it requires, unless important interests (*zwaarwegende belangen*) of the Company or any law, rules or regulations applicable to the Company prevent it from doing so. The members of the Supervisory Board shall specify the reasons for invoking such important interests.
- 11.2. The Supervisory Board must treat shareholders who are in similar circumstances the same when providing information. The Supervisory Board must ensure that the Board of Management draws up the outline of a policy regarding bilateral contacts with shareholders and will publish this on the Company's website.

Status and contents of the Rules

Article 12

- 12.1. These Rules are complementary to the rules and regulations (from time to time) applicable to the members of the Supervisory Board under Dutch law or the Articles of Association. Where these Rules are inconsistent with Dutch law or the Articles of Association these Rules shall not apply.
- 12.2. These Rules can be supplemented and modified by the Supervisory Board.

- 12.3. Save as otherwise provided in the Articles of Association or by law, the Supervisory Board may in exceptional cases, as the circumstances may require, at its discretion decide to deviate from these Rules.

Governing law

Article 13

These Rules are governed by and to be construed in accordance with the laws of the Netherlands.

May 2016

ANNEX I**LIST OF APPROVAL ITEMS SUPERVISORY BOARD**

Resolutions of the Board of Management concerning the following matters require the review and approval of the Supervisory Board:

- (i) the issue of shares or restricting or excluding the pre-emptive rights in the event of an issue of shares (including a proposal to the General Meeting concerning the aforementioned matters), the repurchase of shares, the disposal of shares, the issue of bonds and the repurchase of bonds;
- (ii) the cooperation in the issue of certificates of shares in the Company;
- (iii) application for quotation or for withdrawal of the quotation of securities referred to under (i) and (ii) of any stock exchange;
- (iv) a request for further payment on the preference shares;
- (v) a proposal to reduce the issued share capital;
- (vi) the formation of a non-distributable reserve as referred to in article 3.5.3. of the Articles of Association;
- (vii) an amendment of the terms of the implementation of the option right of the protective foundation as referred to in the Articles of Association;
- (viii) the implementation of reimbursement provisions in further detail as referred to in article 7.9.3. of the Articles of Association;
- (ix) the addition to the reserves of any amount remaining out of the profit after application of article 10.1.3. of the Articles of Association;
- (x) the distribution of dividend in the form of ordinary shares in the share capital of the Company or a proposal to make distributions to the debit of one or several reserves to the holders of ordinary shares;
- (xi) an interim distribution to the shareholders or to holders of shares of a particular class;
- (xii) an amendment of the Articles of Association;
- (xiii) a legal merger or split-off of the Company;
- (xiv) a petition for bankruptcy or for a moratorium of payments;
- (xv) the dissolution of the Company;
- (xvi) a significant change in the identity or nature of the Company or the enterprise as referred to in article 7.3.4. of the Articles of Association;
- (xvii) a division of tasks among the members of the Board of Management;
- (xviii) the appointment and dismissal of the General Secretary;
- (xix) the Group's annual budget and significant – capital – expenditures of the Group;
- (xx) the entering into a transaction in which there is a Conflict of Interest with a member of the Board of Management or Supervisory Board that is of material significance to the Company and/or to the relevant member of the Board of Management or Supervisory Board;
- (xxi) the adoption, supplement or modification of the Board of Management Rules;

- (xxii) the determination of the remuneration of certain senior executives designated by the Supervisory Board; and
- (xxiii) such other resolutions as the Supervisory Board deems desirable and which are clearly specified and communicated in writing to the Board of Management.

ANNEX II

RELATED PARTY TRANSACTIONS POLICY

1. SCOPE AND DEFINITIONS

1.1. Scope

This policy implements best practices regarding transactions between the Company and legal or natural persons who hold at least 10% of the ordinary shares in the Company and that are of material significance for the Company and/or to such persons (a "**Related Party Transaction**"). This policy applies to each Related Party Transaction as well as any material amendment to an existing Related Party Transaction.

This policy is complementary to the provisions of the Dutch Corporate Governance Code (on a comply or explain basis), applicable law and regulations, the articles of association of the Company, the Supervisory Board Rules and the Board of Management Rules.

For the purposes of this policy a Transaction entered into by a Group Company of the Company shall be considered a Transaction entered into by the Company and a transaction entered into by a Group Company of a Related Party shall be considered a Transaction entered into by that Related Party.

1.2. Definitions and construction

The definitions and provisions in the **Annex** shall apply throughout this policy.

2. PROCEDURE

2.1 Approval of Related Party Transactions

No Related Party Transaction shall be consummated without the approval of the Supervisory Board.

2.2 Notification of Related Party Transactions

2.2.1 Each member of the Board of Management shall promptly notify the chairman of the Board of Management of any (potential) Related Party Transaction in respect of which he is an Interested Party or that he is otherwise aware of. The chairman of the Board of Management shall in turn notify the chairman of the Supervisory Board. The chairman of the Board of Management shall notify the chairman of the Supervisory Board directly in respect of any (potential) Related Party Transaction in respect of which he is an Interested Party or that he is otherwise aware of.

2.2.2 Each member of the Supervisory Board shall promptly notify the chairman of the Supervisory Board of any (potential) Related Party Transaction in respect of which he is an Interested Party or that he is otherwise aware of. If the chairman of the Supervisory Board is an Interested Party to any (potential) Related Party Transaction or becomes otherwise aware of any (potential) Related Party Transaction, he shall promptly notify the vice-chairman of the Supervisory Board.

2.2.3 The Supervisory Board shall decide whether the Transaction concerned qualifies as a Related Party Transaction.

2.3 Review of Related Party Transactions

2.3.1 (Potential) Related Party Transactions shall be subject to review by the Supervisory Board.

2.3.2 Members of the Supervisory Board who qualify as Interested Party shall not participate in the

discussion or decision making regarding the (potential) Related Party Transaction concerned.

- 2.3.3 The Supervisory Board shall review all relevant information available to it concerning the (potential) Related Party Transaction. The Supervisory Board may approve the Related Party Transaction only if it determines in good faith that the Related Party Transaction is fair as to the Company.
- 2.3.4 A Related Party Transaction that involves the delivery of goods or services shall only be approved if such Transaction is on terms that are customary for arm's-length Transactions.
- 2.3.5 Before approving the Related Party Transaction, the Supervisory Board shall review and consider:
- a. the Interested Party's interest in the Related Party Transaction;
 - b. the value of the Related Party Transaction;
 - c. the value (positive or negative) of the Interested Party's interest in the Related Party Transaction;
 - d. whether the Related Party Transaction is undertaken in the ordinary course of business of the Company;
 - e. whether the proposed terms of the Related Party Transaction are no less favourable to the Company than terms that could have been reached with an unrelated third party;
 - f. the purpose of, and the potential benefits to the Company of the Related Party Transaction;
 - g. required public disclosure, if any, and
 - h. any other information regarding the Related Party Transaction or the Interested Party in the context of the proposed Related Party Transaction that would be material to stakeholders of the Company in light of the circumstances of the Related Party Transaction.
- 2.3.6 In conducting its review, the Supervisory Board may obtain information from members of the Board of Management, employees and external advisors of the Company.
- 2.3.7 If a Transaction has a recurring nature or the Company enters into Transactions with a certain Related Party on a regular basis, the Supervisory Board may establish further guidelines or procedures to follow in its review of such Transactions.
- 2.3.8 If a Related Party Transaction has not been approved under this policy prior to its consummation (nor been rejected at an earlier stage), the Supervisory Board shall consider all relevant facts and circumstances regarding the Related Party transaction in accordance with clause **Error! Reference source not found.** through **Error! Reference source not found.** and shall on the basis thereof evaluate all options available to the Company, including ratification (*bekrachtiging*), revision (*wijziging*) or termination (*ontbinding*) of the Related Party Transaction. The Supervisory Board shall also examine the facts and circumstances pertaining to the failure of reporting of such Related Party Transaction under this policy and shall take any such action it deems appropriate.
- 2.3.9 The absence of the approval under this policy, shall not affect the representative authority of the Board of Management or its members.

3. PRE-APPROVED RELATED PARTY TRANSACTIONS

- 3.1 The following Transactions shall be deemed to have been approved by the Supervisory Board if they qualify as a Related Party Transaction:
- (i) any Transaction that forms part of the set of Transactions entered into in connection with the Separation, or that implements the Separation, or that constitutes a claim under the indemnities included in the Separation agreements;
 - (ii) any Transaction with the Royal Philips Group of which the aggregate amount involved will not exceed EUR 100,000 in any 12-month period;
 - (iii) any Transaction where the Interested Party's interest arises solely from the ownership of the Company's ordinary shares and all holders of ordinary shares receive the same benefit on a pro rata basis (e.g. dividends), and
 - (iv) any other Transaction designated as such by the Supervisory Board.
- 3.2 The Board of Management shall notify the chairman of the Supervisory Board of the consummation of pre-approved Related Party Transactions on a monthly basis. This notification shall include a description of the pre-approved Related Party Transactions, the value thereof and all other information that may be relevant.

4. DISCLOSURE

Related Party Transactions shall be disclosed to the extent required under Dutch law, the Dutch Corporate Governance Code, applicable accounting standards or other applicable Dutch or foreign regulations including the requirements under the US federal securities laws (including the requirements of SEC Form 20-F). For the avoidance of doubt, the review or approval of a Transaction pursuant to this policy does not necessarily imply that such Transaction is required to be disclosed.

Annex to Related Party Transactions Policy

Definitions and interpretation

Board of Management means the board of management of the Company.

Company means Philips Lighting N.V.

Dutch Corporate Governance Code means the code referred to in section 2:391 paragraph 5 of the Dutch Civil Code.

Group Company means a group company within the meaning of section 2:24b of the Dutch Civil Code.

Interested Party means the Related Party and,

- (a) in case the counterparty is a legal entity, any officer, employee, executive director or supervisory director of such counterparty, or
- (b) in case the counterparty is a natural person, any relative of such counterparty,

that is also a member of the Supervisory Board or Board of Management.

Related Party means the counterparty to the Company in the Related Party Transaction.

Related Party Transaction has the meaning given to it in Clause 1.1

Royal Philips means Koninklijke Philips N.V.

Royal Philips Group means Royal Philips and each company within Royal Philips' group within the meaning of section 2:24b of the Dutch Civil Code.

Separation means the separation of the Company's businesses from the other businesses of Royal Philips.

Supervisory Board means the supervisory board of the Company.

Transaction means any kind of transaction, arrangement, legal proceeding or other kind of legal relationship, all in the broadest sense.



Charter of the Audit Committee

Philips Lighting N.V.

Definition

| | |
|--------------------------------|---|
| Board of Management | : the board of management of the Company; |
| Company | : Philips Lighting N.V.; |
| Audit Committee | : the audit committee of the Supervisory Board; |
| Audit Committee Rules | : these rules of the Audit Committee; |
| Supervisory Board | : the supervisory board of the Company; and |
| Supervisory Board Rules | : the supervisory board rules of the Company. |

Responsibilities of the Audit Committee

Article 1

- 1.1. The Audit Committee shall advise the Supervisory Board and prepare the decision-making of the Supervisory Board in relation to the committee's responsibilities.
- 1.2. The Audit Committee assists the Supervisory Board in fulfilling its oversight responsibilities for the integrity of the Company's financial statements, the financial reporting process, the system of internal business controls and risk management, the internal and external audit process, the internal and external auditor's qualifications, independence and performance as well as the Company's process for monitoring compliance with laws and regulations and the General Business Principles.
- 1.3. The Audit Committee reviews and discusses the Company's annual and interim financial statements to be disclosed, including related press releases and the statement of the Supervisory Board to shareholders to be inserted in the Company's annual accounts. The Audit Committee reports its findings to the Supervisory Board before these documents are signed by the Supervisory Board or issued by the Company, unless decided otherwise by the Supervisory Board. In performing these reviews the Audit Committee devotes special attention to:
 - (a) any changes in accounting policies and practices;
 - (b) adjustment resulting from the internal and external audit, as the case may be, and any difficulties encountered during the audits;
 - (c) the going concern assumption;
 - (d) compliance with applicable accounting standards and consideration of announcements by professional accounting industry associations;
 - (e) compliance with statutory and legal requirements and regulations in particular in the financial domain;
 - (f) detection of fraud, defalcation and illegal acts;
 - (g) significant financial exposures in the area of treasury (such as currency risks, interest rate risks, derivatives and any other hedging strategies);

- (h) significant judgmental areas;
 - (i) complex or unusual transactions, including important M&A transactions, and “off balance sheet” arrangements;
 - (j) significant deviations between actual performance and planned performance;
 - (k) the overall quality of the earnings;
 - (l) alternative accounting policies and treatments discussed with the external auditor;
 - (m) significant changes in financial statement presentation;
 - (n) development of relevant financial ratios, changes in the Company’s ratings;
 - (o) reports of rating agencies;
 - (p) significant operational risks;
 - (q) the Company’s policy on tax planning;
 - (r) the applications of information and communication technology; and
 - (s) compliance with recommendations and observations of internal and external auditors.
- 1.4. The Audit Committee reviews and discusses non-financial information to be provided in the management commentary, including the Company’s disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, before release and considers the accuracy and completeness of the information.
- 1.5. The Audit Committee discusses, as appropriate, (i) analyses prepared by the Board of Management and the external auditor setting forth significant annual financial reporting issues and judgements made in connection with the preparation of the financial statements and (ii) financial information and earnings guidance provided to analysts and rating agencies.
- 1.6. The Audit Committee reviews all matters required to be communicated to the Supervisory Board and the Board of Management by the external auditor under generally accepted auditing standards.
- 1.7. With regard to the internal audit, the Audit Committee:
- (a) reviews at least annually the internal audit charter, audit plan, audit scope and its coverage in relation to the scope of the external audit, staffing, independence and organizational structure of the internal audit function. The Audit Committee also reviews and approves any significant subsequent changes in the audit plan;
 - (b) ensures there are no unjustified restrictions or limitations, and reviews and concurs in the appointment, replacement or dismissal of the internal auditor;
 - (c) reviews at least annually the effectiveness of the internal audit function; and
 - (d) discusses with the internal auditor his year-end report and report on internal control and advises the Supervisory Board thereon.
- 1.8. With regard to the external audit and in preparation of final resolutions to be adopted by the Supervisory Board, the Audit Committee:
- (a) reviews the external auditors’ proposed audit scope, approach and fees, including the coordination efforts with internal audit;
 - (b) formally evaluates at least annually the external auditor’s independence, documents its position on this matter and addresses any changes to the Company’s policy on auditor

- independence or situation as needed. The Audit Committee will annually obtain and review a report from the external auditor confirming its independence in writing. This confirmation should be duly substantiated and cover all aspects concerning independence, including a description of the firm's internal quality-control procedures, related review procedures/findings and conflicts with the Company's policy on auditor independence, if any;
- (c) assesses the performance of the external auditor against measurable criteria laid down in a formal service level agreement and advises every three years the Supervisory Board on:
 - (i) the appointment or reappointment of the external auditor; and
 - (ii) the rotation of the members of the audit engagement team, within the form of the external auditor;
 - (d) approves non audit services provided by the external auditor in conformity with the Company's policy on auditor independence;
 - (e) approves changes on the Company's policy on auditor independence;
 - (f) discusses with the external auditor his year-end report and report on internal control and advises the Supervisory Board based on this discussion;
 - (g) takes all other actions with respect to the Company's relationship with its external auditor that may be required by applicable law or listing rules; and
 - (h) acts as the primary point of contact for the external auditor, in the event the external auditor finds any irregularities in the financial reporting by the Company.
- 1.9. The Audit Committee periodically discusses the Company's policy on business control, the general business principles including their deployment, and the Company's major risk areas.
- 1.10. The Audit Committee will periodically review the effectiveness of the system for monitoring compliance with the general business principles and the results of the Board of Management's investigation and follow-up (including disciplinary action of any instances of noncompliance). The Audit Committee will obtain regular updates from the CEO and CFO of the Company, the chairman of the corporate review committee on general business principles, the external auditor and internal auditor and the chief legal officer regarding compliance matters and the effectiveness of the compliance programmes.
- 1.11. The Audit Committee is responsible for establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Company's group of concerns regarding questionable accounting or auditing matters.
- 1.12. The Audit Committee, when preparing the decision making by the Supervisory Board, will provide all information and documents reasonably required by the Supervisory Board to fulfil its oversight responsibilities as referred to in article 1.2, or as otherwise requested by the Supervisory Board.
- 1.13. The Audit Committee shall prepare a report of its deliberations and findings and send this report to this Supervisory Board.

Composition of the Audit Committee

Article 2

- 2.1. The Audit Committee consists of members of the Supervisory Board with a minimum of three. The members of the Audit Committee, its chairman, vice-chairman and secretary shall be appointed by the Supervisory Board. The chairman of the Audit Committee must have accounting or related financial agreement expertise. The Audit Committee as a whole must have competence relevant to the sector in which the Company operates. The secretary does not need to be a member of the Supervisory Board.
- 2.2. The chairman is primarily responsible for the proper functioning of the Audit Committee. He/she shall act as the spokesperson of the Audit Committee and shall be the main contact for the Supervisory Board.
- 2.3. Rules regarding the independence of members of the Audit Committee must be complied with, unless they apply on a comply or explain basis and the non-compliance is explained.
- 2.4. Without prejudice to other relevant requirements, the following requirements must be observed in composing the Audit Committee:
 - (a) at least one of its members must have relevant expertise in financial administration and accounting for listed companies or other large companies;
 - (b) all of its members including the chairman of the Audit Committee must be independent within the meaning of article 8.4 of the Supervisory Board Rules, with the exception of no more than one member; not being the chairman of the Audit Committee; and
 - (c) the chairman of the Supervisory Board or any of the Company's (former) members of the Board of Management may not (simultaneously) be chairman of the Audit Committee.
- 2.5. If a member of the Audit Committee is or becomes aware of any circumstance which may reasonably impair or affect his or her independence or the perception of his or her independence, that member will inform the Audit Committee promptly. The Audit Committee will then consult with the Supervisory Board to determine whether there is sufficient cause for that member to resign from, or terminate his or her membership of the Audit Committee.
- 2.6. The vice-chairman deputises for the chairman when the occasion arises. The vice-chairman acts as contact of individual members of the Supervisory Board concerning the functioning of the chairman.

Meetings

Article 3

- 3.1. The Audit Committee must meet at least before the publication of the annual results. Other meetings may be called by the chairman of the Audit Committee or the members of the Board of Management of the Company if necessary. The external auditor may, under special circumstances, request holding a special meeting with the Audit Committee to be held.
- 3.2. The external auditor will, unless decided otherwise, attend the meetings of the Audit Committee. The Audit Committee and the chairman may request officers, external advisors of the Company's group or other parties to be present at a meeting of the Audit Committee. The Company's CEO

and the CFO will attend the meetings of the Audit Committee unless the Audit Committee on an ad hoc basis decides otherwise.

- 3.3. Meetings of the Audit Committee are chaired by the chairman and in his absence by the vice-chairman. If both the chairman and the vice-chairman are not present at a meeting, the most senior member present will act as chairman.
- 3.4. If a member of the Audit Committee is frequently absent during meetings of the Audit Committee, the chairman of the Audit Committee will discuss this with that member. If the chairman of the Audit Committee is frequently absent during meetings, the vice-chairman will discuss this with the chairman.
- 3.5. The minutes of the meeting are prepared by the secretary of the Audit Committee or any other person designated by the chairman or in his absence or inability by the vice-chairman of the Audit Committee. The minutes must be signed for adoption by the chairman and the secretary of the relevant meeting.
- 3.6. The Audit Committee shall provide the Supervisory Board with a report of its deliberations and findings.

Resolutions of the Audit Committee

Article 4

- 4.1. The provisions of the Supervisory Board Rules regarding the adoption of resolutions by the Supervisory Board apply mutatis mutandis to the adoption of resolutions by the Audit Committee.
- 4.2. In deviation of article 4.1, if no resolution can be adopted by the Audit Committee as a consequence of a Conflict of Interest (as defined in the Supervisory Board Rules) of all members of the Audit Committee, the relevant resolution will be referred to the Supervisory Board.

Status and contents of the Audit Committee Rules

Article 5

- 5.1. The Audit Committee Rules have been adopted by the Supervisory Board pursuant to article 3.3 of the Supervisory Board Rules.
- 5.2. The Audit Committee Rules are complementary to the rules and regulations (from time to time) applicable to the members of the Supervisory Board under Dutch law, the articles of association of the Company and the Supervisory Board Rules. If and to the extent the Audit Committee Rules are inconsistent with Dutch law, the articles of association or the Supervisory Board Rules, the Audit Committee Rules shall not apply.
- 5.3. The Audit Committee may in exceptional cases, as the circumstances may require, at its discretion decide to deviate from the Audit Committee Rules.

Governing law

Article 6

The Audit Committee Rules are governed by and to be construed in accordance with Dutch law.

May 2016



Charter of the Remuneration Committee

Philips Lighting N.V.

Definitions

| | |
|-------------------------------------|--|
| Board of Management | : the board of management of the Company; |
| Company | : Philips Lighting N.V.; |
| Remuneration Committee | : the remuneration committee of the Supervisory Board; |
| Remuneration Committee Rules | : these rules of the Remuneration Committee; |
| Supervisory Board | : the supervisory board of the Company; and |
| Supervisory Board Rules | : the supervisory board rules of the Company. |

Responsibilities of the Remuneration Committee

Article 1

- 1.1. The Remuneration Committee shall advise the Supervisory Board and prepare the decision-making of the Supervisory Board in relation to the committee's responsibilities.
- 1.2. The specific responsibilities of the Remuneration Committee are the following:
 - (a) reviewing and preparing – after consultation with the CEO (*chief executive officer*) and the head of corporate HRM/global reward of the Company – proposals for the Supervisory Board concerning the remuneration policies for the members of the Board of Management;
 - (b) reviewing and preparing proposals for the Supervisory Board concerning the individual remuneration of members of the Board of Management;
 - (c) reviewing and preparing proposals for the Supervisory Board concerning the corporate goals and objectives relevant to the annual incentive of members of the Board of Management;
 - (d) reviewing the performance of members of the Board of Management in light of those corporate goals and objectives and preparing proposals for the Supervisory Board on the compensation levels of the members of the Board of Management based on its review;
 - (e) preparing the Supervisory Board's report on the remuneration policies for the members of the Board of Management;
 - (f) exercising oversight over the development, implementation and administration of the Company's compensation programmes for members of the Board of Management; and
 - (g) reviewing and preparing proposals for the remuneration of the Supervisory Board.
- 1.3. In making any proposals relating to the long-term incentive component of the compensation of the members of the Board of Management, the Remuneration Committee must consider, among other factors, the Company's performance, the enhancement of the value of the Company's group and the remuneration package for board-level executives of other multinational companies operating in global markets.

- 1.4. The CEO or the head of corporate HRM/global reward will provide the Remuneration Committee with all the information necessary to make a well-considered judgement on the remuneration of members of the Board of Management.
- 1.5. The Remuneration Committee has – at any time – the right to seek advice from internal and external experts and advisors on all kind of remuneration matters. If the Remuneration Committee makes use of the services of a remuneration consultant in carrying out its duties, it shall verify that the consultant concerned does not provide advice to the members of the Board of Management.
- 1.6. The Remuneration Committee shall prepare a report of its deliberations and findings and send this report to the Supervisory Board.

Composition of the Remuneration Committee

Article 2

- 2.1. The Remuneration Committee consists of members of the Supervisory Board with a minimum of three. The members of the Remuneration Committee, its chairman, vice-chairman and secretary shall be appointed by the Supervisory Board. The secretary does not need to be a member of the Supervisory Board.
- 2.2. The chairman is primarily responsible for the proper functioning of the Remuneration Committee. He/she shall act as the spokesperson of the Remuneration Committee and shall be the main contact for the Supervisory Board.
- 2.3. Rules regarding the independence of members of the Remuneration Committee must be complied with, unless they apply on a comply or explain basis and the non-compliance is explained.
- 2.4. The following requirements must be observed in composing the Remuneration Committee:
 - (a) all of its members must be independent within the meaning of article 8.4 of the Supervisory Board Rules, with the exception of no more than one member;
 - (b) neither the chairman of the Supervisory Board nor any of the Company's former members of the Board of Management nor any member of the management board of any listed company other than the Company, may (simultaneously) be chairman of the Remuneration Committee; and
 - (c) none of its members, with the exception of no more than one person, are (simultaneously) member of the management board of any listed company other than the Company.
- 2.5. If a member of the Remuneration Committee is or becomes aware of any circumstance which may reasonably impair or affect his or her independence or the perception of his or her independence, that member will inform the Remuneration Committee promptly. The Remuneration Committee will then consult with the Supervisory Board to determine whether there is sufficient cause for that member to resign from, or terminate his or her membership of the Remuneration Committee.

- 2.6. The vice-chairman deputises for the chairman when the occasion arises. The vice-chairman acts as contact of individual members of the Supervisory Board concerning the functioning of the chairman.

Meetings

Article 3

- 3.1. The Remuneration Committee meets whenever one or more of its members have requested such meeting and at least twice a year.
- 3.2. Meetings of the Remuneration Committee are called in writing by or on behalf of the chairman or in his absence or inability by the vice-chairman of the Remuneration Committee. The invitation to meetings must contain the agenda. Every member can suggest items for the agenda. The agenda and accompanying materials for the meeting must be sent to the members in good time before any meeting.
- 3.3. The Remuneration Committee and the chairman may request officers, external advisors of the Company's group or other parties to be present at a meeting of the Remuneration Committee.
- 3.4. Meetings of the Remuneration Committee are chaired by the chairman and in his absence by the vice-chairman. If both the chairman and the vice-chairman are not present at a meeting, the most senior member present will act as chairman.
- 3.5. If a member of the Remuneration Committee is frequently absent during meetings of the Remuneration Committee, the chairman of the Remuneration Committee will discuss this with that member. If the chairman of the Remuneration Committee is frequently absent during meetings, the vice-chairman of the Remuneration Committee will discuss this with the chairman.
- 3.6. The minutes of the meeting are prepared by the secretary of the Remuneration Committee or any other person designated by the chairman or in his absence or inability by the vice-chairman of the Remuneration Committee. The minutes must be signed for adoption by the chairman and the secretary of the relevant meeting.
- 3.7. The Remuneration Committee shall provide the Supervisory Board with a report of its deliberations and findings.

Resolutions of the Remuneration Committee

Article 4

- 4.1. The provisions of the Supervisory Board Rules regarding the adoption of resolutions by the Supervisory Board apply mutatis mutandis to the adoption of resolutions by the Remuneration Committee.
- 4.2. In deviation of article 4.1, if no resolution can be adopted by the Remuneration Committee as a consequence of a Conflict of Interest (as defined in the Supervisory Board Rules) of all members of the Remuneration Committee, the relevant resolution will be referred to the Supervisory Board.

Status and contents of the Remuneration Committee Rules

Article 5

- 5.1. The Remuneration Committee Rules have been adopted by the Supervisory Board pursuant to article 3.3 of the Supervisory Board Rules.
- 5.2. The Remuneration Committee Rules are complementary to the rules and regulations (from time to time) applicable to the members of the Supervisory Board under Dutch law, the articles of association of the Company and the Supervisory Board Rules. If and to the extent the Remuneration Committee Rules are inconsistent with Dutch law, the articles of association or the Supervisory Board Rules, the Remuneration Committee Rules shall not apply.
- 5.3. The Remuneration Committee may in exceptional cases, as the circumstances may require, at its discretion decide to deviate from the Remuneration Committee Rules.

Governing law

Article 6

The Remuneration Committee Rules are governed by and to be construed in accordance with Dutch law.

May 2016



Charter of the Corporate Governance and Nomination & Selection Committee

Philips Lighting N.V.

Definitions

| | |
|--------------------------------|---|
| Board of Management | : the board of management of the Company; |
| Company | : Philips Lighting N.V.; |
| CGNS Committee | : the corporate governance and nomination & selection committee of the Supervisory Board; |
| CGNS Rules | : these rules of the CGNS Committee; |
| Supervisory Board | : the supervisory board of the Company; and |
| Supervisory Board Rules | : the supervisory board rules of the Company. |

Responsibilities of the CGNS Committee

Article 1

- 1.1. The CGNS Committee shall advise the Supervisory Board and prepare the decision-making of the Supervisory Board in relation to the committee's responsibilities.
- 1.2. The specific responsibilities of the CGNS Committee are the following:
 - a. preparing the selection criteria and appointment procedure for members of the Supervisory Board and the Board of Management;
 - b. periodically assessing the size and composition of the Supervisory Board and the Board of Management and reporting its recommendations to the Supervisory Board relating thereto;
 - c. periodically assessing the functioning of the individual members of the Supervisory Board and the Board of Management and reporting its findings and recommendations to the Supervisory Board;
 - d. interviewing or having interviewed on its behalf possible candidates for the appointment or reappointment as member of the Supervisory Board and the Board of Management and reporting its findings and recommendations to the Supervisory Board;
 - e. supervising the policy on the selection and appointment of senior executives within the Company's group and reporting its findings and recommendations to the Supervisory Board, and preparing the decision-making of the Supervisory Board regarding the approval of the remuneration of certain senior executives; and
 - f. at least once a year, reviewing the corporate governance of the Company and reporting its findings and recommendations to the Supervisory Board.
- 1.3. The CGNS Committee will consult with the CEO (*chief executive officer*) of the Company and, if it so desires, other members of the Board of Management from time to time on the matters referred to in article 1.2.

Composition of the CGNS Committee

Article 2

- 2.1. The members of the CGNS Committee, its chairman, vice-chairman and secretary shall be appointed by the Supervisory Board. The secretary does not need to be a member of the Supervisory Board.
- 2.2. The chairman is primarily responsible for the proper functioning of the CGNS Committee. He/she shall act as the spokesperson of the CGNS Committee and shall be the main contact for the Supervisory Board.
- 2.3. Rules regarding the independence of members of the CGNS Committee must be complied with, unless they apply on a comply or explain basis and the non-compliance is explained.
- 2.4. All the members of the CGNS Committee must be independent within the meaning of article 8.4 of the Supervisory Board Rules, with the exception of no more than one member.
- 2.5. If a member of the CGNS Committee is or becomes aware of any circumstance which may reasonably impair or affect his or her independence or the perception of his or her independence, that member will inform the CGNS Committee promptly. The CGNS Committee will then consult with the Supervisory Board to determine whether there is sufficient cause for that member to resign from, or terminate his or her membership of the CGNS Committee.
- 2.6. The vice-chairman deputises for the chairman when the occasion arises. The vice-chairman acts as contact of individual members of the Supervisory Board concerning the functioning of the chairman.

Meetings**Article 3**

- 3.1. The CGNS Committee meets whenever one or more of its members have requested such meeting and at least twice a year.
- 3.2. Meetings of the CGNS Committee are called in writing by or on behalf of the chairman or in his absence or inability by the vice-chairman of the CGNS Committee. The invitation to meetings must contain the agenda. Every member can suggest items for the agenda. The agenda and accompanying materials for the meeting must be sent to the members in good time before any meeting.
- 3.3. The CGNS Committee and the chairman may request officers, external advisors of the Company's group or other parties to be present at a meeting of the CGNS Committee.
- 3.4. Meetings of the CGNS Committee are chaired by the chairman and in his absence by the vice-chairman. If both the chairman and the vice-chairman are not present at a meeting, the most senior member present will act as chairman.
- 3.5. If a member of the CGNS Committee is frequently absent during meetings of the CGNS Committee, the chairman of the CNGN Committee will discuss this with that member. If the chairman of the CNGN Committee is frequently absent during meetings, the vice-chairman will discuss this with the chairman.
- 3.6. The minutes of the meeting are prepared by the secretary of the CGNS Committee or any other person designated by the chairman or in his absence or inability by the vice-chairman of the

CGNS Committee. The minutes must be signed for adoption by the chairman and the secretary of the relevant meeting.

- 3.7. The CGNS Committee shall provide the Supervisory Board with a report of its deliberations and findings.

Resolutions of the CGNS Committee

Article 4

- 4.1. The provisions of the Supervisory Board Rules regarding the adoption of resolutions by the Supervisory Board apply mutatis mutandis to the adoption of resolutions by the CGNS Committee.
- 4.2. In deviation of article 4.1, if no resolution can be adopted by the CGNS Committee as a consequence of a Conflict of Interest (as defined in the Supervisory Board Rules) of all members of the CGNS Committee, the relevant resolution will be referred to the Supervisory Board.

Status and contents of the CGNS Rules

Article 5

- 5.1. The CGNS Rules have been adopted by the Supervisory Board pursuant to article 3.3 of the Supervisory Board Rules.
- 5.2. The CGNS Rules are complementary to the rules and regulations (from time to time) applicable to the members of the Supervisory Board under Dutch law, the articles of association of the Company and the Supervisory Board Rules. If and to the extent these CGNS Rules are inconsistent with Dutch law, the articles of association or the Supervisory Board Rules, these CGNS Rules shall not apply.
- 5.3. The CGNS Committee may in exceptional cases, as the circumstances may require, at its discretion decide to deviate from the CGNS Rules.

Governing law

Article 6

These Rules are governed by and to be construed in accordance with Dutch law.

May 2016

Schedule 4 Board of Management Rules

Board of Management Rules

Philips Lighting N.V.

Definitions

| | |
|--|---|
| Articles of Association | : the articles of association of the Company; |
| Board of Management | : the board of management of the Company; |
| CEO | : the chief executive officer of the Company; |
| Conflict of Interest | : a direct or indirect personal interest that conflicts with the interests of the Company in the meaning of section 2:129 paragraph 6 of the Dutch Civil Code or a conflict of interest as described in the Dutch Corporate Governance Code; |
| Company | : Philips Lighting N.V.; |
| Dutch Corporate Governance Code | : the code referred to in section 2:391 paragraph 5 of the Dutch Civil Code; |
| General Meeting | : the corporate body that consists of shareholders and all other persons with meeting rights / the meeting in which the shareholders and all other persons with meeting rights assemble; |
| General Secretary | : the general secretary appointed in accordance with article 4.8; |
| Group | : the Company and the companies and enterprises that belong to the Company's group; |
| Inside Information | : inside information as defined in the Company's rules of conduct; |
| Related Party Transactions Policy | : the policy included in the Annex to these Rules; |
| Rules | : these rules of the Board of Management; |
| Securities | : amongst others, shares, bonds, convertible bonds, options, warrants and other derivative securities, share swaps and similar agreements, securities whose value is determined in whole or in part (e.g., more than 10%) by the value of securities mentioned above, and employee stock options, performance shares and restricted share rights; |
| Supervisory Board | : the supervisory board of the Company; |
| Vice-Chairman | : the vice-chairman of the Board of Management. |

Duties and responsibilities of the Board of Management

Article 1

- 1.1. The members of the Board of Management are entrusted with the management of the Group.
- 1.2. In fulfilling their duties, the members of the Board of Management shall be guided by the interests of the Company and its affiliated enterprise.
- 1.3. The responsibilities of the Board of Management include:
 - a. setting the Company's management agenda;
 - b. enhancing the performance of the Group;
 - c. developing a general strategy and taking into account risks connected to the Group's business activities;
 - d. determining and pursuing operational and financial objectives;
 - e. structuring and managing systems of internal business controls;
 - f. the Group's financial reporting processes;
 - g. compliance by the Group with applicable laws and regulations;
 - h. compliance with and maintaining the corporate governance structure of the Group;
 - i. the publication by the Company of any information required by applicable laws and regulations;
 - j. preparing the Company's annual accounts, the annual budget and significant capital expenditures; and
 - k. monitoring corporate social responsibility issues.

Chairman of the Board of Management; Vice-Chairman; Composition; Outside positions.

Article 2

- 2.1. The Supervisory Board appoints one of the members of the Board of Management as CEO. The CEO is the chairman of the Board of Management. In addition, the Supervisory Board may appoint one of the members of the Board of Management as CFO (*chief financial officer*) to specifically oversee the Company's financial affairs. If the Supervisory Board does not appoint one of the members of the Board of Management as CFO, the Board of Management may appoint a CFO who is not a member of the Board of Management, subject to the approval of the Supervisory Board.
- 2.2. At the proposal of the CEO, who must consult the other members of the Board of Management before making such a proposal, the Supervisory Board may appoint one member of the Board of Management to serve as Vice-Chairman.
- 2.3. The members of the Board of Management are appointed, suspended and dismissed by the General Meeting. The members of the Board of Management can also be suspended by the Supervisory Board.
- 2.4. The Supervisory Board determines the remuneration of each member of the Board of Management.
- 2.5. A member of the Board of Management shall not accept a position as member of a supervisory board, non-executive director or a similar position at a company or institution without the prior approval of the Supervisory Board.

Delegation of authorities of the members of the Board of Management

Article 3

- 3.1. With the approval of the Supervisory Board, the members of the Board of Management may divide their tasks among themselves.
- 3.2. The Board of Management may delegate certain authorities to individual members of the Board of Management or to certain committees consisting of one or more members of the Board of Management assisted by staff officers.

Adoption of resolutions and meetings of the Board of Management

Article 4

- 4.1. Where possible, resolutions of the Board of Management are adopted by unanimous vote. Where this is not possible, resolutions of the Board of Management are adopted by a majority vote of the members of the Board of Management present or represented and require the affirmative vote of the CEO. Each member of the Board of Management has one vote. If there are more than two members of the Board of Management in office and entitled to vote, the CEO shall have a casting vote in the event of a tie of votes within the Board of Management. In other cases the proposal shall be deemed rejected in case of a tie of votes within the Board of Management.
- 4.2. Upon a proposal by or on behalf of the CEO or the Vice-Chairman, resolutions of the Board of Management may also be adopted in writing if:
 - a. the proposal has been sent to all members;
 - b. no member has objected to adopting the resolution in writing; and
 - c. the majority of the members of the Board of Management entitled to vote, have expressed themselves in favour of the proposed resolution.

Article 4.1 applies accordingly to resolutions adopted in writing.

The (deputy) secretary of the Board of Management will record in writing the resolution of the Board of Management and have this document signed by two members of the Board of Management.

- 4.3. In case of a Conflict of Interest with respect to a member of the Board of Management, the requirements set out in articles 4.1 and 4.2 remain applicable to the non-conflicted members. A conflicted member must not be taken into account when calculating a quorum or majority requirement and the affirmative vote of the CEO shall not be required if the CEO has a Conflict of Interest. If all members of the Board of Management have a Conflict of Interest, the Board of Management cannot adopt the resolution. If the Board of Management is unable to come to a decision as a result of this provision, the decision-making will be referred to the Supervisory Board.
- 4.4. The Board of Management meets in accordance with a schedule for its meetings adopted yearly at the latest in the last scheduled meeting of the preceding year. Furthermore the Board of Management must meet whenever the CEO (or, in his absence, the Vice-Chairman) has called a meeting. Meetings are called in writing. The invitation must contain the agenda. Each member can suggest items for the agenda. The agenda and accompanying materials must be sent to the members in good time before any meeting. The meetings are generally held at the offices of the Company in Amsterdam or Eindhoven, but may also take place elsewhere. Members may participate by telephone, videoconference or other electronic forms of direct communication.

- 4.5. Meetings of the Board of Management are chaired by the CEO or in his absence or non-ability to act, by the Vice-Chairman. If neither of them is present, the meetings will be chaired by one of the members of the Board of Management designated by the CEO, or, in the absence of such designation, by the most senior member of the Board of Management present.
- 4.6. If a member of the Board of Management cannot attend a meeting, he may give a proxy to another member of the Board of Management.
- 4.7. The minutes of a Board of Management meeting will be adopted in the next meeting of the Board of Management. Adopted minutes evidence the proceedings and resolutions adopted. Extracts of the minutes can be sent to committees, business units, departments, staff and third parties, where relevant.
- 4.8. The Company will have a General Secretary. The General Secretary, either on the recommendation of the Supervisory Board or otherwise, is appointed and dismissed by the Board of Management, after the approval of the Supervisory Board has been obtained.
- 4.9. The General Secretary supports the Board of Management. The General Secretary sees to it that correct procedures are followed and that the Board of Management acts in accordance with its obligations under the law, regulations and the Articles of Association. The General Secretary advises the Board of Management on governance matters as well as on corporate legal and regulatory compliance matters. The General Secretary attends all meetings of the Board of Management and may attend meetings of its committees, unless the Board of Management or respective committee resolves otherwise.
- 4.10. The Board of Management will appoint one or more (deputy) secretaries, who may but need not be members of the Board of Management.
- 4.11. The secretary of the Board of Management will keep records of minutes of meetings of the Board of Management for as long as determined by the Board of Management from time to time while observing the statutory period.
The minutes, in the wording in which they have been adopted, or extracts will be certified by the (deputy) secretary of the Board of Management.
- 4.12. Annex I to the Supervisory Board Rules sets out the resolutions of the Board of Management that are subject to approval of the Supervisory Board. In addition the Supervisory Board may make such other resolutions as it deems desirable subject to its approval. These resolutions will be clearly specified and communicated in writing to the Board of Management.

Relationship of the Board of Management with the Supervisory Board

Article 5

- 5.1. Members of the Board of Management will attend the meetings of the Supervisory Board if invited.
- 5.2. The Board of Management must report to the Supervisory Board on the course of business of the Group and must provide the Supervisory Board and its committees in due time with any information the members of the Supervisory Board and its committees may need for the performance of their duties or as reasonably requested by the Supervisory Board.

- 5.3. The CEO, and if and when required the other members of the Board of Management, will have regular contact with the members of the Supervisory Board and its chairman.

Trading in Securities by the members of the Board of Management

Article 6

- 6.1. If any member of the Board of Management holds shares in the share capital of the Company, this will be for the purpose of long-term investment; members of the Board of Management will refrain from short-term transactions in the Securities.
- 6.2. With respect to the Company Securities, members of the Board of Management are bound to the rules with respect to Inside Information and must at all times comply with all Dutch and foreign statutory provisions and regulations, including notification requirements applicable to the ownership of and transactions related to Securities.
- 6.3. With respect to transactions related to Securities in any of the companies belonging to the peer group of leading multinational lighting companies as determined by the Supervisory Board and published in the Company's management commentary, members of the Board of Management are prohibited from trading, directly or indirectly, during blocked periods - with respect to Inside Information - preceding the disclosure of the Company's figures. However, the prohibition referred to in the previous sentence does not apply if the relevant member of the Board of Management has transferred the discretionary management of his/her securities portfolio to an independent third party by means of a written mandate agreement.
- 6.4. Each member of the Board of Management must provide any information to the Company as is necessary to enable the Company to comply with applicable laws and regulations, including the rules of any stock exchange on which the Company is listed.

Conflict of Interest

Article 7

- 7.1. A member of the Board of Management must not participate in the decision-making and deliberation process on a subject or transaction in relation to which such member has a Conflict of Interest.
- A transaction as referred to above must be concluded on terms customary in the sector concerned and must be approved by the Supervisory Board.
- 7.2. Each member of the Board of Management must immediately report any (potential) Conflict of Interest to the chairman of the Supervisory Board. Each member of the Board of Management with a (potential) Conflict of Interest must provide all information relevant to that conflict to the chairman of the Supervisory Board, including the information concerning his/her spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree.
- 7.3. The Supervisory Board, without the concerned member of the Board of Management being present, will determine whether a reported (potential) Conflict of Interest qualifies as a Conflict of Interest which article 7.1 applies to or to which article 7.1 in its opinion should be applied in a similar way.

- 7.4. In the event of a possible Related Party Transaction (as defined in the Related Party Transactions Policy), the rules of procedure as set out in the Related Party Transactions Policy must be applied.
- 7.5. Transactions as referred to in article 7.1 must be mentioned in the Company's management commentary for the financial year in question.

Status and contents of these Rules

Article 8

- 8.1. These Rules are complementary to the rules and regulations from time to time applicable to the Board of Management under Dutch law or the Articles of Association. Where these Rules are inconsistent with Dutch law or the Articles of Association, these Rules shall not apply.
- 8.2. These Rules may be supplemented and modified by the Board of Management at any time, subject to the approval of the Supervisory Board.
- 8.3. Save as otherwise provided in the Articles of Association or by Dutch law, the Board of Management may in exceptional cases, as the circumstances may require, at its discretion decide to deviate from these Rules.

Governing law

Article 9

These Rules are governed by and to be construed in accordance with the laws of the Netherlands.

May 2016

ANNEX

RELATED PARTY TRANSACTIONS POLICY

1 SCOPE AND DEFINITIONS

1.1 Scope

This policy implements best practices regarding transactions between the Company and legal or natural persons who hold at least 10% of the ordinary shares in the Company and that are of material significance for the Company and/or to such persons (a "**Related Party Transaction**"). This policy applies to each Related Party Transaction as well as any material amendment to an existing Related Party Transaction.

This policy is complementary to the provisions of the Dutch Corporate Governance Code (on a comply or explain basis), applicable law and regulations, the articles of association of the Company, the Supervisory Board Rules and the Board of Management Rules.

For the purposes of this policy a Transaction entered into by a Group Company of the Company shall be considered a Transaction entered into by the Company and a transaction entered into by a Group Company of a Related Party shall be considered a Transaction entered into by that Related Party.

1.2 Definitions and construction

The definitions and provisions in the **Annex** shall apply throughout this policy.

2 PROCEDURE

2.1 Approval of Related Party Transactions

No Related Party Transaction shall be consummated without the approval of the Supervisory Board.

2.2 Notification of Related Party Transactions

2.2.1 Each member of the Board of Management shall promptly notify the chairman of the Board of Management of any (potential) Related Party Transaction in respect of which he is an Interested Party or that he is otherwise aware of. The chairman of the Board of Management shall in turn notify the chairman of the Supervisory Board. The chairman of the Board of Management shall notify the chairman of the Supervisory Board directly in respect of any (potential) Related Party Transaction in respect of which he is an Interested Party or that he is otherwise aware of.

2.2.2 Each member of the Supervisory Board shall promptly notify the chairman of the Supervisory Board of any (potential) Related Party Transaction in respect of which he is an Interested Party or that he is otherwise aware of. If the chairman of the Supervisory Board is an Interested Party to any (potential) Related Party Transaction or becomes otherwise aware of any (potential) Related Party Transaction, he shall promptly notify the vice-chairman of the Supervisory Board.

2.2.3 The Supervisory Board shall decide whether the Transaction concerned qualifies as a Related Party Transaction.

2.3 Review of Related Party Transactions

2.3.1 (Potential) Related Party Transactions shall be subject to review by the Supervisory Board.

2.3.2 Members of the Supervisory Board who qualify as Interested Party shall not participate in the

discussion or decision making regarding the (potential) Related Party Transaction concerned.

- 2.3.3 The Supervisory Board shall review all relevant information available to it concerning the (potential) Related Party Transaction. The Supervisory Board may approve the Related Party Transaction only if it determines in good faith that the Related Party Transaction is fair as to the Company.
- 2.3.4 A Related Party Transaction that involves the delivery of goods or services shall only be approved if such Transaction is on terms that are customary for arm's-length Transactions.
- 2.3.5 Before approving the Related Party Transaction, the Supervisory Board shall review and consider:
 - a. the Interested Party's interest in the Related Party Transaction;
 - b. the value of the Related Party Transaction;
 - c. the value (positive or negative) of the Interested Party's interest in the Related Party Transaction;
 - d. whether the Related Party Transaction is undertaken in the ordinary course of business of the Company;
 - e. whether the proposed terms of the Related Party Transaction are no less favourable to the Company than terms that could have been reached with an unrelated third party;
 - f. the purpose of, and the potential benefits to the Company of the Related Party Transaction;
 - g. required public disclosure, if any, and
 - h. any other information regarding the Related Party Transaction or the Interested Party in the context of the proposed Related Party Transaction that would be material to stakeholders of the Company in light of the circumstances of the Related Party Transaction.
- 2.3.6 In conducting its review, the Supervisory Board may obtain information from members of the Board of Management, employees and external advisors of the Company.
- 2.3.7 If a Transaction has a recurring nature or the Company enters into Transactions with a certain Related Party on a regular basis, the Supervisory Board may establish further guidelines or procedures to follow in its review of such Transactions.
- 2.3.8 If a Related Party Transaction has not been approved under this policy prior to its consummation (nor been rejected at an earlier stage), the Supervisory Board shall consider all relevant facts and circumstances regarding the Related Party transaction in accordance with clause 2.3.3 through 2.3.8 and shall on the basis thereof evaluate all options available to the Company, including ratification (*bekrachtiging*), revision (*wijziging*) or termination (*ontbinding*) of the Related Party Transaction. The Supervisory Board shall also examine the facts and circumstances pertaining to the failure of reporting of such Related Party Transaction under this policy and shall take any such action it deems appropriate.
- 2.3.9 The absence of the approval under this policy, shall not affect the representative authority of the Board of Management or its members.

3 PRE-APPROVED RELATED PARTY TRANSACTIONS

- 3.1 The following Transactions shall be deemed to have been approved by the Supervisory Board if

they qualify as a Related Party Transaction:

- (i) any Transaction that forms part of the set of Transactions entered into in connection with the Separation, or that implements the Separation, or that constitutes a claim under the indemnities included in the Separation agreements;
- (ii) any Transaction with the Royal Philips Group of which the aggregate amount involved will not exceed EUR 100,000 in any 12-month period;
- (iii) any Transaction where the Interested Party's interest arises solely from the ownership of the Company's ordinary shares and all holders of ordinary shares receive the same benefit on a pro rata basis (e.g. dividends), and
- (iv) any other Transaction designated as such by the Supervisory Board.

- 3.2 The Board of Management shall notify the chairman of the Supervisory Board of the consummation of pre-approved Related Party Transactions on a monthly basis. This notification shall include a description of the pre-approved Related Party Transactions, the value thereof and all other information that may be relevant.

4 DISCLOSURE

Related Party Transactions shall be disclosed to the extent required under Dutch law, the Dutch Corporate Governance Code, applicable accounting standards or other applicable Dutch or foreign regulations including the requirements under the US federal securities laws (including the requirements of SEC Form 20-F). For the avoidance of doubt, the review or approval of a Transaction pursuant to this policy does not necessarily imply that such Transaction is required to be disclosed.

Annex to Related Party Transactions Policy

Definitions and interpretation

Board of Management means the board of management of the Company.

Company means Philips Lighting N.V.

Dutch Corporate Governance Code means the code referred to in section 2:391 paragraph 5 of the Dutch Civil Code.

Group Company means a group company within the meaning of section 2:24b of the Dutch Civil Code.

Interested Party means the Related Party and,

- (a) in case the counterparty is a legal entity, any officer, employee, executive director or supervisory director of such counterparty, or
- (b) in case the counterparty is a natural person, any relative of such counterparty,

that is also a member of the Supervisory Board or Board of Management.

Related Party means the counterparty to the Company in the Related Party Transaction.

Related Party Transaction has the meaning given to it in Clause 1.1.

Royal Philips means Koninklijke Philips N.V.

Royal Philips Group means Royal Philips and each company within Royal Philips' group within the meaning of section 2:24b of the Dutch Civil Code.

Separation means the separation of the Company's businesses from the other businesses of Royal Philips.

Supervisory Board means the supervisory board of the Company.

Transaction means any kind of transaction, arrangement, legal proceeding or other kind of legal relationship, all in the broadest sense.

Schedule 5 Related Party Transactions Policy

1 SCOPE AND DEFINITIONS

1.1 Scope

This policy implements best practices regarding transactions between the Company and legal or natural persons who hold at least 10% of the ordinary shares in the Company and that are of material significance for the Company and/or to such persons (a "**Related Party Transaction**"). This policy applies to each Related Party Transaction as well as any material amendment to an existing Related Party Transaction.

This policy is complementary to the provisions of the Dutch Corporate Governance Code (on a comply or explain basis), applicable law and regulations, the articles of association of the Company, the Supervisory Board Rules and the Board of Management Rules.

For the purposes of this policy a Transaction entered into by a Group Company of the Company shall be considered a Transaction entered into by the Company and a transaction entered into by a Group Company of a Related Party shall be considered a Transaction entered into by that Related Party.

1.2 Definitions and construction

The definitions and provisions in the **Annex** shall apply throughout this policy.

2 PROCEDURE

2.1 Approval of Related Party Transactions

No Related Party Transaction shall be consummated without the approval of the Supervisory Board.

2.2 Notification of Related Party Transactions

- 2.2.1 Each member of the Board of Management shall promptly notify the chairman of the Board of Management of any (potential) Related Party Transaction in respect of which he is an Interested Party or that he is otherwise aware of. The chairman of the Board of Management shall in turn notify the chairman of the Supervisory Board. The chairman of the Board of Management shall notify the chairman of the Supervisory Board directly in respect of any (potential) Related Party Transaction in respect of which he is an Interested Party or that he is otherwise aware of.

- 2.2.2 Each member of the Supervisory Board shall promptly notify the chairman of the Supervisory Board of any (potential) Related Party Transaction in respect of which he is an Interested Party or that he is otherwise aware of. If the chairman of the Supervisory Board is an Interested Party to any (potential) Related Party Transaction or becomes otherwise aware of any (potential) Related Party Transaction, he shall promptly notify the vice-chairman of the Supervisory Board.
- 2.2.3 The Supervisory Board shall decide whether the Transaction concerned qualifies as a Related Party Transaction.

2.3 Review of Related Party Transactions

- 2.3.1 (Potential) Related Party Transactions shall be subject to review by the Supervisory Board.
- 2.3.2 Members of the Supervisory Board who qualify as Interested Party shall not participate in the discussion or decision making regarding the (potential) Related Party Transaction concerned.
- 2.3.3 The Supervisory Board shall review all relevant information available to it concerning the (potential) Related Party Transaction. The Supervisory Board may approve the Related Party Transaction only if it determines in good faith that the Related Party Transaction is fair as to the Company.
- 2.3.4 A Related Party Transaction that involves the delivery of goods or services shall only be approved if such Transaction is on terms that are customary for arm's-length Transactions.
- 2.3.5 Before approving the Related Party Transaction, the Supervisory Board shall review and consider:
- (a) the Interested Party's interest in the Related Party Transaction;
 - (b) the value of the Related Party Transaction;
 - (c) the value (positive or negative) of the Interested Party's interest in the Related Party Transaction;
 - (d) whether the Related Party Transaction is undertaken in the ordinary course of business of the Company;
 - (e) whether the proposed terms of the Related Party Transaction are no less favourable to the Company than terms that could have been reached with an unrelated third party;
 - (f) the purpose of, and the potential benefits to the Company of the Related Party Transaction;
 - (g) required public disclosure, if any, and
 - (h) any other information regarding the Related Party Transaction or the Interested Party in the context of the proposed Related Party Transaction

that would be material to stakeholders of the Company in light of the circumstances of the Related Party Transaction.

- 2.3.6 In conducting its review, the Supervisory Board may obtain information from members of the Board of Management, employees and external advisors of the Company.
- 2.3.7 If a Transaction has a recurring nature or the Company enters into Transactions with a certain Related Party on a regular basis, the Supervisory Board may establish further guidelines or procedures to follow in its review of such Transactions.
- 2.3.8 If a Related Party Transaction has not been approved under this policy prior to its consummation (nor been rejected at an earlier stage), the Supervisory Board shall consider all relevant facts and circumstances regarding the Related Party transaction in accordance with clause 2.3.3 through 2.3.6 and shall on the basis thereof evaluate all options available to the Company, including ratification (*bekrachtiging*), revision (*wijziging*) or termination (*ontbinding*) of the Related Party Transaction. The Supervisory Board shall also examine the facts and circumstances pertaining to the failure of reporting of such Related Party Transaction under this policy and shall take any such action it deems appropriate.
- 2.3.9 The absence of the approval under this policy, shall not affect the representative authority of the Board of Management or its members.

3 PRE-APPROVED RELATED PARTY TRANSACTIONS

- 3.1 The following Transactions shall be deemed to have been approved by the Supervisory Board if they qualify as a Related Party Transaction:
 - (i) any Transaction that forms part of the set of Transactions entered into in connection with the Separation, or that implements the Separation, or that constitutes a claim under the indemnities included in the Separation agreements;
 - (ii) any Transaction with the Royal Philips Group of which the aggregate amount involved will not exceed EUR 100,000 in any 12-month period;
 - (iii) any Transaction where the Interested Party's interest arises solely from the ownership of the Company's ordinary shares and all holders of ordinary shares receive the same benefit on a pro rata basis (e.g. dividends), and
 - (iv) any other Transaction designated as such by the Supervisory Board.

- 3.2** The Board of Management shall notify the chairman of the Supervisory Board of the consummation of pre-approved Related Party Transactions on a monthly basis. This notification shall include a description of the pre-approved Related Party Transactions, the value thereof and all other information that may be relevant.

4 DISCLOSURE

Related Party Transactions shall be disclosed to the extent required under Dutch law, the Dutch Corporate Governance Code, applicable accounting standards or other applicable Dutch or foreign regulations including the requirements under the US federal securities laws (including the requirements of SEC Form 20-F). For the avoidance of doubt, the review or approval of a Transaction pursuant to this policy does not necessarily imply that such Transaction is required to be disclosed.

Annex to Related Party Transactions Policy

Definitions and interpretation

Board of Management means the board of management of the Company.

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Group Company means a group company within the meaning of section 2:24b of the Dutch Civil Code.

Interested Party means the Related Party and,

- (a) in case the counterparty is a legal entity, any officer, employee, executive director or supervisory director of such counterparty, or
- (b) in case the counterparty is a natural person, any relative of such counterparty,

that is also a member of the Supervisory Board or Board of Management.

Related Party means the counterparty to the Company in the Related Party Transaction.

Related Party Transaction has the meaning given to it in Clause 1.1.

Royal Philips means Koninklijke Philips N.V.

Royal Philips Group means Royal Philips and each company within Royal Philips' group within the meaning of section 2:24b of the Dutch Civil Code.

Separation means the separation of the Company's businesses from the other businesses of Royal Philips.

Supervisory Board means the supervisory board of the Company.

Transaction means any kind of transaction, arrangement, legal proceeding or other kind of legal relationship, all in the broadest sense.

Schedule 6 Board of Management and Supervisory Board Composition

1 INITIAL BOARD OF MANAGEMENT COMPOSITION

Board of Management:

- (i) E.H.E. Rondolat (CEO)
- (ii) C.L. van Schooten (CFO)

2 INITIAL SUPERVISORY BOARD COMPOSITION

- (i) A.P.M. van der Poel (Chairman)
- (ii) F.A. van Houten (Vice-Chairman and Royal Philips Nominee)
- (iii) A. Bhattacharya (Royal Philips Nominee)
- (iv) R.S. Lane
- (v) C.J.A. van Lede

Schedule 7 Information exchange

1 GENERAL

1.1 Form of information/methodology

- (a) Philips Lighting shall maintain accounting and risk principles, systems and reporting formats that are consistent with Royal Philips' financial accounting and risk practices in effect as of the Closing Date, and shall adopt or implement any such policies or procedures in order to comply with legal, financial or regulatory requirements applicable to Royal Philips, of which Philips Lighting has been informed by Royal Philips;
- (b) Philips Lighting IFRS-based reporting to Royal Philips shall be consistent with the Royal Philips accounting manual, which is based on IFRS; and
- (c) the materiality applied for accounting purposes for the financial information to be provided by Philips Lighting shall be the allocated Philips Lighting materiality derived from the materiality level of Royal Philips on a consolidated basis and consistent with past practice (but taking into account that Royal Philips' obligations may vary over time).

1.2 Timing of information delivery

Philips Lighting shall report to Royal Philips according to the current and future Reporting timelines (closing calendar). Royal Philips will inform Philips Lighting as soon as possible of any changes to the Reporting timelines (closing calendar).

1.3 Access to historical records

Royal Philips and Philips Lighting shall retain the right to access such records of one another that are relevant in connection with Royal Philips' (former) control or ownership of all or a portion of Philips Lighting, without prejudice to the relevant provisions of the master separation agreement entered into between the Parties on 1 February 2016. Upon reasonable notice and at each Party's own expense, Royal Philips (and its authorised representatives) and Philips Lighting (and its authorised representatives) shall be afforded access to such records at reasonable times and during normal business hours and each Party (and its authorised representatives) shall be permitted, at its own expense, to make abstracts from, or copies of, any such records; provided that access to such records may be denied if:

- (a) the information contained in the records is subject to any applicable confidentiality commitment to a third party;
- (b) a bona fide competitive reason exists to deny such access;
- (c) the records are to be used for the initiation of, or as part of, a suit or claim against the other Party;
- (d) such access would serve as a waiver of any privilege afforded to such record; or
- (e) such access would unreasonably disrupt the normal operations of Royal Philips or Philips Lighting, as the case may be.

2 USE OF INFORMATION BY RECIPIENT

2.1 Confidentiality

Each Party shall, and shall procure that the other members of its Group shall:

- (a) keep confidential any and all information which is received from the other Party pursuant to this Schedule, except to the extent and as from the moment in time that such information is included pursuant to Royal Philips' or Philips Lighting's obligations in any documents published by Royal Philips or Philips Lighting, respectively, or is otherwise disclosed pursuant to requirements of any applicable law, or rules and regulations of any stock exchange or regulatory body (including the AFM and the SEC); and
- (b) as long as the information is not or has not yet been published in accordance with paragraph (a) above and needs to be kept confidential, take sufficient measures to restrict access to such information to persons who, in connection with the performance of their work, profession or position, should be aware of such information in conformity with applicable law, regardless of whether such information qualifies as price sensitive information.

2.2 Permitted use

Any information received under this Schedule by Royal Philips may be used by Royal Philips only to satisfy Royal Philips' obligations and not for any other purpose. Information relating to Royal Philips received under this Schedule by Philips Lighting may be used by Philips Lighting solely for the stated purpose.

3 PERIODIC PUBLIC REPORTING

3.1 Philips Lighting to follow Royal Philips financial calendar

Philips Lighting's calendar will schedule the periodic reports release dates on the same dates (before start of trading) as scheduled by Royal Philips for the report over the same period.

3.2 Market disclosures

To enable each Party to satisfy its disclosure obligations, each Party will commit to coordinate in a timely manner with the other Party with respect to its public disclosure of information. The Parties shall establish a communication protocol on the basis of which such coordination shall take place. The communication protocol shall also provide for the timely notification and consultation, in each case to the extent reasonably practicable, in respect of public disclosures by a Party on the relationship between the Parties or with respect to the other Party.

3.3 Closed periods

Each Party undertakes that, as long as any information provided to it constitutes price sensitive information, it will:

- (a) not deal in any way in any securities of the other Party or in any securities whose price or value may be related to, or affected by, the price or value of securities of the other Party (*afgeleide producten*) or in any derivative products related to any such securities or interests in any of them (the "**Securities**");
- (b) not recommend or induce another person to deal in the Securities; and
- (c) procure that each of its directors, officers, agents, employees and/or representatives to whom any such information is disclosed will refrain from dealing in the Securities and from encouraging any other person to deal in the Securities.

4 REPORTING AND INFORMATION PROCESS COMMITTEE

The Parties will form a committee, the Reporting and Information Process Committee, to govern practicalities of the provisions in this Schedule, including by establishing a communication protocol as referred to in Paragraph 3.2. Each Party shall have an equal number of representatives in the Committee. The Committee shall meet at least every quarter. In addition, each member may convene a meeting of the Committee giving at least 3 days' notice or such shorter notice period as agreed by all members of the Committee.

5 COSTS AND EXPENSES

Costs incurred by Philips Lighting arising from reasonable requests, including costs arising from changes in reporting requirements imposed on or adopted by Royal Philips, shall be borne by Philips Lighting.