

Services contract between the Company and Mr. C.L. van Schooten

The following contract is the services contract of C.L. van Schooten, containing terms and conditions for the provision of services and other arrangements that apply with effect from May 31, 2016 ("the Commencement Date") as member of the Board of Management of Philips Lighting N.V. (hereinafter also referred to as "the Company")

1. Commencement of Engagement

- a. Subject to the terms and conditions of this contract for the provision of services the Company hereby engages the Director as independent contractor starting on the Commencement Date to fulfill the role of member of the Board of Management of the Company. In his capacity as member of the Board of Management of the Company the Director will have and observe all rights and obligations pursuant to the articles of association of the Company, the Rules of Procedure of the Board of Management, and statutory provisions. By signing this Contract, the Director declares that he has received a copy of the Company's articles of association and abovementioned Rules of Procedure and that he is familiar with their content.
- b. The terms and conditions set forth in this Contract and its annexes replace the terms and conditions as laid down in any (previous) (employment) agreements and/or other written or verbal understandings the Director may have (had) with the Company and/or other companies belonging to the Philips Group. By entering into this Contract, the Director declares that all prior contracts of employment and/or prior contracts for the provision of services (if any) with the Company and/or other companies belonging to the Philips Group, including Philips Lighting Holding BV, are terminated per the Commencement Date.
- c. This Contract is a contract for the provision of services, as defined in articles 7:400 and further of the Dutch Civil Code ("**DCC**"). The Director acknowledges and agrees that, pursuant to article 2:132 section 3 DCC, his relationship with the Company and/or this Contract cannot be regarded an employment agreement as defined in article 7:610 DCC and further.
- d. In this Contract the Company and the Director are together referred to as the "**Parties**" and each as a "**Party**".

2. Duration of the Engagement

- a. The Contract shall be entered into for a fixed period of time. The Contract shall start on the Commencement Date and shall terminate by operation of law, without any prior notice being required, on the date of the Annual General Meeting of Shareholders of the Company in the fourth calendar year following the Commencement Date (the "**Contract End Date**").

- b. No later than six months before the Contract End Date the Parties will discuss a possible extension of the Contract. The Contract will terminate in any event, without prior notice of termination being required, at the first day of the month following the month in which the Director has reached the state pension age based on the AOW ("*Algemene Ouderdomswet*") or future legislation amending the state pension age based on the AOW.
- c. Both Parties shall have the right to terminate this Contract before the Contract End Date or (if renewed) before any later Contract expiration date against the end of a calendar month by giving written notice of termination. In this respect, the Parties agree to adhere to a notice period of six (6) months. If notice of termination is given by a Party for urgent cause ('*dringende reden*'), no notice period applies for the Party giving notice. For the definition of urgent cause ('*dringende reden*'), reference is made to article 7:678 DCC and further.
- d. If the Director is dismissed by the General Meeting of Shareholders of the Company, or if he resigns, as member of the Board of Management of the Company this Contract is terminated by operation of law without any prior notice of termination being required, which termination shall take effect (i) as per the date six (6) months after the end of the calendar month in which the General Meeting of Shareholders has adopted the resolution pursuant to which the Director is dismissed as member of the Board of Management of the Company, or, as the case may be, (ii) as per the date six (6) months after the end of the calendar month in which the Director has submitted his written resignation as member of the Board of Management of the Company.

In deviation from the previous sentence, this Contract shall terminate with immediate effect as from the date per which (i) the General Meeting of Shareholders has dismissed the Director as member of the Board of Management of the Company, or, as the case may be, (ii) the Director has resigned as member of the Board of Management of the Company, in the event such dismissal or resignation (as the case may be) is given/made for urgent cause ('*dringende reden*'). For the definition of urgent cause ('*dringende reden*'), reference is made to article 7:678 DCC and further.

- e. In deviation from clause 2 (c), the Company cannot terminate this Contract during the first two (2) years of sickness or incapacity for work (although it can already give notice of termination), except when notice of termination is given by the Company (i) for urgent cause ('*dringende reden*') or (ii) prior to the first day of sickness/incapacity for work. In deviation from clause 2 (d), in the event of the Director's dismissal as member of the Board of Management of the Company by the General Meeting of Shareholders during sickness or incapacity for work other than for urgent cause ('*dringende reden*') and after the first day of sickness/incapacity for work, this Contract shall terminate at the later of (i) the date which is six (6) months after the end of the calendar month in which the General Meeting of Shareholders has adopted the resolution pursuant to which the Director is dismissed as member of the Board of Management of the Company, or (ii) the date of the Director's recovery from sickness/incapacity for work, but no later than at the date on which the incapacity for work has lasted for two (2) years. For the definition of urgent cause ('*dringende reden*'), reference is made to article 7:678 DCC and further. The Parties acknowledge

and agree that this clause does not prevent the competent body from dismissing the Director as member of the Board of Management of the Company.

- f. If the Contract is terminated at the initiative of the Company (whereby the Director's dismissal by the General Meeting of Shareholders as member of the Board of Management of the Company shall also be deemed a termination "at the initiative of the Company" for the purposes of this clause) or by mutual agreement (at the initiative of the Company) before the Contract End Date, or before any other expiration date if the Contract has been renewed, other than for urgent cause (*'dringende reden'*), the Director shall be entitled to a one off compensation in the amount of one time the Annual Base Compensation as defined in clause 3 hereof. For the definition of urgent cause (*'dringende reden'*), reference is made to article 7:678 DCC and further.

The Director shall not be entitled to such payment if the Contract is terminated immediately following a period of long lasting sickness or disability which has lasted two years or longer (periods of incapacity for work that follow one another at intervals of less than four weeks shall be deemed one consecutive period of incapacity for work for the purposes of this clause).

- g. If the Company does not elect to renew the Contract (e.g., because the Director is not re-appointed by the General Meeting of Shareholders of the Company as member of the Board of Management of the Company upon expiration of the term of appointment) the Director shall not be entitled to the compensation referred to above under f. but shall instead be entitled to a lump sum of one time the Annual Base Compensation divided by 12, times the number of months the Director still has to serve before reaching the state pension age based on the AOW ("*Algemene Ouderdomswet*") or future legislation amending the state pension age based on the AOW, with a maximum of one time the Annual Base Compensation.
- h. In case of termination of the Contract, the Director will resign, with effect from a date to be determined by the Company but ultimately per the effective date of such termination, as member of the Board of Management of the Company.
- i. The compensation as referred to in paragraphs f) and g) above, shall be deemed to include any amounts that may be payable to the Director in connection with the enforcement of the non-competition clause as set forth in the General Terms of Employment that are – mutatis mutandis – applicable to the Director.

3. Compensation

The annual compensation as of the Commencement Date amounts to EUR 525,000 gross, which amount includes holiday allowances, to be paid in twelve equal monthly installments after deduction of the statutory tax and social security premiums to be withheld by the Company. Annual review and subsequent upwards adjustment, if any, of the annual compensation, will be determined at the discretion of the Supervisory Board of the Company and on the advice of the Remuneration Committee of the Supervisory Board. Only compensation increases determined and approved by the Supervisory Board will

replace the compensation amount mentioned above. The Director will be informed in writing by means of a compensation statement. The annual compensation as may be amended on the basis of this clause from time to time shall be referred to as the **Annual Base Compensation**.

4. Annual Incentive

In addition to the Annual Base Compensation, the Director shall be eligible each year for an annual incentive, subject to certain targets being met. This incentive shall be determined annually by the Supervisory Board. The Director shall be notified in writing of these annual incentive targets.

For 2016, the on-target (= 100% score) annual incentive amount to be realized by the Director is set at 60% of the Annual Base Compensation, on a pro rata basis.

For the years after, the above on-target percentage shall be determined by the Supervisory Board.

The Supervisory Board shall determine in its sole reasonable discretion to what extent the annual incentive targets have been met.

5. Long Term Incentive Plan

As from 2017, the Director is eligible to participate in a Long Term Incentive Plan applicable to the members of the Board of Management of the Company from time to time. Such a Plan requires the prior approval of the Company's General Meeting of Shareholders. The Company can decide by discretion to grant long term incentive and/or other equity related incentives on a year-to-year basis.

Subject to the terms and conditions of such a Plan, the on-target grant value is set at 80% of the Annual Base Compensation.

Company shares held by the Director shall be retained for a period of at least five years or until at least the last day of this agreement if that period is shorter and may be subject to further ownership guidelines to be set by the Company.

6. Claw back

The Supervisory Board may in its sole discretion but acting in good faith, resolve to recoup some or all of the incentive compensation - including any benefits derived therefrom - in all appropriate cases (taking into account all relevant factors, including whether the assertion of a recoupment claim may in its opinion prejudice the interests of the Company and its group companies in any related proceeding or investigation), granted to the Director as an Annual Incentive, as Long Term Incentive grants, as shares acquired by the Director under such grants, as other equity related incentive or otherwise (hereinafter referred to as '**Incentive Compensation**'), if:

- a. The Incentive Compensation has been paid, granted, vested and/or delivered on the basis of incorrect financial or other data; or

- b. In assessing the extent to which the relevant performance conditions and/or targets in relation to the payment, grant, vesting and/or delivery of the Incentive Compensation was satisfied, such assessment was based on an error, inaccurate or misleading information or assumptions and that such error, information or assumptions would have resulted or did in fact result either directly or indirectly in that payment, grant, vesting and/or delivery (or being capable thereof) to a greater degree than would have been the case had that error not been made; or
- c. There are circumstances which would allow the Company to terminate this Contract for urgent cause ('*dringende reden*') (whereby for the definition of urgent cause ('*dringende reden*') reference is made to article 7:678 DCC and further), where such circumstances arose in, or related to, a period relevant to the date of payment, grant, vesting and/or delivery; or
- d. The Director was involved in, or directly or indirectly responsible for a serious violation of the Philips Lighting General Business Principles or applicable law; or
- e. The Company or the business in which the Director works/worked, or for which the Director was responsible, suffered a material failure of risk management, or
- f. Something which occurred in the period relevant to the payment, grant, vesting and/or delivery has a sufficiently significant impact on the reputation of the Company or its group members to justify the operation of a recoupment claim.

By accepting a payment, grant, vesting and/or delivery of the Incentive Compensation, the Director agrees to fully co-operate with the Company in order to give effect to this clause.

Furthermore by accepting any payment, grant, vesting and/or delivery of the Incentive Compensation the Director provides an irrevocable power of attorney to the Company to transfer any shares held by him in the account administered by the Company's global plan administrator and to perform any other acts necessary or desirable to give effect to this clause. This power of attorney is governed by Dutch law exclusively.

7. Pension Rights

As from the Commencement Date, the Director shall be included in the Pension Regulations of "Stichting Philips Pensioenfond" applicable to executives of your level, in respect of the pensionable salary up to the current statutory limit of EUR 101,519 which may change from time to time ("**Statutory Pensionable Salary**") if and as soon as he meets the requirements set out in those pension regulations.

In respect of the pensionable salary exceeding the Statutory Pensionable Salary, the Director shall be entitled to the pension allowance applicable to executives of your level, in accordance with the rules and conditions governing this pension allowance. The level of the pension allowance is and remains at the discretion of the Company. Currently, the pension allowance for the part of the Annual Base Compensation exceeding the Statutory Pensionable Salary is set at 25% of the Annual Base Compensation exceeding the Statutory Pensionable Salary.

In addition, the Director will receive an individual transition allowance of EUR 88,236 (gross) per annum (the "Transition Allowance") through 2019, which will be paid in monthly installments. For the years 2020 through 2022, the Director is entitled to a reduced Transition Allowance:

- In 2020 he will receive 75% of the Transition Allowance;
- In 2021 he will receive 50% of the Transition Allowance;
- In 2022 he will receive 25% of the Transition Allowance;

No Transition Allowance shall be due beyond 2022.

8. Car/Mobility Allowance

The Director is entitled to a monthly Car/Mobility Allowance amounting to EUR 2,630. The Car/Mobility allowance can be used for a leased company car or to be paid out in monthly (gross) installments.

The Director is not entitled to conclude a new lease agreement or switch to the cash alternative before the expiration date of the present lease agreement.

The Director's current personal contribution, if any, will be recalculated as per the Commencement Date.

9. Allowances

• Business Entertainment Expenses Allowance

With respect to the position within the Company, the Director may be eligible for a fixed allowance for business entertainment expenses. Currently the tax-free allowance in this case is EUR 6,000 per annum. This sum is meant to enable the Director amongst others to cover the expenses he incurs in entertaining guests on behalf of the Company.

The above-mentioned allowance will be paid in four equal installments at the end of each quarter.

Parties agree that changes in fiscal legislation could make it necessary or desirable for the Company to change the above arrangement.

10. Senior Executive Ambassador Program

The Director is invited to participate in the Koninklijke Philips Senior Executive Ambassador Program to use Philips products that will be made available to him at his home, for as long as the majority of the shares in the Company are held by Koninklijke Philips NV. The Director is not entitled to any compensation in case his participation in this program is terminated.

11. Insurances

a. Accident Insurance

The Director will be covered by a 24-hours accident insurance policy. The maximum sum insured is three times the gross Annual Base Compensation.

b. Directors and Officers Liability Insurance

The Director will be an Insured Person under the Directors and Officers liability insurance taken out by the Company. Subject to its terms and conditions, the Directors and Officers liability insurance policy protects the Director's personal assets against liabilities and reimburse defense costs that arise based on the Director's acts or omissions in his capacity as member of the Board of Management. A copy of the Directors and Officers liability insurance policy (or a summary thereof) will be made available upon the Director's request.

12. Incapacity for work

The present Company policy for executives of your level with regard to incapacity for work or sickness is that for a maximum period of three years from the start of disablement, but at the very latest up to the end of the Contract, the balance between the Annual Base Compensation at the start of the total disability and the aggregate amount of any statutory allowance distributed to the Director on account of the total disablement together with possible allowances distributed for the same reason by the Philips Pension Fund will - subject to the Director's compliance with the Company's directives - be paid by the Company.

The Company shall not be bound by the above obligation if the Director has a claim against third parties in respect of his disablement. Upon surrender to the Company of such claim - in so far as it relates to loss of Annual Base Compensation - an amount equal to the above balance shall - but for no longer than the period stated in the foregoing paragraph - be paid by the Company in advance.

This policy is subject to change at the discretion of the Company. No compensation will be paid in case the new policy is less favorable than the present policy.

13. Holidays

The holiday entitlement is 25 working days per calendar year.

14. General Terms of engagement

By signing the Contract, the Director declares to have received, to have read and to agree with the General Terms of Employment of the Company, which apply mutatis mutandis to the engagement and are attached to this Contract as Annex 1. These General Terms of Employment amongst others contain a non-competition clause. The Director hereby acknowledges and agrees that he is fully bound by the restrictions set out in the aforementioned non-competition clause for the duration of such non-competition clause as set out in the clause itself.

15. Rules about corporate governance and corporate citizenship

Underpinning the Company's commitment to responsible corporate citizenship, integrity and transparency, the following terms and principles have been of will be set:

- Rules of Procedure of the Board of Management;
- Philips Lighting General Business Principles and several underlying policies;
- Rules of Conduct with respect to Inside Information; and
- other ethics codes.

These terms and principles apply equally to corporate actions and to the behavior of members of the Board of Management in conducting the Company's business. By signing this Contract, the Director declares that he is bound by, and that he shall adhere to and act according to, the terms and principles mentioned above. The Company may alter the terms and principles unilaterally at its discretion and may establish further principles at its discretion. The latest version of the rules and principles will be available on the Company's Intranet website.

With respect to Inside Information the Director is designated as "Qualified Insider".

16. Personal Registration

The Director's data will be recorded in one or more personnel registration systems.

17. Applicable Law and jurisdiction

- a. This Contract is governed by the laws of the Netherlands.
- b. All disputes arising from this Contract, including disputes concerning the existence and validity thereof, shall be resolved in accordance with the Arbitration Rules of the Netherlands Arbitration Institute.