





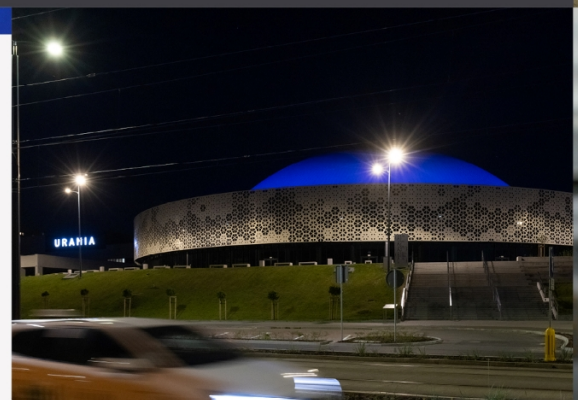
Signify

Annual Report 2024











Our purpose is to unlock the extraordinary potential of light for brighter lives and a better world

Signify is the world leader in lighting.
We leverage over 130 years of leadership in lighting to create dynamic, innovative and human-centric projects.

We provide professional customers and consumers with quality products, systems and services.
Our connected lighting offerings bring light and the data they collect to devices, places and people – redefining what light can do and how people use it. Our innovations contribute to a safer, smarter and more sustainable world.

In homes, offices, shops, supermarkets, sports stadiums, cities, greenhouses and factories – as well as through the Signify Foundation – our purpose is to unlock the extraordinary potential of light for brighter lives and a better world.

Our values

Our values provide our people with a common understanding of what matters to us and how we work



"Very good responsiveness and availability. Both parties are in a win-win approach, which allows us to be in a dynamic of continuous improvement. Very nice collaborator."
Elise Boyer, Product manager, Fnac Darty



"Working alongside the Signify and Vantage Towers teams has been very enriching. I am proud of our collective effort to develop innovative solutions that have a positive impact on people and their community."
Jaime Abril, Director of Business and Product Development, Vantage Towers



"We were looking for an innovative lighting solution that was not only elegant in design, but also efficient and green in line with our sustainability goals. Signify's 3D printed luminaires proved to be the ideal solution from all points of view."
Giovanni Bianchi, Director, Lubiam Style Office



"By converting to energy-efficient LED lighting from Signify, we are combining excellent event quality with ecological responsibility. With this step, we are exploiting the full potential of the arena, reducing our energy costs and acting more sustainably."
Steve Schwenkglenks, Managing Director, Barclays Arena

Always act with integrity

"Integrity is a commitment to honesty, trustworthiness, dependability, and accountability. It means doing what is right – professionally and personally – even when no one is watching."
Angelo Scanga

Table of contents

We are Signify

1	Performance highlights	5
2	CEO message	7
3	Business and strategy	10
4	Corporate performance	27
5	Sustainability statements	34
6	Three-year overview	117

Governance

7	Board of Management	119
8	Supervisory Board	120
9	Supervisory Board report	122
10	Remuneration report	131
11	Corporate governance	149
12	Investor relations	156
13	Risk factors and risk management	159
14	Statement of the Board of Management	168

Corporate statements

15	Consolidated financial statements	171
16	Signify N.V. financial statements	215
17	Independent auditor's reports	223
18	Reconciliation of non-IFRS financial measures	236
19	Definitions and abbreviations	240
20	Forward-looking statements and other information	243

European single electronic reporting format (ESEF) and PDF version

This copy of the Annual Report is the PDF/printed version of the Annual Report 2024 of Signify N.V. This version has been prepared for ease of use, and does not contain ESEF information as specified in the Regulatory Technical Standards on ESEF (Delegated Regulation (EU) 2019/815). The official ESEF reporting package is available on our website at https://www.signify.com/static/2024/signify-annual-report-2024.zip.

Forward-looking statements and risks & uncertainties

Refer to chapter 20, Forward-looking statements and other information, for more information about forward looking statements, market and industry information, fair value information, IFRS basis of presentation, use of non-IFRS financial measures and statutory financial statements.

We are Signify

I Performance highlights

I.1 Financial performance

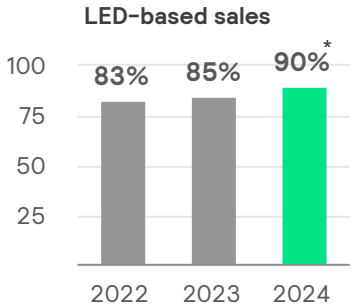
	2023	2024
Comparable sales growth	(8.3)%	(6.6)%
Nominal sales growth	(10.8)%	(8.4)%
Adjusted EBITA margin	10.0%	9.9%
Net income *	215	334
Free cash flow *	586	438
Net cash provided by operating activities *	696	514

• In EUR million

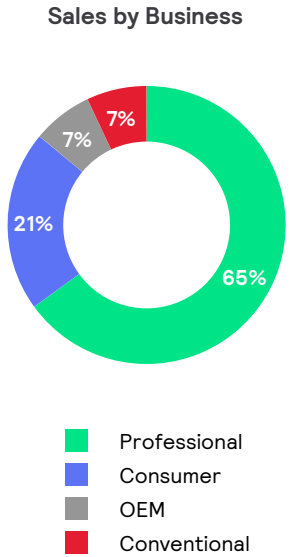
Businesses	Professional	Consumer	OEM	Conventional
Sales *	3,933	1,297	437	437
Comparable sales growth	(5.8)%	(1.2)%	(2.0)%	(29.2)%
Nominal sales growth	(7.6)%	(3.4)%	(4.5)%	(30.2)%
Adjusted EBITA margin	9.3%	11.1%	11.1%	17.9%

• In EUR million

This chapter contains certain non-IFRS financial measures and ratios, such as comparable sales growth, EBITA, Adjusted EBITA and free cash flow, and related ratios, which are not recognized measures of financial performance or liquidity under IFRS. These measures are further discussed in chapter 4, Corporate performance. For a reconciliation of these non-IFRS financial measures to the most directly comparable IFRS financial measures, see chapter 18, Reconciliation of non-IFRS financial measures.



* Correction of Q4 2024 press release, published on 24 January 2025, which stated 93%.



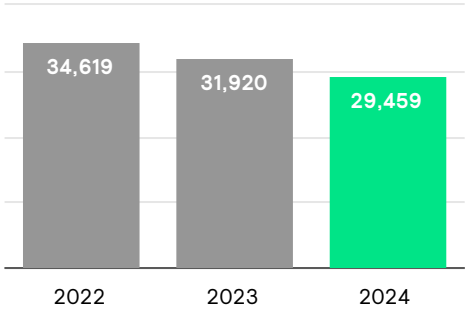
I.2 Sustainability performance

Brighter Lives highlights	2023	2024
Brighter lives revenues	31%	33%
Women in leadership	29%	28%
Safety at work (TRC rate)	0.19	0.17
Supplier Sustainability Performance	97%	96%
Lives lit since 2017 (in million)	9.4	10.5

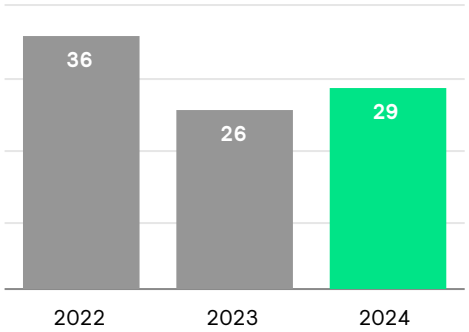
Better World highlights	2023	2024
Cumulative carbon reduction over value chain, in million tonnes CO_2e [1]	334	505
Circular revenues	33%	35%
Total waste to landfill	<1%	<1%

[1] The cumulative yearly difference between the GHG emissions of Paris Agreement 1.5°C pathway and the actual value chain emissions of Signify from 2022, 2023 and 2024.

Employees (full-time equivalent)



Employee Net Promotional Score



2 CEO message

2024 – Transitioning to a stronger growth profile

"I am proud to close the year in a significantly stronger position than we entered it. While work remains to accelerate our progress, we have the right structure and strategy in place to achieve our goals." – Eric Rondolat, Signify CEO



At the beginning of the year, we introduced a new organizational structure to strengthen our customer focus and enhance the autonomy of four newly verticalized businesses. As we enter 2025, the positive impact of these changes is clear. Despite external headwinds, we built positive momentum across the business, delivering sequential improvements, with a particularly strong performance from our Consumer business.

Our success continues to be driven by our digital and connected businesses, with the installed base of connected light points growing to 144 million by year-end. At the same time, our teams effectively managed the declining contribution of the Conventional business, maintaining a resilient bottom line supported by our successful cost-reduction program. Additionally, we delivered strong free cash flow and further strengthened our balance sheet by reducing debt.

Driving value through the innovation growth cycle

Delivering on our promise means ensuring our strategy aligns with the unique characteristics of each part of our business. This year, we renewed our strategy to match the trajectory of each business area. Our strategy addresses the diverse growth profiles of each business within our portfolio: to expand in specialty lighting, maintain leadership in connected lighting, strengthen our competitive position in non-connected LED, and maximize value from the naturally declining conventional lighting business. This corporate strategy serves as a framework for our businesses to develop bespoke strategies.

"Sustainability is a critical driver of innovation for the lighting solutions we deliver to our customers and a guiding principle for how we operate as a business."

Innovating for the future
In 2024, we invested 4.34% of our revenues in research and development to further transform lighting and expand our market reach. Generative Artificial Intelligence (AI) presents significant opportunities for our business. In 2024, we deployed multiple Gen AI use cases across customer service, software development, and engineering, enhancing efficiency and innovation in these areas.

This year marked our debut in the exciting EV lighting market with the launch of a specialist under-glow lightstrip for the Xiaomi SU7, which syncs to the vehicle's status and is controllable via the car panel and mobile app. In 3D printing, we launched the D65 architectural range, designed to be more sustainable, flexible, and configurable, reinforcing our commitment to innovative and sustainable design.

Our UltraEfficient technology is already a well-established standard for LED. This year, we introduced Bloombox office lighting, inspired by our L-Prize-winning prototype, which delivers industry-leading efficiency and low-glare uniform light distribution. For emerging markets, we launched Tango Pro floor lighting, which was awarded both iF and Red Dot design awards. And in the consumer market, we introduced our first UltraEfficient outdoor luminaires, enabled by an A-class light source, offering over 50% energy savings compared to our standard LED.

Our BrightSites broadband luminaires, combined with an AI-powered planning tool, are transforming street lighting infrastructure into a broadband network that supports the rapid deployment of Internet of Things (IoT) applications such as public Wi-Fi, security monitoring, and 5G connectivity.

In Trulifi, we launched a Point-to-Multipoint solution that uses light spectra for secure, high-speed data transmission in public and defense markets, as well as a solution for data offloading in the Zoox autonomous car.

Advancing sustainability
Sustainability is a critical driver of innovation for the lighting solutions we deliver to our customers and a guiding principle for how we operate as a business. Four years into our Brighter Lives, Better World 2025 program, we are tracking ahead of our targets to double climate action and circular revenues and remain on track to achieve our goal of doubling brighter lives revenues.

The proportion of women in leadership positions has grown from 17% in 2019 to 28% in 2024, a significant improvement, though short of our ambition to double the 2019 baseline. We remain committed to further increasing representation, focusing on building a robust succession pipeline to achieve this goal.

In 2024, we raised our climate action ambitions by launching our Climate Transition Plan, which charts our path to reduce greenhouse gas emissions across the entire value chain by 90% and achieve net zero by 2040 against a 2019 baseline. I encourage you to read more about this later in this report.

Our sustainability efforts were recognized through inclusion in the Dow Jones Sustainability World Index for the eighth consecutive year placement in the Corporate Knights Global 100 ranking of the most sustainable corporations, and a Platinum medal from EcoVadis, which places us in the top 1% of companies assessed.

Empowering our people
With our new operating model and strategy in place, we count on our people to unlock its full potential. This year, we introduced a new set of behaviors aligned with Signify's values, embedding them into our practices and processes including team surveys, performance check-ins, and hiring practices.

We reinforced our commitment to equitable and inclusive practices with the publication of our second Diversity, Equity, and Inclusion report. Additionally, we met our Gen Z hiring target of 9%, ensuring a strong pipeline of early-career talent. We aim to create meaningful opportunities for employees to develop their skills and build lasting careers at Signify. By fostering internal mobility, supported by AI-driven talent matching, 47% of our vacancies were filled by internal candidates in 2024.

Driving operational and digital excellence

We remain committed to enhancing customer experience, particularly in Order & Delivery. Despite two years of steady sequential improvements, our customer Net Promoter Score for Order & Delivery experienced a dip in 2024. We are addressing this with a cross-functional, centrally driven program and the fast rollout of regional customer fulfillment hubs to strengthen supply chain performance. These measures aim to quickly restore Order & Delivery satisfaction to the level of excellence we strive to achieve across every customer interaction. The positive impact of these measures is visible in a recovery of our Order & Delivery NPS in the fourth quarter.

This year marked the launch of a multi-year project to modernize our Enterprise Resource Planning (ERP) landscape to simplify, standardize and streamline our company-wide business processes and digital capabilities to better serve our customers. The project is expected to deliver significant improvements, including greater logistics efficiency and transparency, improved manufacturing processes, and strengthened collaboration with suppliers. These advancements will provide tangible benefits and value for customers, employees, and suppliers, while positioning us for long-term, sustainable growth.

Using Artificial Intelligence, we are continuously enhancing our customers' experience and streamlining our operations for greater efficiency. This year we rolled out improved digital interfaces, including digital self-service capabilities for professional customers in Europe, enabling smarter and more informed purchasing decisions. Enhancements in our direct-to-consumer platforms have also improved the customer journey across multiple markets and product segments.

Amplifying our brand

To build equity in our brand and better connect our portfolio to our customers, we have embarked on a multi-year project designed to significantly elevate the Signify brand. In July, we announced a partnership with Mercedes-AMG PETRONAS Formula 1 Team that aligns our Signify brand with a global leader in innovation and performance. This collaboration supports the team's performance and vision to become one of the most sustainable organizations in professional sports.

Our first joint initiatives include elevating the guest experience at the team's Silverstone and Las Vegas Clubs, as well as installing NatureConnect to bring the benefits of natural daylight indoors at the team's UK headquarters. Additionally, for the second year, we partnered with DZE to illuminate the tracks at the Singapore and Las Vegas night circuits, ensuring every turn is perfectly lit for drivers, spectators, broadcasters and fans watching around the world.

Gathering momentum

I am proud to close the year in a significantly stronger position than we entered it. While work remains to accelerate our progress and ensure our businesses deliver sustained value, we have the right structure and strategy in place to achieve these goals.

These accomplishments were made possible by the resolute commitment of Signify employees around the world. They have consistently approached complexity, challenges, and change with resilience, adaptability, and dedication. As I close my chapter at Signify, I am deeply grateful for their efforts over the years, as well as the trust of our customers and shareholders, who enable us to keep moving forward.

I am confident that with the right structure, strategy, and team, we will continue to deliver on our promises in 2025. Our company's innovations will continue to accelerate progress toward a brighter future for people and planet in 2025 and beyond.

Eric Rondolat
CEO Signify

3 Business and strategy

3.1 About Signify

Signify, headquartered in Eindhoven, the Netherlands, is the world market leader in lighting with recognized expertise in the development, manufacture and sale of innovative, energy-efficient lighting products, systems and services. Our purpose is to unlock the extraordinary potential of light for brighter lives and a better world.

We have pioneered many key breakthroughs in lighting over the past 130 years and have been a driving force behind several leading technological innovations. Signify continues to innovate in LED lighting and is leading the industry's expansion to lighting systems in both the professional and consumer markets. Our position as industry leader in connected lighting, makes Signify the lighting company for the Internet of Things (IoT).

125 years of market leadership

2008
First commercial LED retrofit lamp.

2012
Philips CityTouch and Philips Hue.

2016
Philips Lighting separates from Philips.

Philips Lighting listed on Amsterdam Stock Exchange.

Launches Brighter Lives, Better World program.

2017
Philips Lighting Foundation launched, to light 10 million lives by 2025.

2018
Philips Lighting becomes Signify.

Launch of Interact.

2019
Acquires WiZ, Klite, iLOX, and Once Inc.

Launch of Trulifi.

2020
Acquires Cooper Lighting.

2021
Introduces UltraEfficient light bulbs.

2022
Publishes first DEI report.

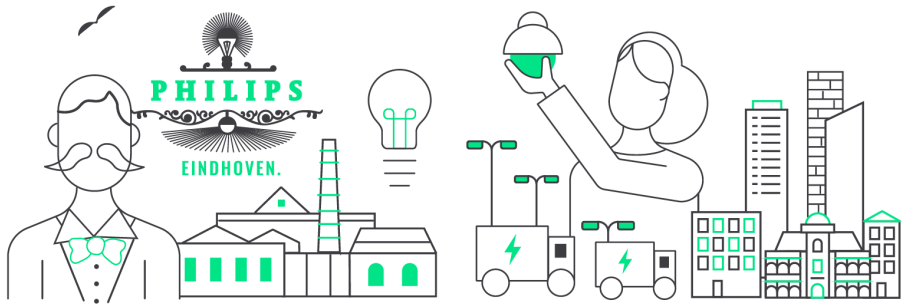
Acquires Fluence and Pierlite.

2023
Launches Green Switch to drive global LED transition.

Acquires Intelligent Lighting Controls.

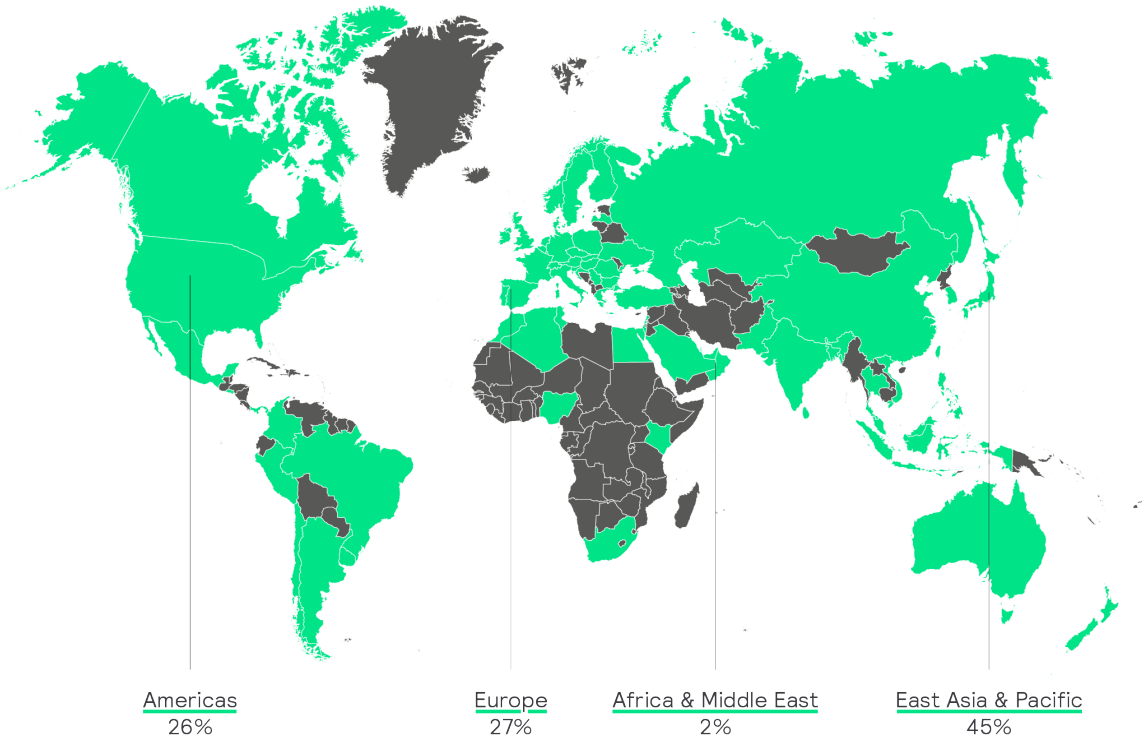
2024
Introduces net-zero by 2040 goal.

Launch of Climate transition Plan.



Our global presence

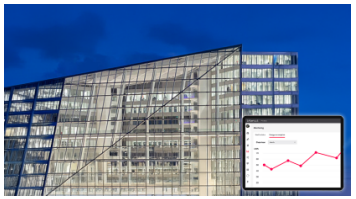
Signify has a global presence in 70 markets with around 29,500 employees. Our operations are split across four businesses which bring over 30 brands to market.



Our Signify brands

Signify is the world market leader in lighting for professionals, consumers and the Internet of Things. Our Philips products, Interact systems and data-enabled services, deliver business value and transform life in homes, buildings and public spaces. Find more information on our technology and specialty brands on our website.


PHILIPS


interact

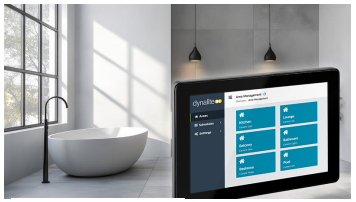

COOPER Lighting Solutions


GENLYTE SOLUTIONS


PHILIPS hue personal wireless lighting


WiZ


COLORKINETICS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Strategic context

The macroeconomic environment in 2024 remained challenging, building on the volatility and uncertainty that has characterized the post-COVID era. Geopolitical tensions continued to intensify, disrupting global trade and business operations. Elevated interest rates and persistent inflationary pressures weighed on consumer spending and business investments. Despite these headwinds, there were signs of recovery in global markets, with modest growth in non-residential construction and consumer spending as inflation began to stabilize and interest rates showed signs of easing.

The lighting industry continued its significant transformation in 2024, driven by the transition to LED and connected Lighting technology. This shift has brought about a structural evolution within the market, with the conventional lighting segment contracting rapidly and consolidating further. Simultaneously, the LED market has grown and stayed very fragmented. Within the market for LED lighting, connected lighting benefited from a positive momentum offering a higher level of differentiation.

In response to these macroeconomic and industry dynamics we implemented a new operating model, organized around four vertically integrated businesses [SBM-1_01]. This new structure enhances our agility, enabling us to respond more effectively to market changes and better meet the evolving needs of our customers.

Annually, Signify engages in a Strategic Review Process, alongside a comprehensive Sustainability Materiality Assessment (more details in chapter 5, Sustainability statements). This process led to an adaptation of our strategy. It will serve as a framework for our businesses to develop their own 2025 bespoke strategies.

This framework outlines the common approach to the different parts of the lighting market served by our businesses, see below the four vertical boxes [SBM-1_02; SBM-1_21 & 22].

In conventional lighting, we will harvest to maximize value, in non-connected LED lighting we compete for Market Share, in connected and specialty lighting and we will expand on our leadership position.

Professional



The Professional business offers LED products and connected lighting systems & services to professional customers across the globe.

Customer segments include offices, commercial buildings, shops, hospitality venues, specialty areas like agriculture and public lighting.

The Professional business aims to maintain its leadership position by further innovating in LED products, winning in connected lighting and exploring new opportunities in niche areas supporting our climate and circular ambitions.

Consumer



The Consumer business offers a wide variety of LED lamps and functional LED luminaires to the consumer segment.

As a leader in connected home lighting systems, notably Philips Hue and WiZ, Signify serves our consumer customers through various online and offline channels.

The Consumer business aims to maintain and diversify its leadership by strengthening its sales channels, innovating its product portfolio and continue its expansion into niche areas such as home security monitoring with cameras. Smart systems impacting the energy consumption and circular innovation are also priorities.

Original Equipment Manufacturer (OEM)



The OEM business offers lighting components – such as led drivers, electronics, modules and sensors to the industry. OEM serves both the internal organization for its requirements and other manufacturers across the globe in segments such as Retail and Hospitality, Office and Industry and Outdoor.

The OEM business continues to prioritize sales growth through delivering cost-effective and fit-for-purpose solutions, designed to reduce waste excess and reduce energy consumption. It will also target niche areas through leveraging existing expertise and capabilities.

Conventional



The Conventional business offers a range of products, including conventional lamps, electronics, and specialty lighting, with a focus on niche areas such as digital projection lighting. These conventional lamps are sold to consumers, electrical installers, distributors, and professional end-users.

The strategic priority of the Conventional business is to maintain its leadership in the declining conventional lamps and electronics market, while utilizing its technology expertise and application knowledge to expand its presence in specialty lighting. At the same time, the business is planning for the gradual phase-out of its conventional products.

Our commitments and 2024 results

Signify progressed on our strategic frontiers in 2024. The table below shows that we are on the right path to fulfill our purpose to unlock the extraordinary potential of light for brighter lives and a better world.

Our 5 Frontiers strategy



	Build a customer-centric organization	Deliver differentiated lighting offers	Drive growth for sustainability	Digitalize and transform for the future	Be a great place to work
Description	We are building a more customer-focused, more localized operating model and driving improved process excellence.	We are developing and delivering differentiated lighting products through multiple distinctive brands.	We are addressing global challenges by focusing on growth areas for sustainability: Climate action, Circular economy, Food availability, Safety & security, Health & well-being.	We are improving our digital front and back-ends and increasing our data analytics capabilities to better serve our customers.	We are investing in our people, creating a diverse and inclusive workplace, deepening our digital and commercial competencies.
Our targets	Steadily increase customer Net Promoter Score (NPS).	Grow innovation offerings in differentiated products.	By the end of 2025: Double the pace we achieve the 1.5°C scenario of the Paris Agreement, Double our Circular revenues to 32%, Double our Brighter Lives revenues to 32%.	11.4% of direct consumer e-commerce.	Double our women in leadership to 32% 9% of Generation Z representation 65% of Mid-senior position filled internally
Our results	Customer NPS increased to 59.	4.3% of sales invested in R&D and 20,250 patents. Double digit growth on tiered offering sales.	Cumulative carbon reduction of 505 million tonnes CO_2e 35% Circular revenues 33% Brighter Lives revenues.	12.4% of direct consumer e-commerce.	28% of women in leadership. 12.2% of Generation Z representation. 72% of Mid-senior position filled internally.

Our sustainable value created

Signify is committed to generating value through its business model. The inputs are resources from which value is unlocked when transformed and leveraged through our business activities, resulting in outputs and outcomes that create value for our stakeholders [CSRD SBM1_26 & 27]. The overview considers the interdependencies between the company's competitiveness, performance, stakeholders, supply chains, communities, and natural environment it impacts and relies upon. Signify ensures the gathering, developing and securing of the inputs by having integrated them as part of a business functions' responsibilities. The financial inputs are part of the business financial and strategic processes and the environmental and social inputs are connected to our topical action plans and programs.

	Input	Output	Outcome
Financial	Capital Expenditures; R&D Investments; Equity and Assets.	Sales; New innovative ultra efficient and circular products on the market; Increased share of products contributing to food availability, safety & security, and health & well-being.	New innovations in ultra efficient and circular products benefiting customers, shareholders, governments and society at large; Sales growth benefiting society and driving economic growth.
Environmental	Energy, including renewable electricity; Materials and services purchased.	Emissions reduction aligned with our SBTi approved targets and CO_2 avoided; Reduces energy consumption across operations aligned with our SBTi approved targets; Responsible waste management in our manufacturing sites and reduced plastic use in packaging.	Reduced environmental impacts and decreased negative effects on environment which benefits society at large and nature; Lower environmental footprint due to responsible waste management which benefits local communities and nature.
Social	Employees in 74 countries and over 96 nationalities; Gender equality and DE&I; Health & safety; Training and development; Supplier audits; Signify Foundation and CSR work.	Improved employee satisfaction; Increased women representation overall; Reduced total recordable case rate (TRC) and quantity of days away from work per incident on average; Fostered a culture of continuous learning through interactive training; Increased engagement with our suppliers on sustainability performance; Achieved our Lives lit target.	Increased employee satisfaction and well-being; Gender equality and women in leadership across department benefiting employees; Workplace Safety Culture; Focus on employee's development and growth; Reduce negative impact throughout our supply chain and supports suppliers which benefits suppliers and workers in the value chain; Lighting accessibility and affordable energy for local communities and customers.









Metalux, Lumark, Wavelinx Lite - Cherry Creek School District, USA

Multiplying the benefits in Colorado's classrooms

Energy-efficient lighting improves learning and cuts emissions across Cherry Creek School District.

A new generation of students in Colorado, USA, is experiencing the benefits of a superior learning environment and gaining a first-hand understanding of energy efficiency through connected LED lighting.

Cherry Creek School District is one of the largest in the state, encompassing 69 schools and serving more than 53,000 students. As part of a broader energy-saving initiative, the district partnered with Signify's Cooper Lighting Solutions and Johnson Controls to design a major upgrade across the majority of the district's buildings that would replace outdated and inefficient fluorescent and HID lighting fixtures with new, ultra-efficient LED fixtures and advanced wireless lighting controls.

Significant savings and impact

Over 66,000 connected LED fixtures were installed across the district. The new lights are part of a series of initiatives aimed at reducing Cherry Creek's greenhouse gas emissions by 25% from a 2021 baseline. Thanks to the impact of advanced lighting controls, the project has exceeded the originally projected savings. The energy efficiencies from the lighting project alone are projected to save the district over USD 2 million annually, the energy-saving equivalent of removing 3,000 gasoline cars from the roads.

The investment, secured through an innovative energy savings performance contract, is guaranteed to pay for itself within just 20 years. In addition, a rebate of over USD 2.5 million was secured from the utility to further offset the cost.

With the new lighting in place, students and staff can enjoy an improved environment to work and learn. Teachers and staff have praised the improved light quality and the advanced features like dimming, customizable scenes, and the ability to adjust lighting behavior based on ambient conditions.

"There is a lot of opportunity for this organization to be a good environmental steward and tie that in to learning. There's a way to save money, do things more efficiently, benefit the environment and tie that back to educating our students. This is one of the largest contracts that has been done in K12 in Colorado. We're definitely a leader when it comes to environmental stewardship."

Scott Smith, Chief Financial and Operating Officer, Cherry Creek School District, speaking at energy-saving initiative launch ceremony.

Intelligent lighting for a smarter Düsseldorf

Demand-based public lighting reduces energy use and limits unnecessary artificial light at night

The German city of Düsseldorf has set an ambitious goal to become carbon-neutral by 2035. To support this vision, the city is using Signify's Interact smart lighting system to lower energy consumption, reduce its carbon footprint, and enhance quality of life for its residents.

With Interact, each luminaire in the city's street lighting network can be monitored and controlled individually. This allows the city to provide light where it is needed most while dimming or reducing it in low-demand areas. Precise control also means that energy usage can be monitored at a granular level, while lights in need of repair or maintenance are quickly identified and repaired, reducing downtime and improving reliability.

A smarter, more efficient city

A pilot project on Düsseldorf's Fürstenwall demonstrated the benefits of Interact, showcasing its flexible luminaire control and the lighting quality of the networked Philips LumiStreet luminaires. These luminaires work seamlessly with the Interact system to deliver highly focused, targeted lighting that enhances safety on streets and sidewalks while also minimizing light disruption for nearby residents.

Encouraged by the pilot's success, Düsseldorf began expanding its Interact smart lighting network across the city, with a goal to transition 3,000 public light points annually. This ongoing effort aligns with the city's digitalization strategy and its commitment to achieving climate neutrality by 2035.

"Illuminating public spaces better and bringing light to where it is actually needed increases the quality of life and is a key factor in a smart city."

Florian Fuchs, Smart City Expert, Stadtwerke Düsseldorf AG.



Philips LumiStreet, Interact - City of Düsseldorf, Germany





LED luminaires, Interact – Peach Road Park, Raleigh, USA

Digital services for all at Peach Road Park

Smart street lighting powers connectivity for underserved communities in Raleigh, North Carolina, USA.

The City of Raleigh, North Carolina understands the transformative power of digital connectivity, both for its citizens and for the city itself. On a municipal level, connectivity enables smart, connected services that help Raleigh work more effectively and efficiently. And for residents, internet access can be a lifeline, offering low-income students, job seekers, and families vital opportunities and essential resources.

The city's Peach Road Park is home to the Peach Road Cultural Center, a community facility serving Raleigh's large and diverse immigrant population. While Wi-Fi was available inside the center, it did not extend to the surrounding park, limiting accessibility for the community.

Bridging the digital divide

As part of its Smart Raleigh initiative, the city partnered with IT solutions provider Networking For Future to deploy Signify's Genlyte Solutions connected street lighting. This innovative solution facilitates free outdoor Wi-Fi to people using the park. The unobtrusive broadband luminaires are easy to install, connecting to the internet via a hub site, which, in turn, eliminates the need for underground fiber cabling to all street lighting poles.

Equipped with Signify's Interact software and sensors, the lighting system adapts to motion and noise while enabling automated daily schedules. This creates a safe and well-lit environment in the park at night, enhancing security and usability for the community. The energy-efficient design helps Raleigh align with its sustainability goals, reducing energy consumption while creating a welcoming and connected environment.

"The Signify solution allows us to deliver improved energy-efficient lighting and provide a valuable broadband service to our underserved community at a time when it is needed most."

John Holden, Smart City Manager, City of Raleigh



Philips Uni with DMX controls - Pasupati Bridge, Bandung, Indonesia

A bridge of color and light through Bandung, Indonesia

Pasupati Bridge is a stunning nighttime landmark with vibrant and sophisticated lighting design.

Pasupati Bridge, which opened in 2005, is situated in the heart of Bandung city and serves as a crucial thoroughfare, channeling heavy traffic between the north and east regions of Bandung. Spanning 2.8 kilometers through the Cikapundung Valley, Pasupati Bridge is the first bridge in Indonesia to feature anti-earthquake technology.

In collaboration with system integrator Dhia Adhika Utama, Signify delivered a lighting solution that transforms the bridge into an urban icon while improving safety, sustainability, and the cultural vibrancy of Bandung.

420 Philips Uni light points were installed along support cables and pillars, controlled by a DMX system. RGB LED lights create colorful displays that can be customized for special occasions including Indonesia's Independence Day, Bandung City Day, and Chinese New Year. Programmed light shows highlight the bridge's structure, creating an engaging visual experience that enhances Bandung's modern identity.

The solution is also durable and highly energy efficient. Replacing conventional luminaires with LED technology has reduced electricity costs by approximately 47%. The system is built to last with weather-resistant fixtures capable of withstanding extreme conditions. A computer-based control system allows for real-time adjustments to light intensity and color, enabling easy customization for events and themes.

With its stunning lighting and modern design, Pasupati Bridge has become a symbol of Bandung's progress, enhancing the city's landscape and community.

"Pasupati Bridge, an iconic landmark in Bandung, is enhanced by its lighting, which adds to its aesthetic appeal at night. Signify is a reliable partner with extensive expertise in façade lighting solutions for bridges and landmarks. With Signify's innovative lighting technology, operators can customize the lighting scene and color transition to align with local occasions and festivals."

Maharsi Meunang Perwitta, National Road Implementation Center of DKI Jakarta & West Java



Philips SunStay - Ventimiglia, Italy

Lighting without limits

Solar street lights illuminate challenging terrain in Ventimiglia, Italy.

Positioned just a few kilometers from the French-Italian border, the historic town of Ventimiglia has an enviable location between the Italian Riviera and the Cote d'Azur. While the surrounding hills offer stunning views, they also pose challenges for safe road lighting. Without access to the power grid, traditional street lights were not an option.

As part of an initiative to improve local infrastructure, the municipality partnered with Signify and City Green Light to implement a sustainable solution that would bring light to these off-grid areas. The answer lay in a resource that is both clean and cost-effective: solar power.

Reliable, cost-effective, and low-impact
Sixty Philips SunStay solar-powered street lights were installed, illuminating roads that had previously been inaccessible to electrical infrastructure. Requiring no underground wiring, these innovative lights eliminate the need for excavation and minimize disruption to the natural landscape.

With a durable die-cast aluminum construction, Philips SunStay lights are built to last. They feature an integrated charge controller, a self-diagnostic function with LED indicators for battery health, and a Bluetooth interface that connects to a mobile app. This enables municipal workers to easily monitor and manage the fixtures, including setting customized dimming profiles.

This project demonstrates that improved road safety can coexist with environmental preservation. The project's design was carried out in partnership with the Italian Amateur Astronomer's Union, ensuring the lighting system minimizes negative impacts of artificial light at night so that Ventimiglia's residents can continue to enjoy clear, starry skies while benefiting from safer roads.

"We promised it and we delivered! In addition to resurfacing roads that hadn't been touched for decades, we enhanced and optimized public lighting, introducing solar-powered streetlights in areas that have always lacked illumination. This is a substantial improvement, with many more to follow. I would like to thank City Green Light and Signify for their contributions."

Flavio di Muro, Mayor of Ventimiglia

Paper plant opens a new chapter in smart lighting

Hybrid system applies advanced controls to a complex manufacturing environment in Guangxi Province, China

Shandong Sun Paper Industry Co. Ltd. Is a world-leading corporation integrating forestry, pulping and papermaking. Its special cellulose production base in Guangxi features multiple production lines, coordinated according to a complex production schedule. Each manufacturing environment has strict requirements for lighting conditions.

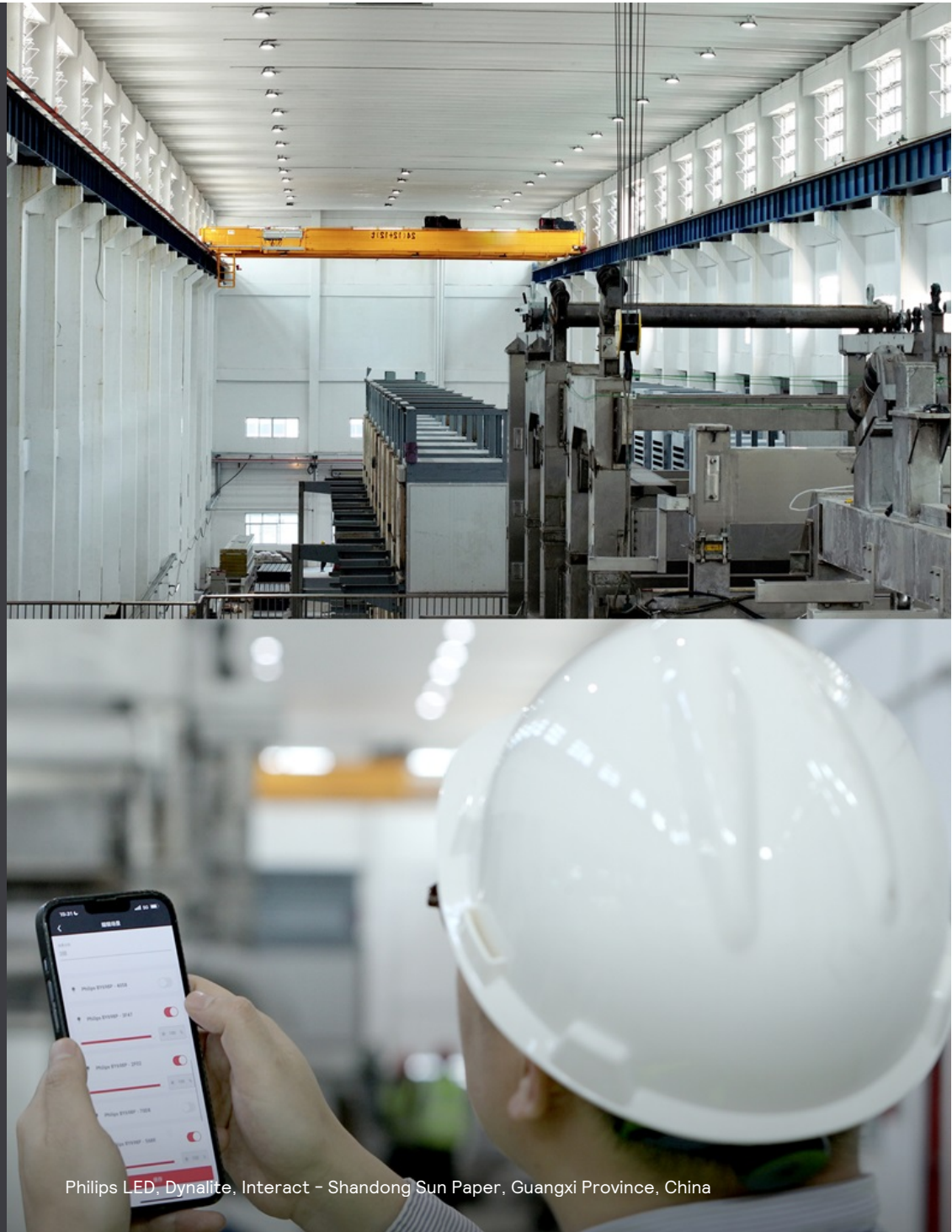
When the time came to set up the factory's lighting, the company opted for a comprehensive solution from Signify including LED luminaires and both wired and wireless control systems, all managed through a customized, integrated dashboard.

The project team devised a hybrid approach to address the specific needs of each production area. Wired systems were used to cover areas where lighting and equipment were sparse. In more densely lit areas, they used more flexible wireless systems that would facilitate future expansion and renovation. By combining the Philips Dynalite wired control system with Interact Pro wireless control, the plant can achieve precise, adaptable lighting for every environment and application. Facility managers can flexibly group and adjust lighting as needed, responding quickly to changes in the production schedule. Lighting can be monitored and managed in real time across the factory, while multi-level encryption and data storage on local servers ensure the system continues running even if the network goes down.

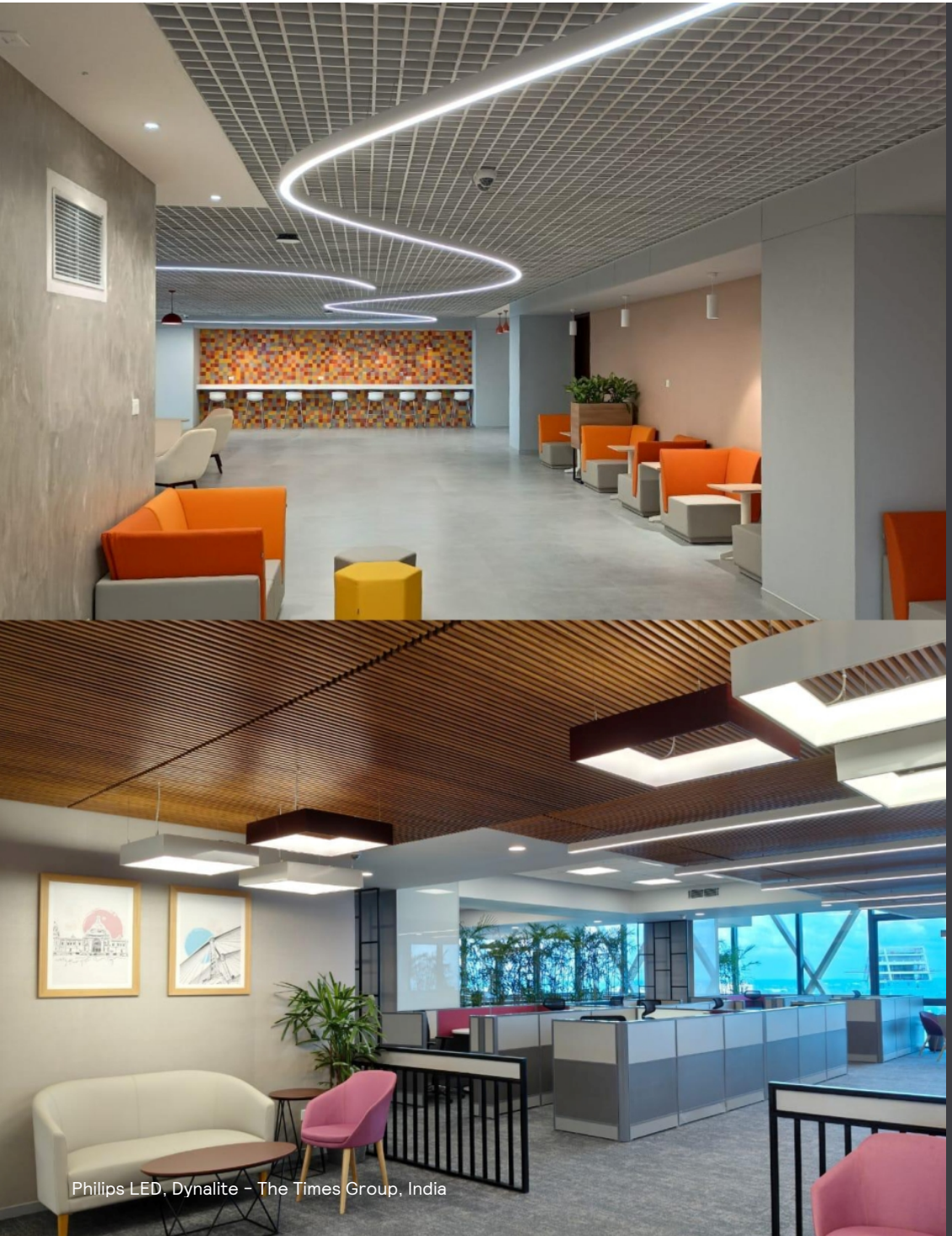
The solution also supports Sun Paper's sustainability goals. Over a 12-hour operating period under normal conditions, the new system is estimated to save about 44% in energy compared to traditional switch-type luminaires. The flexible grouping and zoning functions of Interact automatically regulate brightness according to actual needs, further enhancing energy efficiency and reducing carbon emissions.

As the first Interact Industry project in China at this scale, this initiative sets a new benchmark for the industry and offers valuable insights for the intelligent transformation of other manufacturing enterprises.

"Signify's Interact wireless system has helped us save significantly on wiring materials and installation costs. Its high-bay sensors not only address the challenges of sensing and control in high areas but also offer flexible configuration capabilities to make quick adjustments based on customer needs. This makes Interact much better suited to industrial applications than traditional wired control systems."
Wang Jixiang, General Manager, Shandong Kaixuan Lighting Co., Ltd.



Philips LED, Dynalite, Interact - Shandong Sun Paper, Guangxi Province, China



Philips LED, Dynalite – The Times Group, India

State-of-the-art office lighting at The Times Group, India

Innovative lighting design for a future-focused workspace.

With a rich history spanning 186 years,The Times of India is both one the world's most widely circulated newspapers and a symbol of enduring innovation. The Group operates from a futuristic ten-story building in Mumbai, which houses all its business functions and studios.

This contemporary workspace prioritizes flexibility, collaboration, employee well-being, and advanced technology, and lighting plays an eminent role in this vision. The open layout features adaptable furniture, ergonomic workstations, and abundant natural light, creating an environment that supports productivity, comfort, and creativity. Dedicated quiet zones and vibrant greenery create a pleasant working environment that further enhances employee satisfaction and well-being.

The Times Group wanted a single point solution for functional lighting, decorative lighting, and lighting management that could be seamlessly executed without the challenges of coordinating multiple agencies with varying areas of expertise.

Signify delivered a comprehensive solution that aligns with the Group's aspirations. Linear suspended fixtures in unique geometric forms, including circles and triangles, create visual interest, along with India's largest suspended curvilinear installation in open and closed loop configurations. These installations blend harmoniously into the office's modern aesthetic. Recessed curvilinear branches echo the visual identity of Filmfare, the Group's popular entertainment magazine, while minimalist recessed floor lights in studio passages add a sleek, contemporary touch. The advanced Philips Dynalite control system is integrated seamlessly with the building management system and incorporates daylight and occupancy sensors for efficient lighting control. Office managers can monitor and adjust the lighting centrally through the Envision dashboard, tailoring lighting to meet the needs of various spaces and activities.

The result is a sophisticated, sustainable lighting design that speaks to the Times Group's legacy of innovation while enhancing the daily experience of its employees.

"For this media company, we combined functionality and aesthetics to create a lively and energetic environment. We wanted a lighting partner that was a one-stop solution for seamless automation and sustainability. Signify has done an excellent job in executing the project and bringing this design to life."

Kaushik Joshi, Director Design Cell , KBNK Design Build Pvt. Ltd.



Philips LED, Interact – Hala Urania,Olsztyn, Poland

A winning experience inside and out at Hala Urania

Cutting-edge sports lighting meets iconic landmark illumination

"Hala Urania has changed almost beyond recognition. One of the most important elements is the lighting system, which allows us to achieve numerous scenarios for televised sports events and other activities taking place in our hall. The external illumination of the dome allows us to access a full range of colors, which we can set according to our needs."

Zbigniew Trzoska, President, Hala Uranina

With its distinctive concrete dome, Hala Urania is a focal landmark in Olsztyn, Poland and a hub for sports activities ranging from local training sessions to televised professional matches.

After more than three decades of use, the municipality launched an ambitious renovation project to transform the facility into a modern, professional sports venue that can be enjoyed for generations to come.

Precision lighting for sports excellence
More than 5,000 Philips LED luminaires were installed and integrated with Interact Sport, Interact City, and Interact Landmark lighting management systems. These systems give facility managers unparalleled control over lighting schedules and brightness, and allow bespoke adjustments for events and occasions both inside and outside the arena.

Inside, Interact Sports enables tailored lighting scenarios for broadcast, training, competitions, and other activities taking place inside the hall. Crucially, the hall is now up to the 4k standard required to broadcast international sporting events, delivering uniform lighting in different directions, supporting multiple camera placements, and ensuring athletes have optimal visibility to perform at their best.

Outside, the building's distinctive dome is brought to life with vibrant color and light displays controlled by Interact Landmark. This system integrates seamlessly with the Olsztyn public lighting network via Interact City, which was already in use in other areas of the city.

The new lighting system is both beautiful and practical. Automatic fault detection keeps light points operational around the clock, while the transition from conventional to connected LED technology is highly energy efficient, contributing to the city's sustainability goals.

Game-changing light sync for immersive entertainment

The Philips Hue Play HDMI sync box 8K takes home gaming and entertainment to a new dimension.

Whether it's a movie night with friends or an intense gaming session, advanced smart lighting has the power to elevate home entertainment like never before.

The next-generation Philips Hue Play HDMI sync box 8K supports HDMI 2.1, the latest video standard used by gaming consoles, TVs, and streaming devices. This allows users to sync and stream the highest quality content at ultra-fast refresh rates and resolutions including 8K at 60 Hz and 4K at 120 Hz for video and console gaming. The result is stunning visuals that are both smooth and responsive.

The sync box connects with up to 10 color-capable Philips Hue lights to mirror the action on screen into your living room, adding depth to high-speed car chases, dramatic ambushes, or breathtaking cinematic landscapes. All color-capable Philips Hue lights, including the specially designed Play lights for entertainment, dynamically adapt to the precise colors on the screen in real time, creating a fully immersive surround lighting experience in your living room with lights syncing all around you. Brightness and intensity are easily adjusted in the Hue app for a personalized experience.

Control the entire setup effortlessly using voice assistants or pair it with your TV remote control for a frictionless experience. With the Philips Hue Play HDMI sync box 8K, home entertainment has never been this vibrant, interactive, or personal.



Philips Hue Play HDMI sync box 8K



LED T8 tubes, SmartBright solar floodlights – Menengai High School, Kenya

Brighter learning for 86,000 students in Kenya

Signify Foundation donates energy-efficient LED lighting to 100 schools.

In many schools in Kenya, it's not the absence of books or school equipment that's preventing students from reaching their full potential, it's a lack of reliable lighting. To cut electricity costs, some schools switch off inefficient incandescent lights in the early morning and late evening, limiting study time.

To help keep the lights on while reducing lighting-related electricity costs, the Signify Foundation is providing 100 boarding schools with low-cost, energy-efficient LED lighting. The project is a collaboration with the United Nations Environment Programme (UNEP) Copenhagen Climate Center, UN-hosted initiative Sustainable Energy for All, and Kenya's Ministry of Energy and Petroleum.

To date, the program has supplied 17,000 LED lights and 767 solar floodlights to Kenyan schools, improving conditions for 86,000 students. The switch from fluorescent to LED is expected to save more than US$213,000 a year – a 24 per cent reduction in power bills, while reducing electricity generation-related emissions by 460 tonnes annually.

A win-win for schools

Globally, 25% of primary schools and about 15% of secondary schools lack electricity, affecting 186 million children, Even those with access often struggle to afford electricity bills and are forced to reduce the amount they use.

Lighting is responsible for about half of electricity consumption in Kenya's schools, according to an analysis by the UNEP Copenhagen Climate Centre. With their cost-saving benefits, the new LEDs are freeing up funds for books, sports equipment, and teacher training, helping schools invest in a brighter future.

The Signify Foundation is dedicated to empowering underserved communities across the world by enabling access to light through the three pillars of its Brighter Communities program: Brighter learning, Brighter health, and Brighter living. In 2024, the foundation surpassed its 2025 target to light 10 million lives against a 2017 baseline, reaching 10.5 million lives one year ahead of schedule.

"Energy efficiency is one of the fastest and most cost-effective ways to improve living standards and counter climate change globally and it does not require fundamental changes to existing energy systems. Energy efficient lighting is a win-win for schools. It highlights the huge impact such a simple action can have on the lives of students."

John Christensen, Director of the UNEP Copenhagen Climate Centre

Driven by responsible innovation

Signify supports the Mercedes-AMG PETRONAS F1 Team to advance its sustainability ambitions, enhance performance, and to elevate experiences for fans trackside and at home.

In July 2024, Signify and Mercedes-AMG PETRONAS F1 launched a partnership built on a shared belief in responsible innovation. The partnership will support the Mercedes-AMG PETRONAS F1 Team's ambition to become one of the world's most sustainable sports teams, optimize conditions for peak performance, and create unforgettable experiences for fans, both trackside and watching from home.

Advancing sustainability
In addition to knowledge-sharing and collaboration on climate transition planning, Signify's energy efficient, connected, and circular lighting innovations support the Mercedes AMG-PETRONAS F1 Team's goal of reaching net-zero carbon emissions by 2040.

As the partnership debuted at the British Grand Prix at Silverstone, Signify myCreation 3D-printed fittings provided a sustainable, energy-efficient lighting solution for the team's hospitality venue. Multiple plans are in place to enhance the team's Brackley Headquarters.

Enhancing performance
To win in Formula One, every member of the team must perform to their full potential. Signify's lighting innovations create optimal conditions for athletes and engineers to see, feel, and function at their best.

At the team's headquarters, Signify's NatureConnect solution enhances concentration and well-being in high-focus areas. Team members already report increased productivity, alertness, and well-being.

Elevating experiences
From trackside hospitality to home viewing, Signify's lighting innovations create immersive, unforgettable experiences for fans.

At the Las Vegas Grand Prix, the team's VIP hospitality venue was transformed with Signify's Philips Hue lighting in the garden and an 'Old Vegas Marquee' light cloud installation featuring 3D-printed Prentalux 300 luminaires on the second floor. For those watching at home, Ephesus Sports Lighting illuminated every high-speed turn on the track, ensuring crisp, clear visibility on screen and bringing fans closer to the action.

"The NatureConnect Skylight is definitely something I want to try and implement more often in my workspace. I genuinely thought it was natural light. I just couldn't believe it. It felt so realistic."

George Russell, Driver, Mercedes-AMG PETRONAS F1 Team



Prentalux, myCreation, Philips Hue - Mercedes-AMG PETRONAS F1 Team





Philips GreenPower LED– Philips Stadium, Eindhoven, the Netherlands

Pitch-perfect grass at PSV's Philips Stadium

Dutch football club makes a smart choice for optimal grass quality.

Eindhoven's PSV football club is raising the bar in innovation and sustainability with a data-driven and fully automated LED lighting system from Signify. Designed for optimal pitch maintenance, this state-of-the-art solution ensures perfect playing conditions year-round, while cutting energy consumption.

PSV's Philips Stadium is the first to use a specialized combination of energy-efficient Philips GreenPower grass grow lights and infrared heaters linked to environmental sensors. These sensors continuously monitor daylight, temperature and humidity, feeding data into a central control system that determines the precise amount of light and heat needed to create the best conditions for the pitch. With independent control of light and heat, the club can create the optimal balance to ensure healthy grass in all seasons.

Following a successful pilot, PSV selected Signify's advanced LED system to replace inefficient HPS lamps. With the lights running up to 20 hours a day in winter, energy consumption was a big concern. The new system delivers 50% energy savings, with further reductions possible through dimming based on daylight and grass conditions. The LED fixtures are retrofitted on to existing light rigs, reducing material costs and environmental impact.

This durable, flexible lighting solution ensures top-quality grass while maximizing energy efficiency and cost savings – a win for both performance and sustainability.

The project was delivered in collaboration with VTI Horst, field mangers De Enk Groen & Golf, and Westhoven Agro Advies.

"Our ambition is to have a pitch at top European level. Thanks to Signify's more sustainable LED lighting installation, we have better grass quality and no more energy will be lost."

Sjors van den Boogaart, Director, Philips Stadium

4 Corporate performance

Key figures in millions of EUR unless otherwise stated

	2023	2024
Sales	6,704	6,143
Comparable sales growth [1]	(8.3%)	(6.6)%
Gross margin	2,558	2,442
as a % of sales	38.2%	39.7%
Income from operations	369	477
Financial income and expenses	(102)	(82)
Income tax expense	(53)	(60)
Net income	215	334
Adjusted gross margin [1]	2,660	2,501
Adjusted indirect costs [1]	(2,075)	(1,965)
Adjusted EBITA [1]	670	606
as a % of sales	10.0%	9.9%
Restructuring, acquisition and incidental items [1]	(221)	(63)
EBITA [1]	449	543
Basic earnings per share in EUR	1.61	2.60
Dividend per share in EUR [2]	1.55	1.56
Shareholders' equity	2,817	3,162
Net debt [1]	1,071	920
Working capital [1]	461	422
Net cash provided by operating activities	696	514
Free cash flow [1]	586	438
as a % of sales	8.7%	7.1%

[1] For a reconciliation to the most directly comparable IFRS financial measure, see chapter 18, Reconciliation of non-IFRS financial measures.
[2] 2024 Dividend subject to approval by the 2025 Annual General Meeting of Shareholders.

4.1 Financial performance

4.1.1 Company performance

In 2024, Signify navigated a volatile market environment, marked by persistent global economic uncertainties and fluctuating demand.

In Europe, difficult economic conditions as well as reduced public sector spending impacted the construction market, leading to reduced demand in the professional lighting segment. Similarly, ongoing economic challenges in China, impacted all our businesses. On the other hand, the agriculture lighting segment demonstrated resilience, and delivered strong growth. The OEM business benefited from the stabilization of customer inventories, and returned to more normalized levels of demand.

Despite these challenges, Signify achieved notable operational successes. The company sustained improvements in gross margin, through disciplined cost management and pricing. It also delivered a saving of EUR 110 million in indirect costs, as a result of the fixed cost reduction program launched at the end of 2023.

In 2024, nominal sales decreased by 8.4% to EUR 6,143 million, a comparable sales decline of 6.6%. The Adjusted EBITA margin was 9.9%, broadly in line with 2023. Net income increased to EUR 334 million. Net cash provided by operating activities decreased to EUR 514 million, while free cash flow decreased to EUR 438 million.

The nominal sales decline of 8.4% year on year includes a negative currency effect of 1.8%. Comparable sales declined by 6.6%, mainly due to the accelerated decline in the Conventional business, weakness in the European professional lighting business and softness in China. LED-based sales were 90%* of Signify's total sales (2023: 85%).

The gross margin decreased to EUR 2,442 million. The Adjusted gross margin decreased to EUR 2,501 million. As a percentage of sales, the Adjusted gross margin improved by 100 bps to 40.7%, as positive sales mix and effective COGS management more than compensated price pressure in some of Signify's markets.

Adjusted indirect costs decreased by EUR 110 million to EUR 1,965 million. As a percentage of sales, Adjusted indirect costs increased by 100 bps to 32.0%, as benefits from the cost reduction program were offset by decline in the top line.

EBITA increased to EUR 543 million. Excluding adjusted items, such as restructuring expenses, acquisition-related charges and other incidental items, Adjusted EBITA decreased by EUR 64 million to EUR 606 million. The Adjusted EBITA margin was 9.9%, as the gross margin improvement was offset by an under-absorption of fixed costs.

* Correction of Q4 2024 press release, published on 24 January 2025, which stated 93%.

Income from operations increased to EUR 477 million. Adjusted items were EUR (63) million, as restructuring costs were partly compensated by a gain from real estate transactions and other incidental items. These incidental items are related to FX loss from the devaluation of the Egyptian pound, additional environmental provisions, discounting effect of long-term provisions, gains from movements in the indemnification positions with Koninklijke Philips N.V. originating from the separation, and gain in real estate transactions, Net income increased to EUR 334 million, mainly attributable to lower restructuring costs and financial expenses.
Compared to December 2023, working capital decreased by EUR 39 million, driven by lower inventories and higher payables. As a percentage of last twelve-month sales, working capital remained stable at 6.9%.

Net cash provided by operating activities decreased by EUR 182 million to EUR 514 million, mainly reflecting the non-recurring cash impact related to the 2023 restructuring program and the reduction of US pension liabilities. In 2024, net capital expenditures were EUR 77 million.As a result, in 2024, free cash flow decreased to EUR 438 million, or 7.1% of sales.

Shareholders' equity increased to EUR 3,162 million (2023: EUR 2,817 million), primarily due to currency translation results and net income.

Net debt decreased to EUR 920 million at year-end 2024, mainly explained by free cash flow generation. The gross debt reduced by EUR 677 million as a result of the deleveraging performed during the year.

At year-end 2024, Signify had a post-employment liability of EUR 255 million, compared with EUR 322 million at the end of 2023. The reduction is mostly due to the reduction of US pensions liabilities.

4.1.2 Performance by Business

Professional

About Professional

Signify is the world leader in the professional lighting market for products such as LED Lamps and Luminaires and Connected Lighting systems and services, with strong positions across key geographies. Our offerings are used in multiple market segments, including offices, commercial and municipal buildings, schools, shops, hospitality venues, industry, agriculture, stadiums and outdoor environments such as streets and tunnels. Professional lighting has experienced a rapid shift from conventional to LED lighting and has increasingly been integrated into broader connected ecosystems.

Key figures Professional
in millions of EUR unless otherwise stated

	2023	2024
Sales	4,254	3,933
Nominal sales growth	0.6%	(7.6)%
Comparable sales growth [1]	(4.4%)	(5.8)%
Adjusted EBITA [1]	412	367
as a % of sales	9.7%	9.3%
Free cash flow [1, 2]	N/A	397
Number of employees (in FTEs)	N/A	14,578

[1] For a reconciliation to the most directly comparable IFRS financial measure, see chapter 18, Reconciliation of non-IFRS financial measures.
[2] Excluding non-allocated free cash flows items (e.g. tax, interest and other costs in 'Other').

Strategic priorities

The Professional business focuses on strengthening its global professional lighting leadership position by further innovating in LED Lamps and Luminaires, outperforming in connected lighting and expanding in Specialty lighting businesses such as agriculture, solar, emergency lighting and 3D printing. At the same time, the Professional business leverages its procurement and manufacturing scale to reduce the cost of its products. The Professional business is also investing in digitalizing its customer interfaces with distributors, Lighting designers, agents, etc. to win higher share of business transacted online and to enhance customer experience.

Market developments

As the world leader in the professional lighting market, Signify is well-positioned to benefit from powerful global trends, such as the shift to connected lighting, growing demand for food security, and climate action.

The transition to connected lighting is driven by real economic benefits to the customers. At the end of 2024, penetration of the connected lighting increased to around 8% of the installed lighting base, showing that the connected lighting market continues to offer significant growth potential for Signify.

In 2024, the indoor professional lighting market continued to experience challenges, particularly in Europe, due to structural economic issues and reduced trade activity, compounded by tighter credit conditions. The challenging market conditions with a weaker construction sector in China also impacted the professional lighting market. At the same time, the market environment in the Americas and emerging markets such as India, Middle East and Latin America was strong. driven by demand for connected and energy-efficient solutions.

The agricultural lighting market rebounded, after a slower 2023. This was spurred by increasing adoption of sustainable agricultural practices, and demand for local and organic food products.

2024 Business highlights

- **Equipping Vienna City Hall in Austria with connected Color Kinetics LED lighting**: Together with Ing. Emmerich Csernohorszky GmbH and podpod Design, Signify completely renovated the festive lighting of the building. More than 1,100 Color Kinetics luminaires were installed. Enabling lower operating and maintenance costs and achieving energy savings of up to 50%.
- **Introducing new UltraEfficient and 3D printed innovations:** Signify continued to expand the UltraEfficient range with new panels, recessed luminaires, and downlights. These UltraEfficient luminaires generate energy savings of up to 21.7% compared to our other LED luminaires. The Philips MyCreation range of 3D printed products was also expanded.
- **Illuminating the prestigious Atlantis Royal resort, Dubai:** Signify partnered with BCL Dutcotennant and Techtronics and installed 452 connected systems within the 43-story high resort. Allowing for seamless control of lighting and other BMS systems. The installation enhances guest well-being by adapting the lighting to the circadian rhythm.
- **Achieving double-digit growth with Agricultural Lighting business.** This underscores Signify's commitment to

leveraging sustainable technologies to address global food security challenges and support efficient agricultural practices.

- **Delivering strong performance in Connected lighting:** Signify had a strong growth in connected lighting offerings across the Americas and emerging markets, driven by the increasing adoption of smart, energy-efficient lighting solutions in these regions. This growth reinforces Signify's leadership in innovative and sustainable lighting technologies.
- Other specialty lighting application such as 3D printed luminaire and Emergency lighting also generated healthy growth in the year.
- Share of attractive and growing categories of Connected lighting and Specialty lighting in total Professional business grew from 36% in 2023 to 38% in 2024.

2024 Financial performance

Nominal sales decreased by 7.6% to EUR 3,933 million, including a negative currency effect of 1.8%. Comparable sales decreased by 5.8%, impacted by challenges faced in the indoor professional lighting market in Europe, as well as the weaker construction sector in China .Adjusted EBITA was EUR 367 million. The Adjusted EBITA margin decreased by 40 bps to 9.3%, mainly explained by an under-absorption of fixed costs. Free cash flow was EUR 397 million.

2025 and beyond

The Professional business supports Signify's growth for sustainability strategy through attractive growth platforms such as connected lighting, agriculture lighting, solar lighting, 3D printed luminaires. The business also continues to innovate to further expand its UltraEfficient portfolio. The Professional business maintains a strong financial profile with unmatched global scale and is well-positioned to capture growth from digital adoption and enhanced global focus on sustainability.

Consumer

About Consumer

The Consumer business offers a wide variety of LED lamps and functional LED luminaires to consumers. Signify is the global market leader in connected home lighting systems, notably Philips Hue and WiZ, and a top three player in selected home luminaires markets. Based on proprietary research, the company believes it held the number one position in sales in the global LED lamps market in 2024.

Philips Hue is the global market leader in connected lighting for consumers, with a continuously expanding product offering and a full home immersive premium experience.

WiZ Connected enhances the accessibility of consumer-connected lighting by offering a Wi-Fi-based ecosystem designed for easy use and installation.

Signify's combined consumer connected lighting offer enables consumers to connect via Wi-Fi, Bluetooth or the Philips Hue bridge.

Key figures Consumer
in millions of EUR unless otherwise stated

	2023	2024
Sales	1,342	1,297
Nominal sales growth	(26.6%)	(3.4)%
Comparable sales growth [1]	(9.3)%	(1.2)%
Adjusted EBITA [1]	120	144
as a % of sales	8.9%	11.1%
Free cash flow [1, 2]	N/A	147
Number of employees (in FTEs)	N/A	9,207

[1] For a reconciliation to the most directly comparable IFRS financial measure, see chapter 18, Reconciliation of non-IFRS financial measures.
[2] Excluding non-allocated free cash flows items (e.g. tax, interest and other costs in 'Other').

Strategic priorities

The Consumer business' strategy is focused on capturing growth from the continued transition to integrated LED luminaires, and increased penetration of consumer-connected lighting, while strengthening its financial profile through growth and innovation.

Market developments

In 2024, the Consumer business continued to navigate the evolving market landscape, supported by demand for integrated LED luminaires and connected lighting solutions. While the traditional LED lamps segment continued its anticipated decline, growth in connected lighting markets provided opportunities, albeit at a more moderate pace due to challenging macroeconomic conditions and weaker consumer confidence in key regions. The business focused on leveraging its leadership in energy-efficient innovations to sustain its competitive position and expand its presence in the fast-growing connected lighting markets.

Consumer demand for energy-efficient and smart lighting solutions remained robust, despite macroeconomic pressures and a slower recovery of the broader consumer market. This trend reflects growing consumer awareness of energy savings, and the enhanced user experience offered by connected lighting ecosystems.

Signify's innovations, such as the Philips Ultra Efficient LED range, which significantly reduces energy consumption, have positioned the company to capture market share in this evolving space.

While Signify expects that the LED lamps market will continue to decline in the next few years, the company is well-positioned to continue to grow market share by building on its strong position in lighting distribution. The decline in the LED lamps market is expected to be offset by the growing adoption of integrated LED luminaires, as well as the continued expansion of connected lighting solutions. Additionally, regulatory developments, such as the continued phase-out of conventional lighting technologies, is expected to further boost LED adoption.

The consumer connected lighting markets are expected to continue to grow, where increasing consumer adoption of smart ecosystems and advancements in voice and app-based control technologies are driving growth.

2024 Business highlights

- **Launching the improved second-generation Philips Hue Sync Box:** This upgraded version brings even more impressive music, movie, and gaming entertainment immersion. Allowing users to sync and stream the highest quality content with no latency, at ultra-fast refresh rates and in high resolution, enabling a better experience for gamers;
- **Expansion of the LED UltraEfficient portfolio:** The UltraEfficient LED Lamps & Luminaires portfolio continues to grow with the introduction, among others, of the World's 1st auto linkable UltraEfficient outdoor light to enable auto motion detection, lasts up to 4 nights of light on a single charge and 5X brightness. In Lamps portfolio: launch of the first to the World dimmable A-class GU10 spot with up to 47% energy saving;
- **Expansion of the WiZ offering:** The WiZ platform has been greatly expanded, offering consumers new options to easily transform rooms and sync with entertainment. WiZ introduced "Music Sync" which works with all WiZ lights without the need for any new device. Additionally, "Trackside Mode" allows users to sync WiZ lights with live action on the racetrack. The platform also now includes a wide new range of WiZ light strips and fairy lights for both indoor and outdoor use.
- **Elevating experiences at Mercedes-AMG PETRONAS F1 Team's Las Vegas Club**: transformed the Mercedes-AMG PETRONAS F1 Team VIP hospitality venue during the Las Vegas Grand Prix. Across three floors, the teams delivered interactive and experiential lighting from Philips Hue, Signify myCreation, PrentaLux and Color Kinetics to elevate the trackside experience for the team's guests.

2024 Financial performance

Nominal sales decreased by 3.4% to EUR 1,297 million, including a negative currency effect of 2.2%. Comparable sales decreased by 1.2% as the sales growth in most markets was offset by a weak performance in China.

Adjusted EBITA was EUR 144 million. The Adjusted EBITA margin increased by 220 bps to 11.1% primarily coming from effective COGS management and lower indirect costs. Free cash flow was EUR 147 million.

2025 and beyond

The Consumer business targets market share growth in LED lamps through differentiation with a multi-brand offer of A-brands, B-brands and Private Label sales while also driving operational efficiencies to enhance profitability and competitiveness.

The business also plans to grow sales of LED luminaires by innovating and expanding its product portfolio and by leveraging its LED R&D and distribution strength.

It aims to further accelerate growth in its Consumer Connected business with a dual brand offering of Philips Hue and WiZ, and by continuing to innovate in relevant consumer benefits, such as ambiance, well-being and security.

OEM

About OEM business

The OEM business offers a wide variety of LED components, consisting of LED Drivers, LED Modules, Wireless Sensors to professional OEMs for professional luminaire applications in the retail, office, industry, and outdoor segments. It caters to solutions for non-connected as well as, wired, and wireless connected general lighting systems. Business OEM also delivers specialty products for Emergency, Horticulture and Display Lighting applications.

Based on proprietary research, the company believes it held the number one position in sales in the global OEM components market in 2024, with unmatched global presence for innovation, manufacturing, and commercialization of products. The customer base includes major luminaire manufacturers and a broad network of smaller manufacturers, both served directly and through distribution partners.The OEM business is also a key supplier to our Professional business.

Key figures OEM
in millions of EUR unless otherwise stated

	2023	2024
Sales	457	437
Nominal sales growth	(28.4%)	(4.5)%
Comparable sales growth [1]	(23.0)%	(2.0)%
Adjusted EBITA [1]	43	48
as a % of sales	9.4%	11.1%
Free cash flow [1, 2]	N/A	81
Number of employees (in FTEs)	N/A	2,484

[1] For a reconciliation to the most directly comparable IFRS financial measure, see chapter 18, Reconciliation of non-IFRS financial measures.
[2] Excluding non-allocated free cash flows items (e.g. tax, interest and other costs in 'Other').

Strategic priorities

The OEM business' strategy is focused on capturing growth in a diversified approach. In the non-connected general lighting market, it aims to grow market share gains through innovation and by optimizing both cost and price performances for mainstream applications. In the connected lighting applications, it focuses on driving the adoption of wireless and on-IoT related technologies by innovation leadership. To further diversify the revenue and profit pool, it develops and launches innovations for specialty lighting applications. .

Market developments

Despite a slowdown in 2024, the LED electronics market is expected to grow, driven by the shift to wireless connected lighting and the LEDification of industrial and specialty segments.

In the non-connected general lighting markets, demand for high-efficiency and miniaturization trends are prevailing. In the connected general lighting market, wireless connected technology is offering strong benefits due to ease of installation, enhancing energy efficiencies whilst saving on building installation materials. Many new opportunities beyond general lighting are arising for speciality markets that benefit from lighting expertise and technologies.

2024 Business highlights

- **Powering Nobilia kitchens in Europe with connected products:** Signify partnered with Nobilia, a leading kitchen manufacturer to adapt and seamlessly integrate Hue products into Nobilia's kitchen designs. This partnership redefines the kitchen experience, bringing an unparalleled combination of functional lighting and ambience creation in kitchens;

- **Transforming FILA concept store in China with high-efficiency systems:** Signify supplied UHE PW COB and Track HE drivers to renovate Fila's Next Gen Concept Store in China. The new installation offers 30% increase in luminaire efficiency, 25% energy savings and 2% increase in luminaire output;
- **Unveiling a new generation of miniaturized drivers in Americas:** Signify launched the Advance Xitanium 320W driver, the first in a new family of drivers. Boasting a compact more efficient design, this driver delivers value to both the OEM and the end user. The Xitanium 320W offers double the power, half the size when compared to our 300W or two 150W drivers. This innovation enables the next generation of smaller and more efficient luminaires.

2024 Financial performance

Nominal sales decreased by 4.5% to EUR 437 million, including a negative currency effect of 2.5%. Comparable sales decreased by 2.0%. Adjusted EBITA was EUR 48 million. The Adjusted EBITA margin increased by 170 bps to 11.1%, driven by the stabilization of the top line and benefits from the cost reduction program.

2025 and beyond

Signify's ability to drive new innovations with global presence for manufacturing, innovations and commercial proximity to customers solidifies the strategic outlook.

The OEM business targets market share growth in non-connected LED through differentiation with multi-brand offer. The business plans to deliver growth by driving sustainability innovations, enhancing energy and material efficiency, optimizing its product portfolio, and leveraging its distribution network. It aims to further accelerate growth in its connected business with wireless system offering and through dedicated offers for specialty segments.

Conventional

About Conventional

Signify is the global market leader in the conventional lighting business. The Conventional business comprises of company's conventional lamps and lamp electronics businesses. It produces and sells lamps, based on a wide variety of non-LED based technologies. This includes HID, TL, compact fluorescent, halogen, incandescent, as well as lamp electronics for conventional lamps (electronic ballasts and drivers) and specialty lighting, and projection lighting. Conventional lamps are used in a wide variety of residential and professional applications and are bought by consumers, electrical installers and professional end-users through a wide range of channels. Lamp electronics are mainly sold to luminaire manufacturers directly and as replacement products to electrical wholesalers. Specialty lighting lamps and drivers are sold to the OEM market and to specialized distributors.

Key figures Conventional
in millions of EUR unless otherwise stated

	2023	2024
Sales	627	437
Nominal sales growth	(20.9)%	(30.2)%
Comparable sales growth [1]	(18.4)%	(29.2)%
Adjusted EBITA [1]	127	78
as a % of sales	20.3%	17.9%
Free cash flow [1, 2]	N/A	55
Number of employees (in FTEs)	N/A	2,875

[1] For a reconciliation to the most directly comparable IFRS financial measure, see chapter 18, Reconciliation of non-IFRS financial measures.
[2] Excluding non-allocated free cash flows items (e.g. tax, interest and other costs in Other).

Strategic priorities

While the overall conventional market continues to decline, The Conventional business focuses on further increasing its leading market share. Special Lighting market remains resilient due to limited legislation bans and limited alternate LED technologies. The Conventional business continues to proactively manage its manufacturing footprint and reduce operational costs to optimize its profit margin and free cash flow.

Market developments

The conventional lamps market is expected to continue to decline in the coming years due to the ongoing adoption of LED lighting technologies and regulatory changes.

2024 Business highlights

Signify estimates that the Conventional business maintained its leading market share in 2024.

2024 Financial performance

Nominal sales decreased by 30.2% to EUR 437 million, including a negative currency effect of 1.0%. Comparable sales decreased by 29.2%, due to the structural decline of the business, which was exacerbated by the continued impact of the fluorescent bans in Europe. Adjusted EBITA was EUR 78 million. The Adjusted EBITA margin decreased by 240 bps to 17.9%, mainly due to an under-absorption of fixed costs. Free cash flow was EUR 55 million.

2025 and beyond

While managing the expected decline, the Conventional business will continue focusing on optimizing market share, profit and cash flow. It will do so by leveraging its scale, global footprint and lean manufacturing capabilities, while still responding to the remaining customer demand for conventional products. It will intensify its focus on specialty lighting products, which have a much slower rate of decline.

Other

'Other' represents amounts not allocated to the businesses and mainly includes costs related to ventures, exploratory research and audits. Adjusted EBITA was EUR (32) million, compared with EUR (31) million in 2023.

4.2 Proposed distribution to shareholders

Pursuant to Article 10 of the Articles of Association of Signify N.V., a dividend will first be declared on preference shares out of net income. The remainder of the net income, after reservations made with the approval of the Supervisory Board, shall be available for distribution to holders of ordinary shares subject to shareholder approval after year-end. As of December 31, 2024, the issued share capital consists only of ordinary shares; no preference shares have been issued. Under Article 10 of the Articles of Association of Signify N.V., the Board of Management can determine what portion of the net income shall be retained by way of reserve, subject to the approval of the Supervisory Board.

Signify proposes to declare a cash dividend of EUR 1.56 per share for 2024. The dividend proposal will be subject to approval at the Annual General Meeting of Shareholders (AGM) to be held on April 25, 2025.

The balance sheet presented in this report, as part of the company financial statements for the period ended December 31, 2024, is before appropriation of the result for the financial year 2024.

4.3 Outlook

For 2025, Signify expects:

- Sales momentum to build throughout the year, leading to low single digit comparable sales growth excluding Conventional.
- A stable Adjusted EBITA margin vs. 2024 with the Professional, Consumer and OEM combined compensating the drag of the Conventional business.
- A free cash flow generation of 7-8% of sales.

4.4 Responsible tax policy

Our tax principles are based on the recognition that tax is an integral element of our overall corporate social responsibility as well as commitment to the United Nations Sustainable Developments Goals.

Responsible Tax is an important topic for Signify to report on. For us, acting with integrity means paying the right amount of tax, in the right place, at the right time. Being a responsible taxpayer is aligned with our purpose, business strategy and Integrity code. We are committed to providing timely, regular, and reliable information on Signify's tax position, including the Group effective tax rate, our total tax contributions, and our main tax exposures (see chapter 15, Consolidated financial statements, note 9, Income taxes).

We embrace the Tax Governance Code, as published by the Confederation of Netherlands Industry and Employers (VNO-NCW) and provide more information on our Tax Principles, Tax Strategy, Tax Organization and Tax Contributions in our Tax Report: https://www.signify.com/global/our-company/investors/governance.

Tax governance, control and risk management

The responsibility for Signify's Tax Strategy, Tax Principles and how we manage our tax risks, ultimately rests at our Board of Management with the CFO. At least once a year, the Tax Principles and Tax Strategy as well as the Tax Risks are discussed with Signify's Board of Management and the Audit Committee of the Supervisory Board. If needed these principles and strategy are updated and subsequently approved by our Board of Management to ensure continuous alignment with our purpose, business structure and overall corporate social responsibility.

Signify's Tax Principles ensure compliance with local and international tax laws and regulations for all our group entities. These principles govern how Signify operates with customers, suppliers, contractors, and employees. We aim to prepare and file all required tax returns on time, providing complete, accurate and timely disclosures to all relevant tax authorities.

Signify has a Tax Control Framework in place, to monitor and test the execution of critical tax processes as well as for risk management. Our Tax Controls are part of our Business Control Framework and our internal controls for financial reporting (ICS). They are monitored and documented by our Tax Organization and the dedicated ICS team. Internal auditors regularly review our tax controls and external auditors review our key tax positions and our tax processes as part of the audit of our Annual Report.

Stakeholder engagement

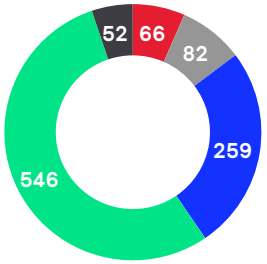
Signify maintains an open dialogue with our stakeholders and we engage constructively in national and international dialogue with governments, business groups and civil society to support the development of effective tax systems, legislation and administration. We regularly participate in meetings of business groups, to learn from our stakeholders and to provide our view on tax developments.

Signify aims to build and maintain a cooperative and healthy working relationship with all relevant (tax) authorities. The transparency in our tax policy is a key factor in building mutual respect and trust with tax authorities.

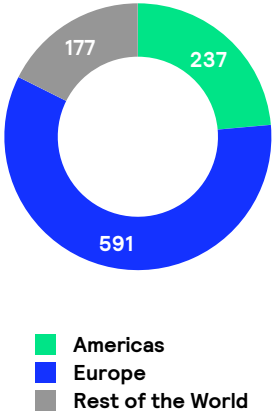
Total tax contribution

Our total tax contributions in the financial year 2024 amounted to EUR 1,005 million. This amount consists of both taxes borne and taxes collected by Signify. The taxes borne include the income tax paid, customs duties and the employer part of the payroll taxes. For more information on the definitions used in this chapter, refer to chapter 19, Definitions and abbreviations.

Total tax contributions by type EUR million



Total tax contributions by region EUR million



The amounts of corporate income tax paid reflect the geographic spread of Signify's activities. The most significant amounts are paid and accrued in the Netherlands, China and India where Signify has substantial business operations. In the United States we used losses from prior years, resulting in lower income tax paid.

2024 Signify corporate income tax paid per main countries

Countries	EUR million
The Netherlands	19
India	11
China	11
Mexico	5
Australia	2
Saudi Arabia	2
Germany	2
Canada	2
United States of America	1
Other	11
Total	**66**

5 Sustainability Statements

Introductory message

2024 was a year marked by significant global challenges and opportunities. The evolving political and economic landscape has underscored the importance of resilience and adaptability. Amid these external pressures, the impacts of climate change are becoming clearer, as is the need to offer our customers products that simultaneously reduce energy bills and carbon emissions.

In June, we launched our Climate Transition Plan in line with our science-based targets . Our investment in developing energy-efficient and circular products and services has been instrumental in driving sustainable innovation. As a result, we have seen the share of these products rising consistently in our global portfolio, a sign of strong customer appetite for serviceable, repairable, and highly efficient offers.

On the social front, we continued emphasizing our health and safety programs, rolling out a new maturity assessment across the organization. Our commitment to fostering a more inclusive workplace has advanced, with the publication of our second Diversity, Equity, and Inclusion (DE&I) report and the confirmation that we are on track with our efforts to ensure equitable pay. Our strengthened due diligence and human rights processes reflect our unwavering commitment to ethical business practices and human rights.

Looking ahead, we remain committed to continuous improvement, striving to make a positive impact on the environment and society. Our focus will remain on reducing both our carbon footprint and that of our customers through innovative, efficient, and circular solutions. Additionally, we will promote social responsibility to attract and retain the best global talent in the industry and build a more resilient supply chain.

Together, we will continue to illuminate a sustainable future, driven by our purpose to unlock the extraordinary potential of light for brighter lives and a better world.

Alice Steenland,
Chief of Strategy, Sustainability and Marketing

How to read this report

This chapter is closely structured as subscribed by the European Sustainability Reporting Standards (ESRS). Information related to the general business and strategy, governance, incentives, remuneration and risk management are included in other chapters of this report and incorporated by reference. In section 5.6, we provide an overview of where all ESRS disclosure requirements are reported. We start our sustainability statements with an update of the progress of our Brighter Lives, Better World 2025 program.

5.1 Brighter Lives, Better World 2025 progress

Our sustainability commitments are grouped under our sustainability program Brighter Lives, Better World 2025. Launched in September 2020, our doubling commitments are set for a five-year period, until the end of 2025, with a baseline year from 2019. 2024 is our fourth reporting year.

	Sustainability focus and SDG	2025 doubling objectives	2024 results
Better World	Climate action (7 Affordable and clean energy; 13 Climate action)	**Double** the pace we achieve the 1.5°C scenario of the Paris Agreement	505 MT CO_2e reduction*
Better World	Circular economy (12 Responsible consumption and production)	**Double** our Circular revenues to 32%	35%
Brighter Lives	Food availability Safety & security Healthy & well-being (3 Good health and well-being; 11 Sustainable cities and communities)	**Double** our Brighter Lives revenues to 32%	33%
Brighter Lives	Great place to work (8 Decent work and economic growth)	**Double** the % of women in leadership to 34%	28%

* The cumulative yearly difference between the GHG emissions of Paris Agreement 1.5°C pathway and the actual value chain emissions of Signify from 2022, 2023 and 2024.

10 million lives lit through Signify Foundation

Signify actively supports the Signify Foundation, an independent non-profit organization, with lighting expertise.

Brighter learning

Brighter health

Brighter living

The Signify Foundation is dedicated to empowering underserved communities across the world be enabling access to light through the three pillars of its Brighter Communities program: Brighter learning, Brighter health, and Brighter living.

In 2024, the foundation surpassed its 2025 target to light 10 million lives against its 2017 baseline, reaching 10.5 million lives one year ahead of schedule.



Brighter learning, Kenya

Approach to sustainability reporting

Signify aims to provide stakeholders with complete and transparent information on its sustainability programs, performance and progress against goals, and key challenges. We recognize there is a desire for standardization across reporting frameworks, and we are continually evaluating reporting options and listening to stakeholder feedback to report in the most clear and concise manner. This chapter is structured according to the European Sustainability Reporting Standards (ESRS) in accordance with the Corporate Sustainability Reporting Directive (CSRD) 2022/2464/EU.

The basis for our sustainability statement is consolidated and aligned with our financial statement for the financial year of 2024, and includes all operations over which Signify or one of its subsidiaries has operational control. Regarding the scope, it covers our entire value chain. New ventures and acquisitions by Signify are included in our environmental and social disclosures. However, when the integration process is still underway, estimates will be used until integration is complete. For 2024, this includes the addition of Telensa, Fluence and Pierlite.

Divestitures completed before December 31, 2024 are included up to the data of disposal from environmental and social reporting. An overview of the information on data definitions, measurements, estimations and any uncertainties inherent to measurements can be found in the respective topical sections hereinafter and the reporting principles section.

Our external auditor EY Accountants B.V. (EY) has provided reasonable assurance on the on the KPI's 'Total Greenhouse gas emissions (scope 1, 2 and 3)', 'Brighter lives revenues', 'Circular revenues' and 'Percentage of women in leadership' which are the 2024 results of our Brighter Lives, Better World 2025 doubling commitments and limited assurance on our sustainability statements in sections 5.1 - 5.6. Section 5.7 includes voluntary disclosures which are excluded from the assurance scope. To read the respective assurance statements, refer to sections 17.1 and 17.2.

Section 5.6 of this chapter includes the following indexes and additional information: GRI Content Index, the Taskforce on Climate-related Financial Disclosures (TCFD), as well as a full ESRS mapping indicating the disclosures made by reference in other chapters. For information incorporated by reference in other sections, a reference to the disclosure code has been added at the end of the relevant sentence.

In 2024, Signify re-committed to the United Nations Global Compact to advance the ten universal principles in the areas of human rights, labor, the environment, and anti-corruption efforts. This report serves as our annual Communication on Progress (COP) towards abiding by these principles. We report our contribution to six SDGs where we believe we can make the greatest impact: Good health and well-being (3), Affordable and clean energy (7), Decent work and economic growth (8), Sustainable cities and communities (11), Responsible consumption and production (12) and Climate action (13). We also respond annually to the CDP Climate questionnaire and make that disclosure publicly available.

Signify has chosen to report on additional non-material topics which are disclosed in section 5.7 of this report. The topics are biodiversity, water consumption, environmental incidents and substances of concern. Additional non-material disclosures are also included in sections 5.1 to 5.5. See ESRS mapping table in section 5.6 for reference.

Specific circumstances

Regarding the specific circumstances of our reporting approach, the following elements were considered for each specific topic. More details are provided in the reporting principles in section 5.5.

- Time horizons alignment with the ESRS: All topics and assessments used the ESRS time horizons unless specified otherwise within the topical sections.
- Value chain estimation: We currently use estimates for certain metrics. More details on the estimation methodology and our plan to move towards actual data is further explained in the topical sections.
- Data uncertainty: We have identified data uncertainty for our scope 3 GHG emissions calculations, global metrics for S1 and E5 inflows, outflow and waste data. We refer to these in the respective sections and provide details on the sources of the uncertainty and the assumptions and approximations used in the reporting principles.
- Forward-looking uncertainty: Forward-looking statements are based on certain assumptions and analyses we make in light of our experience and our perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate given the circumstances.
- Changes from the previous reporting information: Changes were implemented for this annual report to align to the CSRD requirements. We have new metrics breakdowns and we have aligned definitions. We keep performance data from previous years if the data points remain comparable. If the previous definition is not comparable, we excluded the historical data from the report. For new metrics, we have not disclosed historical data.
- Our data and metrics provided for material IROs are not validated by an external body other than our assurance provider.
- There were no reporting errors in previous period to disclose.

Reporting risk management and controls

Signify's sustainability reporting cycle and processes align with the business principles and policies for statutory reporting, while risk management and internal controls are incorporated within the Signify Business Control Framework. We review annually the risk assessment of our reporting process to identify the most material risks and define the appropriate controls. This process is co-led by the Sustainability team and the Internal control team. The risk management process complies with the COSO framework.

The main risks identified concern the accuracy and completeness of data collected, specifically on environmental matters. To remediate this, controls have been adopted on the relevant software and tools used to collect the information for the prioritized data points. A roadmap of future

controls to implement has been adopted, based on the prioritization of material matters. The prioritization of needed controls is done based on the severity and scale of the risks. The Sustainability team and control team assess this together and submit the proposed focus for annual improvement projects.

The controls adopted for sustainability reporting are integrated in the internal control platform and are monitored there. The accuracy and completeness of data for our prioritized matters is assessed annually. Actions are implemented in case issues remain. The actions are logged and documented. The Audit Committee of the Supervisory Board provides oversight for the system of internal business controls and risk management. The governance model is described in chapter 13, Risk factors and risk management, section 13.1.

Sustainability governance

The general governance information regarding the Board of Management and the Supervisory Board can be found in the governance chapters of this report. Additional details on sustainability governance are provided in the following paragraphs.

The Board of Management is responsible for sustainable long- term value creation by the company. The two members of the Board of Management have extensive experience and skills regarding our business, industry and material IROs as they are executive members who have been part of Signify for many years. The Board of Management designs a strategy in pursuance of our long-term value creation vision and relevant targets. The Supervisory Board is involved in the strategy design and supervises the implementation of the strategy by the Board of Management.

Sustainability is an inherent part of the company's strategy. In designing and overseeing the strategy, both Boards therefore take relevant sustainability elements into account, including relevant impacts, risks and opportunities. The same applies when considering major transactions and the company's risk management process.

The responsibilities of the Board of Management include the preparation of the double materiality assessment (DMA) outcome in accordance with the CSRD and overseeing the impacts, risks and opportunities of material sustainability topics identified in that context. The Supervisory Board has a monitoring role in this regard. These roles are reflected in the Rules of Procedure for the Board of Management and Supervisory Board, respectively, and are available on the company's website. There is no formal employee representation in the Boards but we have processes and engagements in place between workers representatives and the Boards throughout the year.

Signify's sustainability program Brighter Lives, Better World 2025 is embedded in our purpose and integral to our strategy and the way we do business. The Brighter Lives, Better World 2025 program and targets are discussed in more detail in section 5.1. The targets were set by the Board of Management. Progress on these targets is reviewed on a quarterly basis by the Audit Committee and Supervisory Board. Additional Impacts, risks and opportunities (IRO) targets are proposed by relevant function leads.

Subsequently, these IRO targets are set and quarterly reviewed by the Board of Management as part of the strategic initiatives review. The Chief of Strategy, Sustainability and Marketing monitors the performance on the targets with the relevant function leads. The activities in relation to sustainability matters by the Supervisory Board and its Audit Committee in 2024 are discussed in chapter 9, Supervisory Board report.

The results and effectiveness of the policies and action plans in place to address our material IRO as well as the due diligence implementation are monitored by the management of the respective function such as HR, Sustainability, Procurement. The management team updates the Board of Management as relevant and corrective actions are taken when necessary.

In 2024, the Board of Management prepared the double materiality assessment that was presented to the Supervisory Board. More details on the double materiality assessment and material sustainability topics are included in the double materiality section and the respective topical sections.

Our organization is committed to effectively managing the impacts, risks, and opportunities related to our operations. To ensure this, we have implemented specific controls and procedures that integrate these elements into our internal functions. These include:

- An annual double materiality assessment
- Due diligence processes
- Ongoing impact management and data collection on material IRO (impacts, risks, and opportunities)
- Clear ownership of material IRO by designated functions and leads
- External assurance, certifications, and internal audits
- Each function lead is responsible for overseeing the controls and procedures related to their material IRO.

We communicate our sustainability program initiatives and achievements on a quarterly basis to Signify employees and on our website to external stakeholders. Sustainability programs are embedded in the Signify organization and ways of working. Examples of departments that implement sustainability programs include sales, innovation, manufacturing, sourcing, and logistics.
The sustainability reporting cycle is managed by the Sustainability team working in collaboration with all relevant departments. The ESG Reporting Steering Committee oversees the annual ESG reporting strategy and progress on objectives throughout the year in quarterly meetings. We also share updates on the risks assessment and prioritization for the ESG reporting process. The Committee is comprised of leadership representatives from the following functions: Finance, Accounting, Digital, Procurement, and Sustainability.

Incentives

Signify has adopted a sustainability-related target for incentives which is defined in the Remuneration Policy. Sustainability targets make up 25% of the long term incentive metric. More details on the incentives in chapter 10, Remuneration report.

Due diligence process

At Signify, due diligence is integral to our commitment to responsible business practices, in line with the OECD Guidelines for Multinational Enterprises and increasingly with the EU Corporate Sustainability Due Diligence Directive (CSDDD). Our comprehensive due diligence framework addresses both human rights and environmental impacts, ensuring we meet regulatory requirements and uphold our ethical standards.

We conduct annual risk assessments to identify and mitigate potential adverse impacts across our value chain. This includes evaluating our own operations and our suppliers on environmental management systems and compliance with international standards which covers provisions on fair labor practices, environmental protection, and anti-corruption measures. Regular audits and assessments are conducted and non-compliance is addressed through corrective action plans. The due diligence core elements are fully integrated across all our businesses and processes. Our due diligence table in section 5.6, provides a mapping of where to find the information for the different elements.

Strategy, business model and value chain

Signify's purpose is to unlock the extraordinary potential of light for brighter lives and a better world. With a legacy of more than 130 years, we have consistently been at the forefront of lighting technological advancement and innovation. Our strategy and business is defined in chapter 3, Business and strategy. Our workforce includes 29,459 FTEs globally spread across mainly the Americas, Europe, Central and Southeast Asia.

For details on our principal markets, see the revenue per country table in note 3, Information by segment and main country in section 15.6. Our customer groups are aligned with our businesses described in chapter 3, namely Professional, Consumer, OEM and Conventional. Some conventional lighting products are banned in the EU, the US and Australia due to regulations regarding incandescent and halogen lamps in relation to energy efficiency requirements. These are sold in limited quantity in other markets.

Signify main activities are related to the Manufacturing of Electronics and Electronic Equipment (MEL) with NACE sectors and respective revenues as follows:

- C.27.40 Manufacture of electric lighting equipment (97% of revenues in 2024)
- F.43.21 Electrical installation (1% of revenues in 2024)
- N77.40 Leasing of intellectual property and similar products, except copyrighted works (2% of revenues in 2024)

Summary information on sales and regions breakdown as well as breakdown per business is provided in chapter 1, Performance highlights. Our C.27.40 activities are categorized as high climate impact. Our total net revenue in 2024 was EUR 6.14 billion. See note 4, Income from operations in section 15.6 for details on the related revenues.

Core to our business is sustainability – not only our energy efficient portfolio but also how we operate as a company. Signify is committed to turning the vision of a low-carbon future into reality. We provide energy-efficient lighting products, systems, and services to business, cities, and consumers, aiming to reduce global electricity consumption from lighting.

At Signify, we are dedicated to delivering energy efficient, serviceable, and upgradeable lighting products that promote better visibility, well-being and performance. This is achieved by fostering a sustainable value chain with circular solutions for longevity, repairability, and recyclability. By offering sustainable lighting products, systems, and services, we enable our customers to make more sustainable choices. Given the approximately 31 billion light points worldwide, the potential for a positive environmental impact is enormous.

Our products portfolio is tagged according to climate, circular and social attributes, and EU Taxonomy requirements. See more details in chapter 5, Sustainability statements on the progress for our Brighter Lives, Better World program in section 5.1 and on the EU Taxonomy in section 5.2. The potential material impact, risks and opportunities (IROs) related to our sectors are captured as part of our double materiality assessment except for our activities in leasing of intellectual property which does not present any potential material IROs for the business at this stage.

As a company driven by innovation, we invest significantly in product design. This dedication was rewarded in 2024 with 8 Red Dot Awards and 8 iF Awards. We lead the LED lighting industry with 20,250 patents, serving a market where LED products account for 90% of our sales. Additionally, we are the global front runner in connected lighting for homes, cities, and workplaces, with 124 million connected lighting points worldwide.

The strategic context in chapter 3 provides an overview of the current priorities and focus regarding our strategy and sustainability ambitions. It addresses the challenges and issues our business faced over the past years and how it was managed. More details on these challenges are further discussed in the material matters sections reflecting on the impact on the strategy and decisions taken.

As part of Signify's sustainability program Brighter Lives, Better World 2025 we aim to double our positive impact on environment and society, creating brighter lives and a better world. Launched in September 2020, our doubling commitments are set for a five-year period ending in 2025, using 2019 as the baseline year. This year marks our fourth reporting year on our progress to double our positive impact. Our program is integrated in our 5 Frontiers strategy, under the third frontier and includes our approach towards the sustainable material impact, risks and opportunities. Signify 2024 strategic results and impact on its strategic frontiers are covered in chapter 3.

Our Brighter Lives, Better World 2025 targets include the performance of our products, from the design phase to the sales teams across the globe and relates to our engagement with customers, suppliers, public authorities, communities and investors. Through our Brighter Lives revenues and Circular revenues targets, we have assessed the alignment of our products and services across markets and customers and we demonstrate the progress quarterly.

Our value chain

This diagram describes our value chain activities related to the manufacture of electric lighting and electrical installation. We have excluded the leasing of intellectual property.

Upstream

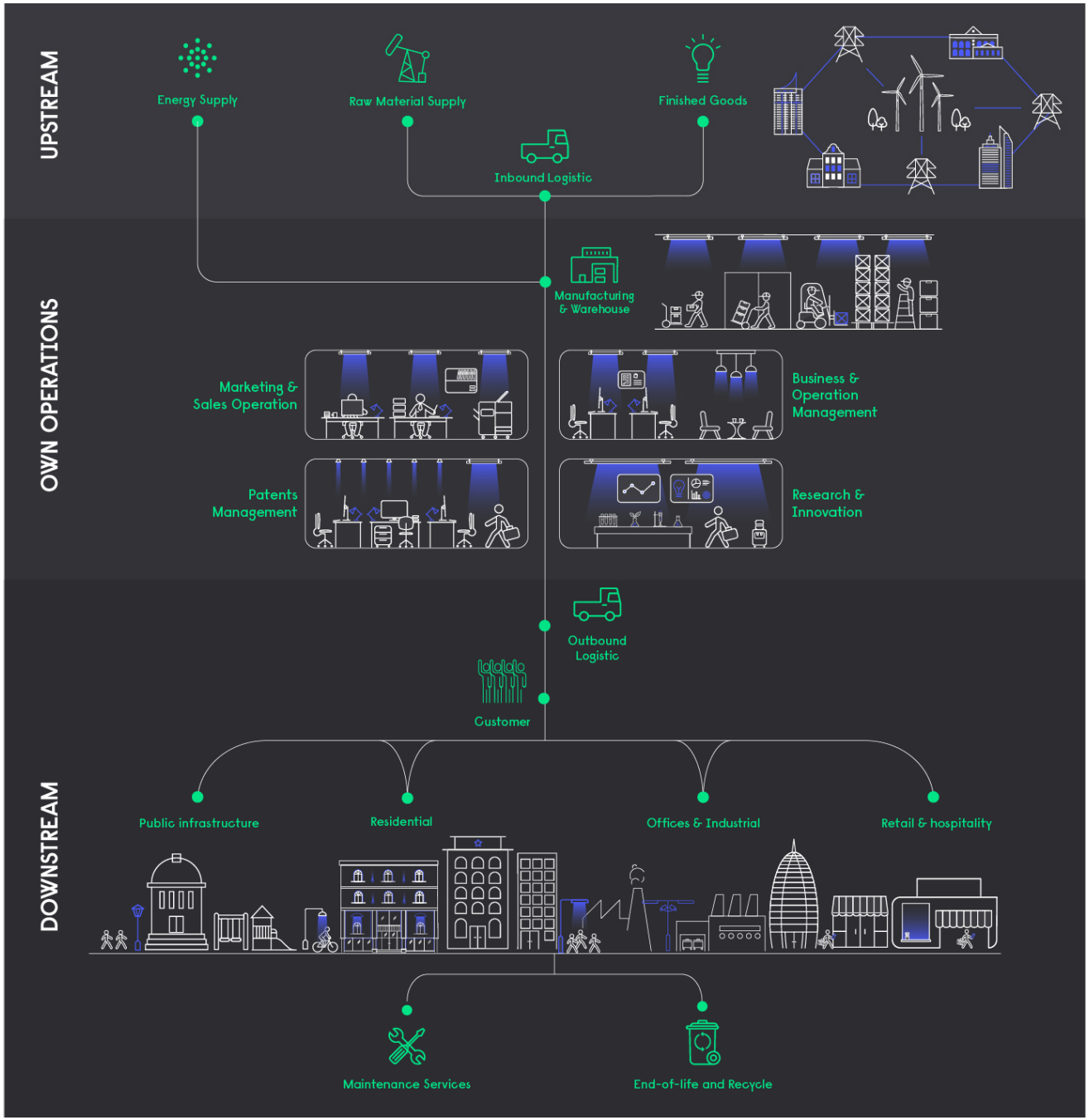
Given our broad portfolio of products across multiple brands, Signify has a complex global supply chain system. Our products rely on key commodities such as metals, plastics, glass, e-components, cables and finished goods. Our tier 1 suppliers are located in the following regions: China (78%), Mexico (8%) and India (5%). More details on our suppliers in section 5.3, S2, Workers in our value chain.

Own operations

Within our own operations our activities are carried out in our manufacturing sites, warehouses and offices. These are mostly located in North America, Europe and South and East Asia. Signify has 29,459 FTEs globally with 45% in Asia & Pacific, 27% in Europe, 26% in the Americas and 2% in Africa & Middle-East. More details in section 5.3, S1, Own workforce.

Downstream

Our products are delivered to our customers working with logistic partners through distribution channels. Our customer support provides assistance, offers maintenance services, rolls out product recalls, etc to our clients. For professional services, we provide tools and training to help bring lighting projects to life. Signify offers local programs with partners to refurbish and recycle products at end-of-life. As part of our professional contracts, we commit to replacing light fixtures or bulbs and ensuring the reuse of returned products and materials.



Interest and views of stakeholders

Capturing perspectives from multiple stakeholder groups enables us to gain broader insights into our impact and contributes to the definition of our future strategy and plans. Signify engages with its strategic stakeholders on a regular basis. These stakeholders are most likely to be impacted by our activities and have the most influence on achieving our commitments. Various channels are in place for the different type of stakeholders. Each process is owned by a relevant department which leverages the input and feedback. We use this input for our double materiality assessment. The table to the right provides an overview of the engagement topics covered with each stakeholder group and how it impacts the strategy.

The Supervisory Board is updated annually on the sustainability-related insights collected from key stakeholders through discussions on material topics. The impact of the insights is integrated into the relevant action plans and strategies which are presented to the Board of Management and Supervisory Board as relevant.

One area of improvement for the coming years is the engagement with local communities. Signify currently receives insights and input through market partners and local teams. We plan to expand our engagement with local community representatives and the Signify Foundation to establish a regular process by 2027.

Stakeholder group	Engagement type	Topics Covered	Impact on strategy
Employees	Team survey, workers representatives, compliance ethics channel.	Health & safety, well-being, DE&I, working conditions, equal treatment, re-organization, sustainability objectives.	Health & safety annual awareness week and progress on TRC target. DE&I roadmap, equal pay assessment, NPS survey, sustainability quarterly webcasts, engagement campaigns, input for materiality assessment.
Customers / Consumers	Business development, consumer panels, Net Promoter Scores.	Satisfaction rates, fluctuation in energy availability and cost, environmental product declaration and life cycle assessment, ESG performance, sustainability targets.	R&D investment, awareness campaigns on sustainable principles in products, sustainable revenue targets, regional approach to increase sales for more sustainable products.
Suppliers	Supplier onboarding, quality improvement projects, cooperation in industry working groups, strategic commodity management.	RBA audit program, ESG performance, peer learning.	Audit program improvement, prioritized topics for engagement and trainings, increased data accuracy and collection from suppliers.
NGOs	Partnerships with NGOs, cross-sector (multi-stakeholder) projects, social investment program, Signify Foundation.	Social impact of light and regional context, sustainable operations, growth for sustainability.	Target and progress on social impact of light and Lives Lit target, input for materiality assessment.
Public authorities	Annual innovation experience, research projects, advocating activities, GreenSwitch and Brighten America programs.	Sustainable cities, energy crisis and efficiency, sustainable innovation.	Focus on sales and marketing for relevant market, public policy and advocacy policy reviewed.
Investors	Virtual roadshows, (ESG) investor conferences and 1-1 meetings, investor webcasts, investor relations website, investor perception study.	Strategic alignment sessions, ESG performance, sustainability targets and progress.	Alignment on priority topics, financial quantification of sustainability risks, TCFD and TNFD progress.
Research/ Academic	R&D projects, student learning projects.	Energy efficiency, CSRD, climate risks.	Contribute to innovation projects, provide input for new reporting topics.
Peers/Industry associations	Industry associations meetings, conferences and association newsletters.	Climate, nature, human rights, energy crisis, lighting market.	Insights in upcoming trends and preparation needed, alignment on reporting best practices, peer learning and trainings.

Double materiality assessment

Our assessment approach

Signify delivered its first double materiality assessment (DMA) based on the CSRD requirements in its 2023 Annual Report and conducted a review in 2024 to align with the final ESRS, the implementation guidance and changes in the business and the market. The assessment's objective was to review and confirm the list of material topics related to the actual and potential impact Signify has on the environment and society and the risks and opportunities on the company's strategy and business model. The assessment covered the entire value chain, considered direct and indirect impact and looked at actual and potential, positive and negative impacts, as well as actual and potential risks and opportunities. The due diligence process was integrated in this assessment's steps. See the due diligence table in section 5.6 for more details. We plan to conduct and review the DMA annually.

The main changes in the process from 2023 were:

- Further refined the assessment of positive and negative impact;
- Edit of sub-topics terminology to fully align with ESRS;
- Further define the activities concerned by the material matters and sub-topics along the value chain.

Understand the context

We started the process by defining a full value chain mapping, identifying Signify's activities and business relationships. We also identified our key stakeholders by considering the stakeholders potentially affected across our business activities and the users of our sustainability statements.

Identify potential and actual IROs

We calibrated our 18 sub-topics from 2023 to fully align to the ESRS definitions and signed off the updated list of 19 ESRS sub-topics and definitions of potential impact, risks and opportunities as well as potential affected stakeholders. Two topics; namely Digitalization and Cybersecurity; were removed from the list as they are not perceived as relevant sub-topics to assess regarding potential material IRO. Three topics were further broken down to be assessed separately: Energy assessed separately from Climate Action; Inflows and outflows assessed separately, and Living Wage for Own Workforce assessed separately from Human Rights.

Review the assessment

We first reviewed the list of stakeholders to engage for this review. As we were not conducting a full assessment again in 2024, we identified 23 internal experts as well as six internal proxies for external stakeholders. We plan to engage directly with internal and external stakeholders every two years.

Regarding the criteria and methodology for assessing the topics; we relied on the same definitions and threshold set in 2023. We have set up a scale and scoring system for each criterion with definitions, ranging from 0 to 5. The threshold was set at 2,5. For impact, we assessed the severity (scope, scale and remediability for negative; scale and scope for positive) and likelihood (for potential impact). We also gave precedent to the severity for human rights-related impacts. For financial risks and opportunities, we assessed the magnitude and likelihood.

We engaged with internal experts across the business to ensure a representation of all specific activities, business relationships, and geographies. Other external stakeholders and experts were engaged in the 2023 process and their input was used as a basis for this year's review. We also leveraged the regular input we collected from our key stakeholders as detailed in the 'Interest and views of stakeholders' section, as well as the input from the internal proxies representing specific external stakeholders. We plan to enhance our engagement with affected stakeholders in the coming years to ensure that the assessment reflects a broader range of perspectives and insights. Regarding social and human rights topics specifically, we plan to use the due diligence risk assessments outcomes as input to the process to include the comments and views of stakeholders and affected stakeholders.

To ensure an effective prioritization of matters, the threshold considering severity and likelihood from 2023 was used again. For actual and negative impacts, the threshold for materiality was based on the severity of the impact, while for positive impacts, it was based on the scale and scope. For potential impacts, the assessment also considered the likelihood. The review considered inherent impact and risk and did not consider existing remediation actions.

Each matter was discussed with the relevant internal expert to consider the linkages and correlation between impact, dependencies, risks and opportunities. The interlinkages between matters and sub-topics were also considered during the discussions. The following elements were addressed during the interviews: the entire value chain, the potential and actual negative and positive impacts as well as the risks and opportunities; the affected stakeholders and the short-, medium- and long-term horizons.

Consolidate outcome of prioritized material topics

Based on the input collected, the list of material topics was confirmed using the threshold defined. Sixteen sub-topics were defined as material and six sub-topics were scored below the threshold. See the table on pages 43-45 for more information on the potential, actual, positive and negative impacts, risks and opportunities.

The assessment outcome was presented to the members of the ESG Reporting Steering Committee and subsequently to the Board of Management that adopted the results. The double materiality assessment was presented to the Supervisory Board. No changes were requested. See also the Sustainability Governance section above. The outcome is considered as input to the Enterprise Risk Management, as described below, as well as input to the annual strategic planning which occurs during the last quarter of every year.

Reporting

Once approved, the Sustainability team worked on the draft of this section to report externally on the process and outcome of the assessment. The list of disclosures requirements was defined by confirming the disclosures for each material IRO and supplementing voluntary information based on requirements from ratings and rankings.

Integration with Enterprise Risk Management

The outcome of the double materiality assessment was used as input for the annual Enterprise Risk Management (ERM) process. The Sustainability team worked together with the Risk team to incorporate the material sustainability risks to the prioritized short list of topics under the ERM. When relevant, specific sustainability risks were considered to evaluate the general risk profile of specific activities of the business. In addition, we quantified internally the sustainability risks for the first time and engaged with the relevant teams to define it. See more about the ERM cycle and governance processes in chapter 13, Risk factors and risk management.

2024 conclusions

In conclusion, our materiality assessment led to five material ESRS matters and 16 material IROs. In terms of reporting, the following ESRS are in scope for this report: E1 Climate change, E5 Circular economy and resource use, S1 Own workforce, S2 Workers in the value chain and G1 Business conduct.

Six sub-topics scored below the threshold; namely, E2 Pollution – Substances of concern, E3 Water consumption, E4 Biodiversity – Land use, ecosystem services and protected species, S2 Workers in the value chain – Equal treatment, S4 Consumers – Social inclusion and S4 Consumers – Personal safety.

The main changes from 2023 are:

- A new financial opportunity under E1 Climate mitigation was identified following the climate risk assessment;
- E5 Waste became a material negative impact which was already close to the threshold in 2023. Its impact increased slightly due to our expanded approach on upstream activities within the value chain;
- G1 Business conduct became a material positive impact following recommendations from stakeholders to recognize the potential positive impact of our existing programs and culture across the sub-topics;
- Human rights topic was reviewed across S1 Own workforce and S2 Workers in the value chain and specific material potential and actual impact on sub-topics were defined.

Material impacts, risks and opportunities description

The following tables describes the material impact, risks and opportunities and provides high level information regarding the relevant strategy and actions in place which address the business approach and resilience to manage these impacts, risks and opportunities. Signify has capacity to address its IROs based on the existing business model and strategy. A specific resilience analysis is conducted for E1 Climate change. Read more about it in the E1 section. It also provides information on the current effect on our strategy, value chain and business model.

The current financial effects of material risks and opportunities and the allocated budgets to IRO action plans are below the financial materiality thresholds and therefore not disclosed in the report and financial statements. Specific risks with future anticipated effects are further explained in the section Notes to the Consolidated financial statements when financially material. The link with our strategy and business model are further defined in the topical sections when relevant, as well as more details on the policy, action plan and metrics.

Our material IROs are covered within the ESRSs. We have four additional pre-existing metrics that are Signify-specific from our Brighter Lives, Better World 2025 Program and we have additional supportive metrics for S1 Own Workforce. Two of these metrics, Circular Revenues and Women in Leadership, are entity-specific disclosures as defined by the ESRS.

Sustainable innovation

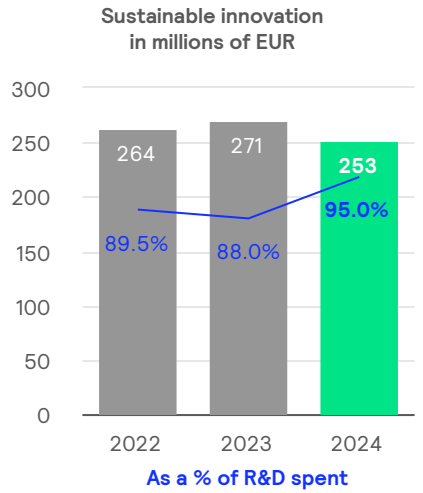
Innovation is an important pillar of Signify's purpose and our R&D drives investments toward our material IROs. Our sustainable products and systems must demonstrate proven measurable benefits in one or more of the following eight sustainable focal areas (SFAs).

Our five Better World SFAs:

- Energy & solar – increasing energy efficiency of products, systems and services, and solar systems and solutions;
- Circularity – optimally preserving value and avoiding waste via serviceable luminaires, circular components, intelligent asset management, and circular services;
- Packaging – reducing packaging weight and volume, increasing recycled material in the packaging, eliminating the use of fossil-fuel based plastics in the packaging of consumer products, and optimizing transportation efficiency;
- Substances – eliminating harmful substances;
- Weight & materials – reducing product weight, selecting recycled and/or renewable materials.

Our three Brighter Lives SFAs:

- Safety & security – providing light that has a positive effect on reducing crimes such as burglary and theft in cities and houses, increases safety in traffic and protection against cybercrime;
- Health & well-being – designing light to support health, well-being, and performance of humans, animals and wildlife with visual, biological, and emotional benefits of light;
- Food availability – providing light that enables the production of more and better-quality food, while optimizing the use of land, water and energy and avoiding the use of pesticides.



Our sustainable innovations continue to transform the lighting industry. In 2024, we invested EUR 253 million in sustainable innovation which represents 95% of Signify R&D expenses (88% in 2023). We believe that sustainable innovation will help create an increasingly future-proof and purposeful portfolio of products, systems and services.

Sustainability matter	IRO description	Strategy and actions	Value chain	Affected stakeholders	Time horizon
E1 Climate change					
Climate mitigation Positive impact (actual)	Low carbon product use: Emissions reduction from the use of sold products due to energy efficient solutions.	Signify's efficient products contribute to reducing energy consumption and emissions, leading to a positive impact at the use phase. This impact is connected to our scope 3 reduction target and business objective to innovate with more energy efficient solutions.		Customers and consumers Public authorities Communities Nature	Short, Medium and Long term
Climate mitigation Negative impact (actual)	Emissions from production process in our value chain: The embedded carbon in purchased goods and the greenhouse gas emissions generated in own production processes.	Signify has set emissions reduction targets for its own operations and supply chain, reaching 90% reduction by 2040. We have programs in place to meet this target through our own operations activities and with our suppliers.		Suppliers Public authorities Nature	Short and Medium Term
Climate mitigation Risk (potential)	Transition costs across the value chain: Transformation presents potential financial risks due to the cost of transitioning our manufacturing processes and increased supply chain costs.	Signify has defined a Climate Transition Plan with expected investments across the value chain to carry out the necessary transformation to meet its reduction targets, which is under regular review.		Suppliers Own workforce	Short, Medium and Long term
Climate mitigation Opportunity (potential)	Energy efficient products market: Increased societal awareness of the challenges of climate change with a shift in consumer preferences and new policy will result in growth of demand for energy efficient and low-carbon products.	As part of the Climate Transition Plan, Signify advocates for tripling global renewable energy capacity and doubling the rate of energy efficiency improvements globally. Signify will capture the market opportunities following energy efficient policy for renovation and more efficient infrastructures.		Customers and consumers Public authorities Nature	Short, Medium and Long term
Energy Positive impact (actual)	Energy efficiency: Designing energy efficient products helps Signify to mitigate climate change, by reducing energy consumption.	Signify efficient products contribute to reducing energy consumption and emissions, leading to a positive impact at the use phase. This impact is connected to our business objective to innovate with more energy efficient solutions.		Customers and consumers Public authorities Nature	Short, Medium and Long term

‹ Upstream ■ Own operation › Downstream

Sustainability matter	IRO description	Strategy and actions	Value chain	Affected stakeholders	Time horizon
E5 Circular economy and resource use					
Inflows Negative impact (actual)	The extraction of primary raw materials: Suppliers' production processes lead to the depletion of raw materials and damages related to pollution, deforestation, land use change and loss of biodiversity.	Signify circularity principles have been integrated into the innovation and product development processes. Alternative materials are assessed and increased over time.	‹	Suppliers Workers in the value chain Communities Nature	Short and Medium Term
Inflows Risk (potential)	Higher purchasing costs: Rising prices of virgin materials and higher prices of sustainable alternatives.	As part of the procurement processes, the costs and availability of virgin materials is monitored. To mitigate, alternative sustainable materials are considered and used when possible in alignment with our circularity principles and procurement guidelines.	■	Suppliers Investors	Short and Medium Term
Outflows Positive impact (actual)	Circular principles: It is integrated in our products, with the aim to reach our Circular revenues target of 32% driving positive outcomes and reducing the outflows negatively impacting the environment.	A third of our products' sales contains a circular attribute such as repairability, re-cyclability, and re-usability. As part of the Brighter Lives, Better World Program, Signify 2025 target is to reach 32% of revenue from circular products, systems or services.	■ ›	Customers and consumers Public authorities Investors Communities Nature	Short, Medium and Long Term
Waste Negative impact (potential)	Waste generation: Waste management is an important part of our production process and for our suppliers. Ineffective waste management can lead to environmental contamination, regulatory non-compliance, and increased operational costs.	Signify has achieved zero waste to landfill in its own operations and has almost met its commitment of no fossil-fuel based plastic in consumer packaging. The next focus is to manage waste with key suppliers and reduce the negative impact.	■	Customers and consumers Suppliers Public authorities Communities Nature	Short and Medium Term
S1 Own Workforce					
Health & Safety Negative impact (potential)	Potential risk of incidents and injuries in manufacturing environment.	Signify has efficient and strong health and safety programs in place ensuring the safety of its workforce and contractors. The total recordable case rate (TRC) target for 2025 is of 0.30.	■	Own workforce	Short, Medium and Long Term
Talent and development Risk (potential)	Talent and skills set shortages: Attrition costs, the loss of specialized knowledge, adapting to changing workforce expectations, and managing disruptions related to workforce location changes.	To mitigate this risk, Signify invests in trainings and has a development program for all employees. The turnover rate and reasons for leaving are registered and assessed annually.	■	Own workforce	Short, Medium and Long term

‹ Upstream ■ Own operation › Downstream

Sustainability matter	IRO description	Strategy and actions	Value chain	Affected stakeholders	Time horizon
S1 Own Workforce					
Diversity, equity and inclusion Positive impact (actual)	Inclusive workplace practices help foster inclusive leadership practices and a diverse workforce which creates a sense of belonging and equal opportunity positively affecting mental well-being.	Signify invests in its DE&I program and is implementing a multi-year roadmap. Gender diversity is tracked at different management levels and actions are put in place to reach the targets. This is linked to the Brighter Lives, Better World 2025, Women in leadership target.		Own workforce	Short and Medium Term
Living wage Negative impact (actual)	Limited scope of employees in specific contractual conditions found at risk of being below the living wage.	Signify has adopted remediation actions for the one region with living wage issues, which represents 0.62% of the population analyzed in the 6 risk countries.		Own workforce Public authorities	Short Term
S2 Workers in the value chain					
Working Conditions Negative impact (actual)	Working conditions at risk: Most of Signify upstream suppliers are based in high-risk countries; China (78%), Mexico (8%) and India (5%). Working hours and building safety are the main risks.	Signify monitors high risk suppliers for potential risks. In case actual risks and violations of working conditions are found, we actively engage with suppliers to address and resolve issues.		Workers in the value chain Suppliers Public authorities	Short and Medium Term
Child and forced labor Negative impact (potential)	The electronic sector and mining sector connected to our supply chain have a high risk for child and forced labor.	Signify has a zero-tolerance approach and has implemented a child and forced labor due diligence program that actively monitors risks and violations; including a process to redress any violations identified. There is a dedicated program for responsible minerals due diligence.		Workers in the value chain Suppliers Public authorities Communities	Short, Medium and Long Term
G1 Business Conduct					
Corporate Culture Positive impact (potential)	Strong business ethics and compliance can provide consumers, suppliers and partners with choices aligned with their values. Running responsible and ethical businesses, contributing to a more socially and environmentally conscious society and increasing investors' confidence and benefits society.	Based on Signify's Integrity Code and strong compliance and ethics programs, annually we run training for employees, conduct risk assessments and address concerns with corrective actions.		Own workforce Suppliers Public authorities Customers and consumers Investors	Short, Medium and Long term

‹ Upstream ■ Own operation › Downstream

5.2 Environment

Signify aims to address some important challenges of our time, such as climate change and resource scarcity. These shape the needs of our customers, employees, all our stakeholders and the society we live in. This section presents our policy, actions and progress regarding our material impact, risks and opportunities on climate change, circular economy and resource use.

5.2.1 Climate change (ESRS E1)

Our approach

As the global leader in lighting, Signify has an important role to play in the transition to a global low-carbon economy. We have been at the forefront of the transformation of the lighting industry. In 2006, we called for the phase-out of incandescent lighting at a time when it accounted for two-thirds of our sales volume. While this radical shift challenged many within the company and among our stakeholders and peers, it was the foundation of our industry leadership position today.

In 2024, 90% of our revenues come from energy-efficient LED-based technologies. And more recently, we have been able to pioneer ultra-efficient technologies that last longer and greatly surpass the energy savings previously possible with standard LED. As a result of our innovations, we have achieved a 61% absolute reduction in greenhouse gas (GHG) emissions across our entire value chain, including emissions from the product use phase, since 2019. At the end of 2024, the total avoided emissions achieved through our LED technology sales (compared to Conventional technology) was 256 million tonnes CO_2e.

We firmly believe that there is much more we can do to mitigate climate change. In 2024, we stepped up our climate ambitions once again, with a plan that builds on close to two decades of action. Signify's Climate Transition Plan is an important evolution in our sustainability journey – a pledge to go further and faster. In 2024, Signify announced its Science-Based Targets initiative, validating its net-zero targets with a commitment to reduce greenhouse gas emissions by 90% across our entire value chain by 2040, based on a 2019 baseline year, without relying on carbon credits. A crucial point of progress is that these efforts encompass not just our own operations, but our entire value chain. We use our voice to engage our customers, employees, and public decision-makers on how to accelerate climate action, toward brighter lives and a better world.

Signify Sustainability Policy sets out our commitment to mitigating climate change in our value chain, by reducing carbon emissions, increasing energy efficiency and use of 100% renewable electricity. It is overseen by the Chief of Strategy, Sustainability and Marketing. While this policy does not outline the specific steps required to address the identified IROs, it has effectively set the direction for our transition by shifting our business. Additional policies; like Environment, Health & Safety policy and our Supplier Sustainability declaration support the drive of these actions in our operations and for our supply base.

The management of our impact, risks and opportunities follows the governance model applied to our sustainability program Brighter Lives, Better World. Read more on this in section 5.1. Signify has adopted sustainability incentives, of which climate related targets account for 6.25% of the total. More details on the incentives in chapter 10, Remuneration report.

Material impacts, risks and opportunities

The double materiality assessment identified the following material IROs:

Climate mitigation:

- Low carbon product use: actual positive impact downstream;
- Emissions from production process: actual negative impact upstream and in our own operations;
- Transition costs: potential risks upstream and in own operations;
- Energy efficient products market: potential opportunity downstream.

Energy:

- Energy efficiency: actual positive impact downstream.

Read more details in the DMA section.

In terms of process, the material impact, risks and opportunities related to climate change were identified through the double materiality assessment as well as a specific climate-related risks and opportunities assessment based on climate change scenario analysis. The double materiality assessment is further explained in section 5.1 and the climate-related risks and opportunities assessment is defined in section 5.2.

The impacts, risks and opportunities are further described below. Our Climate Transition Plan directly addresses these impacts, risks and opportunities and the action plan and resources are explained in the sections hereinafter.

For climate-related risks and opportunities specifically, Signify conducts an annual assessment considering multiple climate change scenarios. Based on the double materiality threshold, we perform further analysis on the financial impact of material risks and opportunities. See section Climate risks below for more details.

Action plan, targets and resources

Signify's Climate Transition Plan was launched in June 2024 based on SBTi targets aligned with the Paris Agreement's 1.5°C pathway. Our SBTi approved targets are:

- Net-zero greenhouse gas emissions across the entire value chain by 2040;
- 50% reduction in absolute scope 1, 2 and 3 greenhouse gas emissions by 2030, compared with 2019 base year;
- 90% reduction in absolute scope 1, 2 and 3 greenhouse gas emissions by 2040, compared with 2019 base year.

Our targets cover 100% of our Scope 1, 2, and 3 GHG emissions, including all 7 Kyoto gases. The plan covers our entire value chain and defines specific actions and decarbonization levers which are connected to our five material IROs under E1. The plan was approved by the Chief Strategy, Sustainability and Marketing Officer and reviewed by the Supervisory Board and Board of Management. It is integrated within our company's strategy and planning given its connection to our Brighter Lives, Better World Program. Signify will track progress on the actions quarterly and report annually on

the implementation of the plan. The approach and actions planned are aligned with Signify Sustainability Policy and is managed following the same governance processes.
The use phase of our products accounts for more than 99% of total emissions across our value chain. To achieve net-zero, we must further increase the energy efficiency of our lighting. We must also advocate for the green energy transition to phase out fossil fuels and increase the use of renewable electricity in the world's grids. It is clear that without this transition, we won't be able to achieve our 2040 net zero target.

Our Climate Transition Plan involves making further energy efficiency gains at our manufacturing facilities and offices and increasing reuse and recycling of Signify products and components when they have reached the end of their useful life. But most of all, it is about designing and delivering ever more efficient LED lighting, which saves energy use, reduces GHG emissions, and lowers energy bills. We have made considerable advances in Ultra Efficient LED lighting, which is now 50-60% more efficient than first-generation LED.

Meanwhile, we will encourage a faster shift towards these technologies, and a faster decline in global energy demand, by partnering with others to advocate for an increase in the renovation of buildings, streetlights and other infrastructure globally. We realize these changes will affect our suppliers, customers, and employees, as we decrease production of inefficient conventional lighting in response to increasing market demand for energy-efficient solutions and evolving regulations. We are committed to supporting them during the transition, ensuring that our products remain affordable, especially for those on low incomes. At the same time, we are convinced that our transition to net zero will bring clear, long-term benefits.

Climate Transition Plan investment

The actions outlined in our Climate Transition Plan rely on our broader commitment to developing more sustainable lighting solutions and directing capital toward sustainable economic activities under the EU taxonomy. This directly supports our actions required to reduce emissions from product use, which represent 99% of our emissions.

In 2024, Signify reported 29.5% of capital expenditures and 32.2% of operational expenditures to taxonomy-aligned activities. These investments directly contribute to sustainable activities under CCM 3.5 – Manufacture of energy efficient equipment for buildings and CCM 7.7 – Acquisition and ownership of buildings. These investments include:

- Capital expenditure: Purchasing equipment for LED production and enhancing the energy efficiency of our factories and other facilities, as well as lease contracts for new and/or renovated buildings.
- Operating expenditure: Investment in innovation, research, and development to further improve the energy efficiency of our product portfolio and support greater circularity.

Our ambition is to increase our aligned investment towards the EU Taxonomy objectives to support or Climate Transition Plan targets. In 2025, we will continue to develop and align our financial allocation plan required to address the actions for the other areas of our climate transition plan, representing 1% of remaining emissions.

Net zero drivers

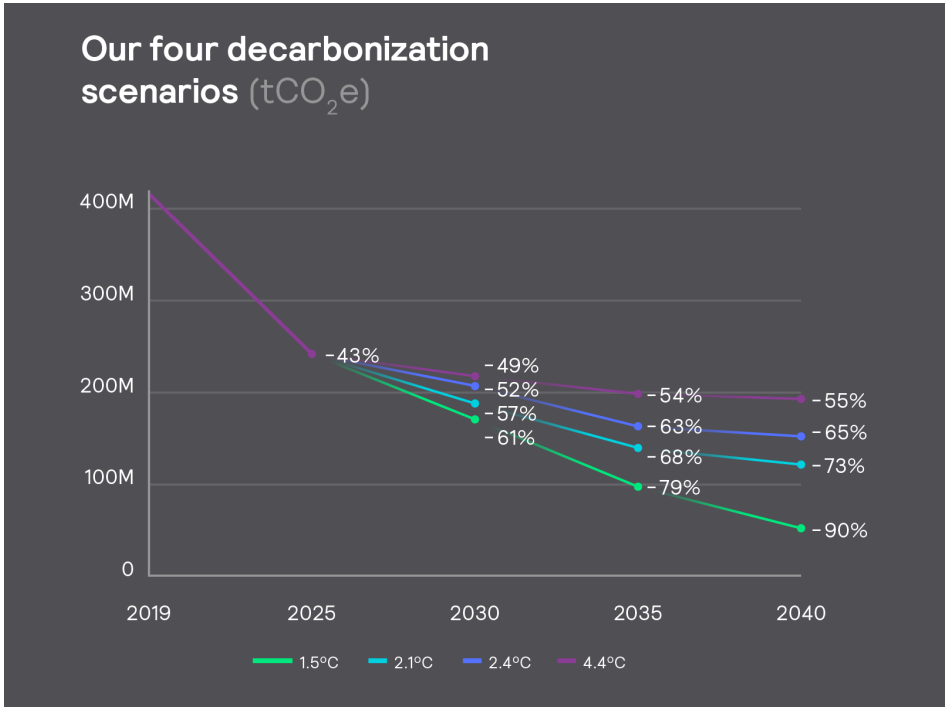
With most emissions outside our operations, we have two main drivers to achieve our net-zero ambition:

- To further improve the energy efficiency of our products – this will help reduce energy consumption and support our customers' decarbonization goals
- To advocate for a green energy transition – this means working with governments, business and other stakeholders to increase the use of renewable energy in the world's power grids. Over time, this second driver will become more important. By 2040, we expect over 40% of our emissions reduction will come from the transition to renewables as most of lighting products in use globally will be converted, over time, to energy-efficient LED lighting.

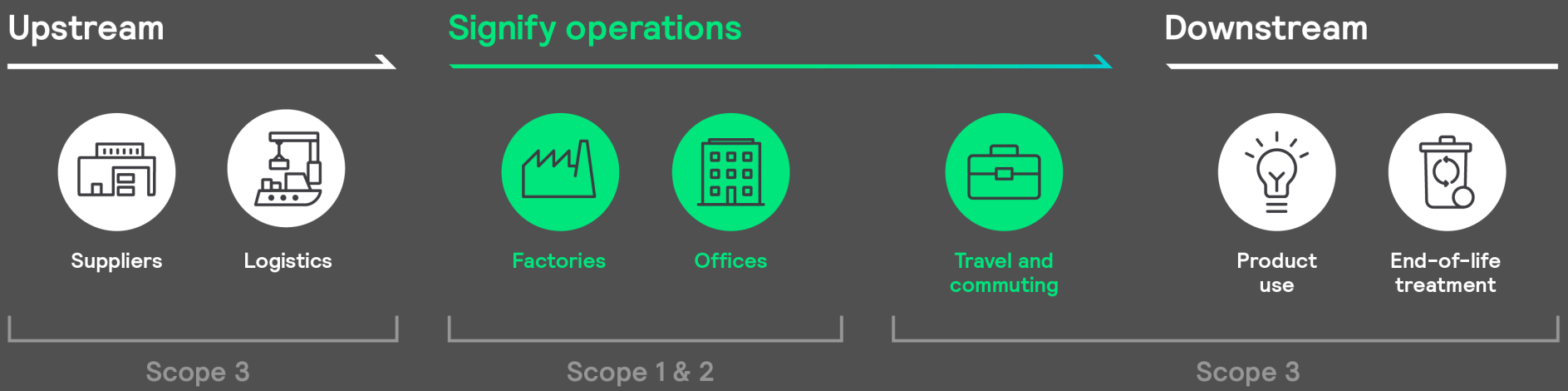
Decarbonizing scenarios

In developing our Climate Transition Plan, we mapped out four different decarbonization scenarios, based on the IEA's Net-Zero Roadmap (2023 update) and the sixth IPCC Assessment Report. These scenarios range from average global warming of 1.5°C to 4.4°C – and clearly show that achieving net-zero will depend on further climate action by government and business, particularly in accelerating the transition to renewables.

For more details on the breakdown of emissions reduction targets, levers, action plan, and estimated emissions reduction, please refer to the Signify Climate Transition Plan, chapter 2, Action.



Summary of action plan across Signify value chain



Suppliers
−0.7% CO_2

- Supplier sustainability program
- Green procurement strategy
- Power purchase agreements (PPA) for suppliers

Logistics
−0.03% CO_2

- Electrification of logistics fleet
- Increase energy efficiency and decarbonize modes of transportation
- Sustainable fuels

Operations
−0.04% CO_2

- Source 100% electricity from renewables
- Increase renewable electricity from PPAs
- Increase energy efficiency
- LEDification, retrofit own facilities

Travel and commuting
−0.02% CO_2

- Sustainable travel policy, partnership and fuels
- Augmented reality to avoid physical travel
- 100% EV or hybrid leased cars fleet

Use phase
−88% CO_2

- Ultra Efficient LED
- Decouple growth and emissions
- Advocate for acceleration of global renewable transition
- PPAs for customers

End of life
−1.1% CO_2

- Reuse, recycle
- Boost circular lighting portfolio
- Reduce waste and emissions from end-of-life treatment
- Packaging redesign

Decarbonizing our own operations

Signify is committed to climate action, this starts by taking accountability for our carbon footprint. We focus on decarbonizing our own operations and enabling our entire value chain and society to accelerate climate action. Signify has reduced 52% of its absolute carbon footprint in operations (scope 1 & 2) compared to our 2019 baseline, and continues to do so, through implementing initiatives in our factories, warehouses, and offices. 2024 saw a 42% year-on-year emissions reduction, primarily thanks to the effort of reducing natural gas consumption in factories, leading to a 28% gas reduction vs. 2023.

Signify did not invest in GHG removals and storage projects in 2024. For details on the finance resources and planning (OpEx and CapEx), please refer to chapter 2.8 Investments and business models of the Signify Climate Transition Plan, aligning with the EU Taxonomy.

In line with our climate transition plan, we are committed to reducing GHG emissions to achieve net-zero by 2040, with a particular focus on Scope 3 emissions (from the use of sold products). We aim to achieve this by continuously improving the energy efficiency of our products and advocating for an accelerated transition to renewable energy. Therefore, the majority of Signify's locked-in GHG emissions are primarily derived from the use of sold products over their lifetime. These locked-in emissions do not pose a risk to Signify's GHG emissions reduction targets or lead to transition risks.

Action plan

Actions	Planned actions	Planned emissions reduction and timeframe
Energy consumption reduction	• Reduce energy use through heating and air conditioning and by using timers for auto shutdowns prior to the end-of-work shifts; • Involve operators in identifying opportunities to further reduce consumption and step up zone-by-zone monitoring at factories and other sites.	12k tonnes (0.0003%) 2024 - 2027
Energy optimization	• Reduce our reliance on natural gas and energy-intensive processes; • Insulate machines and reuse heat generated by chimneys and other equipment; • Replace old, inefficient machines and optimize maintenance to reduce energy use and prevent leakage; • Reduce waste from industrial processes, including wastewater, and recycle where possible; • Power-down unused equipment and shut off during unplanned stoppages; • Optimize other processes, including painting and battery recharging, particularly with material handling systems and power tools.	100k tonnes (0.02%) 2024 - 2027
Accelerate product circularity, zero waste and clean transport	• Design products for easy disassembly and eliminate glue – or find alternatives – to avoid baking for hardening etc.; • Encourage greater circularity across all product lines and develop action plans to mitigate products' climate impact; • Increase the use of 3D printing of plastic components (using recyclable plastic); • Optimize transport of Signify products (e.g. making better use of space in vehicles, taking fuel-efficient routes and introducing EVs for last-mile delivery).	12k tonnes (0.0003%) 2024 - 2027
Building	• Install more energy-efficient LED lighting, motion detectors and make use of alternative energy sources where possible; • Increase our use of PPAs and on-site generation through solar panels at our factories, offices and other facilities.	36k tonnes (0.01%) 2024 - 2027

Signify does not have significant CapEx for coal-related economic activities, for oil-related economic activities and for gas-related economic activities. Signify is not excluded from EU Paris-aligned Benchmarks.

In the coming years, we expect to see a further increase in operational expenditure as we continue to invest in sustainable innovation. In 2024, over 90% of Signify's combined capital and operating expenditure was spent on activities contributing to climate change mitigation and circular economy, as defined under the EU Taxonomy. Amongst our industry peers, Signify has the highest percentage of capital and operating expenditure committed to taxonomy-eligible activities.

Signify accounts for all its direct and indirect GHG emissions of Scopes 1, 2, and 3 from operations over which it or one of its subsidiaries has operational control. It accounts for all 7 greenhouse gases under the Kyoto Protocol, namely carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur (SF_6), and nitrogen trifluoride (NF_3), where applicable and expressed in CO_2-equivalent. Signify does not have material GHG emissions other than CO_2. Signify does not use biomass or biofuels, thus does not have material biogenic emissions. For our 2025 target of doubling the pace of the Paris Agreement 1.5 degrees pathway to decarbonize our entire value chain, 2019 was chosen as the base year. It is the earliest year of available emissions data for all categories of Scope 1, Scope 2, and Scope 3 where data was available. Scope 2 emission targets have been calculated using the market-based method.

Signify has an internal carbon pricing scheme in place to drive emissions reduction across value chain and we apply this driver when necessary. To quantify the impact of carbon emissions, we applied shadow price considerations: costs of changes in net agricultural productivity, human health, property, damages from increased flood risk due to climate change. In 2024, we did not have an specific use case of internal carbon pricing.

Energy use in operations

We continue to procure 100% of our electricity from renewable sources. This achievement directly contributes to SDG 7: Clean and affordable energy. All electricity consumed by our operations worldwide was sourced from renewable sources or matched with Energy Attribute Certificates (EACs).

Signify's total energy usage in 2024 amounted to 2,288 terajoules (635,605 MWh). Our operational energy intensity in terajoules per million-euro was 0.37 in 2024 (103 MWh/million-euro). This is 23% more efficient than 2023 (0.48) and is due to operational optimization, improved energy efficiency, less reliance on energy-intensive activities in our factories and reduced heating and lighting requirements.

Electricity

Approximately 10% of our renewable electricity was contracted through our energy providers, 43% was sourced via the procurement of Energy Attribute Certificates (EACs), and 47% came from our participation in Power Purchase Agreements (PPAs). In 2024, Signify had four operating PPAs: three virtual Power Purchase Agreements (vPPAs) in the US, Poland, and Finland, and one physical PPA in Belgium. Our PPAs support our climate transition by accelerating the shift to more renewable electricity grids and reinforcing our commitment to achieving net zero by 2040.

Signify energy consumption in megawatt hour (MWh)

	2024
Fuel consumption form coal and coal products	n.a
Fuel consumption from crude oil and petroleum products	45,246
Fuel consumption from natural gas	336,177
Fuel consumption from other fossil sources	n.a
Consumption of purchased or acquired electricity, heat, steam, and cooling	n.a
Total fossil energy consumption (calculated as the sum of lines 1 to 5)	381,423
Share of fossil sources in total energy consumption (%)	60%
Consumption from nuclear sources	n.a
Share of consumption from nuclear sources in total energy consumption (%)	n.a
Fuel consumption for renewable sources, including biomass	n.a
Consumption of purchased or acquired electricity, heat, steam, and cooling	248,541
The consumption of self-generated non-fuel renewable energy	5,641
Total renewable energy consumption (calculated as the sum of lines 8 to 10)	254,182
Share of renewable sources in total energy consumption (%)	40%
Total energy consumption (calculated as the sum of lines 6,7, and 11)	635,605
Energy intensity in high climate impact sector (MWh/million-euro)	103

Travel and commuting

We are adopting a more sustainable approach to business travel, with the goal of drastically reducing emissions from both travel and employee commuting. This will be achieved by updating our travel policy to introduce a stricter approval process, banning short-distance flights, and transitioning company lease cars to electric or hybrid vehicles.

Action plan

Between 2025 and 2028, we will update our travel policy to implement stricter approval processes and ban short-distance flights, aiming to reduce carbon emissions by 36,000 tonnes (0.01%). We will also transition all company lease cars to 100% electric or hybrid vehicles and offer incentives for employees to adopt more sustainable commuting options. From 2028 to 2040, we will work with travel agencies to reduce emissions further by investing in alternative fuels for air travel and leveraging AI to replace some travel with virtual alternatives. These initiatives will help us reduce emissions by an additional 57,000 tonnes (0.01%).

GHG emissions from business travel and employee commuting reduced by 5% in 2024, due to reduction in employee commuting.

Enabling carbon reduction at our suppliers

By 2040, we plan to significantly reduce GHG emissions from our suppliers. This will be done mainly by engaging with suppliers, incentivizing them to take climate action, reduce emissions and switch to renewable energy. Where possible, we will also increase our use of alternative, low-carbon materials and integrate carbon costs into our procurement decisions.

In 2024, we continued to engage with our suppliers to reduce their carbon footprint. Our approach is to proactively initiate, develop and support GHG emission-reduction activities at suppliers through Signify climate questionnaire. In 2024, we invited 382 of our strategic suppliers to the program.

We increased the number of suppliers committed to the Science-Based Targets Initiative to 117 (2023:103) and we increased the number of suppliers that have a RE100 program to 17 (2023: 16) in 2024. We are developing a more accurate method to calculate scope 3 GHG emission in the supply base, using primary data.

Action plan

Actions	Planned actions	Planned emission reduction and timeframe
Engagement	Incentivize suppliers through our Tritium program to: • Commit to climate action and set ambitious science-based emissions reduction targets; • Increase their use of renewable energy and set goals (using RE100 as a basis); • Favor suppliers who take action on climate and drive further emissions reductions.	2.2M tonnes (53%) 2024 - 2028
PPA support	• Support suppliers in initiating new PPAs, prioritizing regions with large numbers of Signify suppliers and working closely with other buyers.	80k tonnes (0.02%) 2025 - 2030
Sustainable materials	• Redesign products and packaging to use less carbon and energy-intensive materials; • Increase the percentage of recycled content in our products and exploring low-carbon alternatives (such as bio-circular materials).	379k tonnes (0.09%) 2024 - 2035
Sustainable procurement	• Integrate carbon costs into procurement policy and decision-making; • Choose suppliers with net-zero or low emissions, and buy sustainable materials as the default option.	358k tonnes (0.09%) 2030 - 2040

Logistics

Logistics GHG emissions are mainly in shipping materials to our factories and in transporting finished products to customers. We will work to reduce these emissions by opting for more sustainable forms of transport, favoring ocean and rail freight, for example, working in partnership with shippers and rail haulers, and investing in cleaner, alternative fuels.

In May 2024, we launched our first electric truck dedicated to Signify shipments in the Netherlands. This fully electric truck, with a range of up to 290 km, is the first of its kind in our fleet and is expected to reduce transport GHG emissions by around 60 tonnes annually compared to diesel models. In 2024, we achieved an actual emissions reduction of 47 tonnes. This milestone marks a crucial step in decarbonizing our logistics operations, leading to less noise, fewer emissions, and a greater environmental impact.

Action plan

Between 2024 and 2030, we will prioritize sustainable transportation by favoring cleaner ocean or rail freight, especially between ports and distribution centers, and utilizing electric vehicles (EVs) for last-mile delivery. We will also design products to optimize weight and volume for more efficient shipping, improve reporting, and leverage data from shippers to identify emissions hotspots for further improvement, aiming to reduce emissions by 85,000 tonnes (0.02%).

From 2030 to 2040, we will invest in alternative, sustainable fuels for transport, make low emissions a key criterion when selecting shippers, utilize zero-emissions zones at customer sites, and collaborate with logistics providers to further reduce emissions by 44,000 tonnes (0.01%).



In 2024, we reduced GHG emissions from logistics operations by 15% compared to 2023, mainly driven by decreased road freight emissions.

Enabling carbon reduction for our customers

Phasing out conventional lighting and switching to energy-efficient LEDs, introducing solar lighting, and further enhancing energy saving with smart connected lighting has significant environmental benefits. As mentioned previously, the majority of our value-chain emissions lie in the product use phase. Helping our customers to reduce emissions through energy efficiency is a vital aspect of our innovation process.

Signify is committed to reducing GHG emissions by improving the energy efficiency of its products, systems, and services. The progress in our portfolio to support climate change mitigation has been aligned with the EU Taxonomy regulation and is reflected in the Taxonomy specific section of this report. The benefits include having comparable and harmonized measures throughout the industry.

Over the past year we continued to work on developing ultra energy-efficient products and have launched an extended ultra energy efficient portfolio of professional indoor, outdoor, and residential lamps as well as the first luminaires in this category. Philips Ultra Efficient LED luminaire Signify's portfolio of Ultra Efficient LED solutions expanded in 2024, with the introduction of UE indoor luminaires. Designed to allow customers to immediately save up to 20% energy compared to the current best offering within the same range. Ultra Efficient luminaires also meet Signify's strict Lighting for Circularity criteria. The products' high level of energy efficiency and long lifetime dramatically reduce both waste and carbon emissions.

Action plan

Actions	Planned actions	Planned emission reduction and timeframe
Increasing energy efficiency of our products	• Continue to phase out conventional lighting and replace it with more energy-efficient LED; • Introduce more solar lighting and enhance energy savings with smart, connected lighting; • Expand our portfolio of ultra energy-efficient indoor, outdoor and residential lamps, as well as luminaires; • Work with government and business to double annual infrastructure renovation rates to speed up replacement of conventional lighting with more energy-efficient alternatives; • Use Environmental Product Declarations (EPDs) to quantify our products' climate impact and use this as a foundation for sustainable innovation and product design for emissions reduction.	202M tonnes (49%) 2024 - 2030
Transitioning of the grid to green energy	• Advocate an acceleration in the transition to renewable energy and net-zero electricity with government and business; • Encourage PPAs among customers, suppliers and other business partners as an effective way of decarbonizing the energy sector; • Extend our own PPAs to increase our use of renewable electricity.	164M tonnes (39%) 2030 - 2040

As a result, we reduced 15% GHG emissions In 2024 compared to 2023.

End of life

By moving to a more circular approach, we will reduce both waste and our reliance on increasingly scarce natural resources. We will do this by encouraging reuse, recycling and remanufacture. Initiatives are already underway to redesign our packaging and further embed circularity into initial product development.

Action Plan

Between 2024 and 2030, we will expand our circularity program to increase the reuse and recycling of products, reduce waste, and harvest spare parts from products at the end of their life. We also plan to increase the use of 3D printing for lighting products, utilizing recycled plastics and other bio-circular materials, aiming for an emissions reduction of 2.2 million tonnes (0.5%).

In addition, we will reduce packaging volume, use less emissions-intensive materials, and encourage recycling. We will phase out plastic packaging in consumer products, favoring lighter and smaller packaging to cut emissions by around 6,000 tonnes CO_2e annually, contributing to a total reduction of 1.5 million tonnes (0.04%) by 2030.

From 2024 to 2035, we will integrate circular product design into our development process to extend product lifespans and reduce end-of-life emissions. This includes making products more serviceable and upgradable, enabling longer use with performance upgrades and new functionalities, leading to a reduction of 764,000 tonnes (0.2%) in emissions.

In 2024, our product end-of-life emissions reduced by 45%.



GHG emissions and intensity

Signify carbon footprint in tonnes-CO_2e

						Milestones & Target Years	
	2019 (Base year)	2022	2023	2024	% change 2024/2023	2030	2040
Scope 1	167,921	142,000	148,393	85,582	(42)%	(50)%	(90)%
% of Scope 1 GHG emissions from regulated emission trading schemes	n.a.	n.a.	21%	n.a.	n.a.	n.a.	n.a.
Scope 2 (market based)	10,137	13,000	0	0	n.a.	n.a.	n.a.
Scope 2 (location based)	181,056	140,000	128,887	118,753	(8)%	(50)%	(90)%
Scope 3 (indirect emission categories)							
Category 1: Purchased goods and services	n.a.	695,865	683,152	671,584	(2)%	n.a.	n.a.
Category 2: Capital goods	n.a.	4,556	14,747	4,360	(70)%	n.a.	n.a.
Category 3: Fuel- and Energy-Related Activities. Not Included in Scope 1 or Scope 2	n.a.	28,941	32,779	33,822	3%	n.a.	n.a.
Category 4: Upstream transportation and distribution, of which:	160,000	87,000	87,343	74,230	(15)%	n.a.	n.a.
• Air transport	73,000	21,000	20,359	20,486	1%	n.a.	n.a.
• Road transport	40,000	30,000	27,472	15,183	(45)%	n.a.	n.a.
• Ocean transport	47,000	36,000	39,512	38,562	(2)%	n.a.	n.a.
Category 5: Waste generated in operations	n.a.	8,255	8,507	7,202	(15)%	n.a.	n.a.
Category 6: Business travel	24,882	10,000	13,193	13,415	2%	n.a.	n.a.
Category 7: Employee commuting	n.a.	38,568	35,443	32,846	(7)%	n.a.	n.a.
Category 8: Upstream leased assets	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Category 9: Downstream transportation and distribution	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Category 11: Use of sold products	n.a.	246,761,909	191,779,024	162,886,237	(15)%	n.a.	n.a.
Category 12: End of Life treatment and sold products	n.a.	18,314	18,391	10,038	(45)%	n.a.	n.a.
Scope 3 total	414,878,003	247,653,408	192,672,579	163,807,965	(15)%	(50)%	(90)%
Scope 1+2 total (market based)	178,058	155,000	148,393	85,582	(42)%	(50)%	(90)%
Scope 1+2 total (location based)	348,977	282,000	277,280	204,335	(26)%	n.a.	n.a.
Scope 1+2+3 total (market based)	415,056,061	247,808,408	192,820,972	163,893,547	(15)%	(50)%	(90)%
Scope 1+2+3 total (location based)	415,226,980	247,935,408	192,949,859	164,012,300	(15)%	n.a.	n.a.
GHG emissions intensity (market-based) (tonnes-CO2e/million euro)*	66,441	32,980	28,771	26,680	(7)%	n.a.	n.a.
GHG emissions intensity (location-based) (tonnes-CO_2e/million euro)*	66,468	32,996	28,790	26,699	(7)%	n.a.	n.a.

*Calculated using sales (net revenue) reported in section 15.6, note 4, Income from operations.

Climate scenario analysis

The potentially significant impacts of climate change pose a challenge to the stability and continuity of businesses over the short, medium, and long terms. With a global footprint, Signify's manufacturing sites and supply chain are exposed to these physical and transition risks related to climate change. On the other hand, the transition to a lower-carbon economy presents climate related opportunities for Signify's sustainable growth areas based on low-carbon technological innovation: (1) Climate action, (2) Circular economy, (3) Food availability, (4) Safety & security, and (5) Health & well-being.

Driven by the perceived high magnitude of financial impacts attributed to climate risks, the assessment of climate risks becomes imperative and future-proof. Disclosing climate-related physical and transition risks showcases long-term business sustainability. Signify is committed to improving its global operations and reducing its emissions over the entire value chain. This includes understanding the risks posed by climate change under different scenarios and how to improve business resilience accordingly.

Signify seeks to maintain an evolving overview of these risks and opportunities over time. Signify has been reporting its climate-related risks and opportunities in alignment with the Task Force on Climate related Financial Disclosures (TCFD) recommendations and guidance since 2018 and has aligned to the ESRS requirements. In 2024, we continued our efforts to further assess our climate-related risks and opportunities via our internal cross-department task force. We have conducted our 2024 assessment with the requirements of the ESRSs, which is aligned with the four core elements of the TCFD; namely governance, strategy, risk management, and metrics and targets. This year's assessment has resulted in refining our climate risk mitigation and adaptation strategy as well as contributing to our climate transition plan.

No assets and business activities that are incompatible with or need significant efforts to be compatible with the transition to a climate-neutral economy are identified.

The same set of assumptions used in the climate scenario analysis is being used in our financial statements, in section 15.6, Notes to the Consolidated financial statements, note 1, Basis of preparation, Climate-related matters.

Governance for climate risks and opportunities

Our governance is effectively designed to manage the energy transition strategy and continues making significant progress towards optimizing long-term value through financial, environmental and social resources.

The Board of Management provides primary oversight of the delivery of our sustainability and energy transition strategy. The Leadership team consisting of the Chief Strategy, Sustainability and Marketing Officer (CSO) and the Head of Sustainability, provides oversight of the management of climate-related risks and their financial impact. Quarterly meetings are held with the Sustainability leadership team and the Board of Management, dedicated to discuss the company's strategy towards our sustainable targets. The Supervisory Board and the Audit Committee quarterly review the progress on our sustainability program and sustainability strategic initiatives. The Sustainability leadership team monitors the macro-environment trends and changes, the impact on the lighting market forecast, and the company's financial and sustainability performance. They also review the performance of the strategic initiatives and how these contribute to the company's 5 Frontiers strategy.

The annual risk workshop identifies the top risks and opportunities to offer a complete overview of our financial and non-financial risks and opportunities and covers our risk universe which include sustainability topics and climate specifically. Read more on our Enterprise Risk Management in chapter 13, Risk factors and risk management.

The Sustainability leadership team ensures the proper frameworks are put in place to monitor that the progress on targets and goals concerning actual and potential climate-related financial and environmental risks and impacts are appropriately identified and assessed. Every quarter, Signify's Board of Management reviews the relevant update relating to climate together with our CSO, including material items, action plans, risk management plans, sustainability budget, and investment in climate-related opportunities. The Board of Management guides the performance and oversees the progress against targets and commitments set out in our sustainability program, including the ones addressing climate-related issues, and corrective actions are taken when necessary.

Management approach of climate risks and opportunities

Climate-related risks and opportunities are managed the same way as other risks. Signify's Board of Management is responsible for the overall risk management associated with the company's activities. It is assisted by the company Leadership team, which participates on a quarterly basis in audit risk and control meetings organized by the Risk Committee, to identify material risks and review progress on the implementation of risk responses, including climate-related risks.

Sustainability is at the core of our strategy and purpose. The executive responsibility for climate-related issues is assigned to our CSO, to ensure the strong linkage and synergy between the company's strategy and sustainability commitments, as well as to drive Signify's performance in the space of climate action. Our CSO oversees strategy setting, sustainability budget, and climate action plans. Our CSO reports directly to our CEO and addresses climate-related issues regularly to the Board of Management in case of major capital expenditures, acquisitions, and divestitures.

Signify's CSO oversees a multi-discipline Climate Risk Assessment Taskforce, consisting of experts in Operations, Insurance, Risk Committee, Internal Audit, Sustainability, and Environmental, Health, and Safety (EHS). The Taskforce team is responsible for the continuous evaluation of the company's short, medium and long-term climate-related risks and opportunities. This, as part of Signify's integral risk management and business control, contributes to

maximizing climate-related opportunities and improving our resilience to climate change.

Members of the Board of Management are eligible for a long-term equity-based incentive under the Signify Long-term Incentive Plan (LTI Plan). The objective of the long-term incentive is to link pay with long-term sustainable value creation. In addition to the Board of Management, approximately 700 employees globally are eligible for participation in a similar long-term incentive plan. Because of the importance of sustainability for our long-term value creation, the vesting of 25% of the annual long-term incentive grant is dependent on how well Signify performs on its sustainability targets, including the targets related to climate action. Read more about this in chapter 10, Remuneration report.

Assessment process

Since 2020, the dedicated multi-discipline Climate Risk Assessment Taskforce team, consisting of experts in Operations, Insurance, Risk Committee, Internal Audit, Sustainability, and EHS is responsible for the continuous evaluation the company's short, medium and and long-term climate-related physical and transition risks and opportunities under difference climate change scenarios, as illustrated in the figure below. The range of scenarios used in our assessment cover our plausible risks and uncertainties, as they are in line with our strategy and action plan to drive the climate transition toward net zero and a low-carbon economy. We are proactively investigating how physical and transition risks affect our global operations. In response to these identified risks and opportunities, we develop risk adaptation and mitigation strategies that enhance our operational resilience, risk management, and financial planning.

Physical risks

Climate-related physical risks are assessed under different climate change scenarios. The short-term horizon is defined as one year; the medium-term horizon is defined as 1-5 years and the long-term horizon is defined as beyond five years. The short-term one-year horizon is in line with our annual financial planning. The medium-term five-year horizon is linked to our company strategy planning and capital allocation planning cycle. The long-term horizon informs the company's financial decisions and aligns with the IPCC climate change scenarios. As the short-term and the medium-term horizons are close and the lack of data for a five-year climate change scenario, we consider the medium-term assessment the same as the short-term assessment.

Signify assesses climate-related physical risks for three different scenarios, namely a short-term scenario and two long-term scenarios. The short-term scenario is in line with the Representative Concentration Pathway (RCP) - RCP4.5, RCP6.0 or RCP7.0 scenarios, as described in the IPCC AR5 report, depending on data and tool availability. The long-term scenarios are in line with RCP2.6 scenario (a stringent mitigation below 2°C scenario) and RCP8.5 scenario (a very high GHG emissions scenario), as described in the IPCC AR5 report.

The physical risk assessment approach consists of four steps: (1) risk screen, (2) risk mapping, (3) risk assessment, and (4) risk mitigation. Signify continues to monitor its potential exposure to physical risks related to climate change and is working at individual plant level to reduce and mitigate the impact of those risks. The first step is risk screening based on the climate-related hazards listed in ESRS E1, to identify the hazards that are relevant for Signify based on our sector, our value chain, our operational activities and site locations.

Next, risk mapping is performed for all our manufacturing facilities and warehouses/ distribution centers, in line with each of these relevant climate-related hazards. Under different climate change scenarios, we evaluate the hazard score at an individual site level based on the site's geographical location. The tools and data sources used in this step include WWF Water Risk Filter for flooding, Aqueduct Water Risk Atlas and IPCC Annual mean near-surface soil moisture change (2081-2100) for drought, deadly heatwaves tool by ESRI for heatwaves, WWF Biodiversity Risk Filter and methods based on Global heat stress on health, wildfires, and agricultural crops under different levels of climate warming [1] for wildfire, and Historical Hurricane Tracks for cyclones.

Subsequently, we further assess the risk level of each site based on its hazard scores that are determined by five hazard scores: "very low", "low", "medium", "high", and "very high". When a site's climate-related hazard score results in "very high" under the short term or long term below 2°C scenario, it requires further investigation into its site-specific vulnerability regarding such climate-related hazards. When a site is deemed with a "very high" hazard score and vulnerable to a climate-related hazard, the next step of quantifying the financial exposure based on the production activities and assets would be performed and based on which materiality is determined. Otherwise, it is deemed immaterial.

Finally, in the risk mitigation step, we design business continuity and response plans for sites with material physical risks to mitigate risks and strengthen resilience. Regarding business continuity, our Corporate Security team oversees the Signify's business continuity management, which covers emergency response, major incident/crisis response and business continuity (recovery). Each Signify site develops their own site-level business continuity plan based on local context and in line with potential risks, including material climate-related physical and transition risks.

Transition risks

According to the IEA Net Zero Emissions by 2050 scenario, we expect a world with broader and deeper adoption of renewable energy, along with continuous improvements in energy efficiency. The upcoming environmental regulations and policies are expected to be more stringent across the globe, which helps stimulate the transition toward green and low carbon technology. This will increase the market demand for sustainable products.

The Climate Risk Assessment Taskforce team continuously follows external trends of market, policy, regulations, (low carbon) technology, and customer preference, in order to identify near-term, medium-term, and long-term climate-related transition risks in line with the IEA scenarios including the Net Zero Emissions by 2050 scenario.

In terms of transition risks, we have focused on the following aspects: policy and regulations, technology and resource efficiency; in terms of transition opportunities, we have focused on the following aspects: energy security, markets, products and services, markets, and reputation. To understand the potential impact of the short-, medium-, and long-term opportunities, we made the following assumptions:

- There are varying levels of regulatory requirements on the energy efficiency of lighting products
- No marginal price erosion
- Signify maintains its current market share in the lighting industry
- There will be an increased need for lighting based on population increase, urbanization, GDP growth and lighting market intelligence.

The assessment of relevant transition risks and opportunities results in a risk or opportunity level of “Low”, “Medium” or “High” for each scenario considered based on the scenario analysis and expert consultation. The thresholds of “Low”, “Medium”, and “High” levels of risk or opportunity is in line with the definitions of Signify’s enterprise risk management (ERM). Only when the resulting risk or opportunity level is high for the short term scenario, is it considered material, and the financial exposure or opportunity would be quantified accordingly.

Supply chain risk assessment

For our supply chain, the procurement team runs a supply chain risk management tool which continuously assesses a list of risks related to the location of our suppliers that could impact business continuity.This includes both physical and transition risks and covers 4,500 supplier locations (representing 93% of spend). In case of a severe event, the tool will signal this, enabling us to quickly map suppliers in the impacted area and initiate fast and dedicated mitigation actions. Currently, the tool focuses on actual and short-term risks and does not cover potential impacts associated with high emissions climate change scenarios for the medium- and long-term horizons. We plan to expand our approach in 2025 to cover these horizons.

The supply chain risk management tool currently does not provide information on future transition events-related risks, and we don't have visibility on those events. Currently we work under the assumption that it is not a high risk for our business continuity. In the meanwhile, we are onboarding a new tool in early 2025, which will assess our priority suppliers’ risks related to transition events.

Assessing climate-related physical and transition risks enables us to understand their implications on our operations and financial positions, thereby prioritizing risk mitigation and effectively addressing them in our policies and programs.

Climate-related risks and opportunities management process

Signify's risk management focuses on the following risk categories: Strategic, Operational, Compliance, and Financial risks. As climate-related risks cut across all four categories, climate-related risk management is fully embedded in our risk management process and recognized at the management level. Signify’s Business Control Framework (BCF) sets the standard for risk management and business controls in the company. The objectives of the BCF are to maintain integrated management control of the company’s operations, in order to ensure the integrity of the financial reporting and related disclosure, including disclosure of climate-related risks, as well as compliance with applicable laws and regulations.

For climate-related strategic risks, the company leadership team reviews the risks and ranks them based on impact, likelihood, risk criticality and control effectiveness, during the annual risk workshop. Owners are assigned and accountable for ensuring adequate risk mitigation and monitoring measures are implemented. The outcome of the risk workshop is integrated in the strategic planning cycle. Each quarter, key risks are reviewed during the Audit and Risk Committee meetings. Reported risks and opportunities are analyzed for potential cumulative effects and aggregated at both the business and company levels.

For climate-related operational risks, risks are reviewed on a regular basis as part of the business performance reviews or, for specific topics, through dedicated risk committees.

Relevant risks including those associated with business opportunities are prioritized in terms of potential impact and likelihood, considering quantitative and/or qualitative aspects and reviewed with the Board of Management.

On a quarterly basis, risks and controls are reviewed in the audit risk committees with the Businesses, Market Groups and specific Functions. As part of the Business Continuity plan, we continue monitoring our exposure to climate-related risks and are working at individual plant level to mitigate and minimize the impact of those risks.

For climate-related financial risks, since 2020, the Climate Risk Assessment Taskforce team has been screening and evaluating relevant climate-related risks and their financial impacts in details for our sites all over the world. These risks are reviewed at least once per year at individual sites, and business and company level. This improves our resilience to climate-related risks and allows risk response plans/strategies to be developed in a timely matter.

Risk and opportunities identified

Risks are assessed and identified annually by conducting the TCFD assessment and reporting the findings in the Annual Report. Signify assesses the materiality of climate-related risks and opportunities based on their likelihood of occurrence as well as the estimated magnitude of resulting financial impact. The materiality assessment performed is substantially similar to that which Signify applies to all business risks and opportunities. Based on this assessment, the company has identified the following short-, medium-, long-term physical and transition risks.

Physical risks

The results of climate-related physical risks are presented in the table to the right. We identified climate-related hazards relevant for Signify's manufacturing sites and warehouses/distribution centers, namely, flooding, drought, heatwave, wildfire and cyclone. It is worth noting that the long-term impact of physical risks is influenced by climate change and degree of global warming.

In particular, the long-term risks of riverine flooding, droughts, and tropical cyclones under the above 4°C scenario are expected to be significantly higher than under the below 2°C scenario.

As a result of the 2024 climate-related physical risk assessment, no risks are identified as material. The assessment of physical risk is conducted on a yearly basis due to the unpredictability of extreme weather events, leading to an increased or decreased level of risks due to climate change. Nevertheless, Signify is well prepared for climate-related physical risks and has a resilient adaptation plan in the form of a business continuity plan. This adaptation plan enables flexibility in terms of production locations, employee working locations, sourcing options, and transportation options, thereby minimizing the overall impact of climate-related physical risks on Signify's operations as well as value chain.

		Hazard score				
Climate hazard	Risk assessment summary	Short term Medium term	Long term <2°C	Long term >4°C	Resiliency score	Risk score
Flooding	29% of our sites are located in or adjacent to areas potentially associated with a very high hazard score of riverine flooding and coastal flooding. Due to a high level of preparedness and high resilience at site level, financial exposure is expected to be low, resulting in risk being not material.					Not material
Droughts	9% of our sites are located in or adjacent to areas potentially associated with a very high hazard score of droughts. Due to high level of preparedness and high resilience at site level, financial exposure is expected to be low, resulting in risk being not material.					Not material
Heatwaves	None of our sites are located in or adjacent to areas potentially associated with a very high hazard score of heatwaves. No impact expected, resulting in risk being not material.					Not material
Wildfire	None of our sites are located in or adjacent to areas potentially associated with a very high hazard score for wildfires. No impact expected, resulting in risk being not material.					Not material
Cyclones	None of our sites are located in or adjacent to areas potentially associated with a very high hazard score of cyclones. No impact expected, resulting in risk being not material.					Not material

Very high High Medium Low Very low

Transition risks and opportunities

The results of climate-related transition risks and opportunities are presented in the table below. We identified three transition risks and four transition opportunities for Signify. Of those identified, three of the transition opportunities are relevant. Transition risks and opportunities are considered relevant if the level is "High (H)" in the short term.

Priority risks / opportunities	Description and mitigation	Quantification	Short term	Medium term	Long term
Policy & regulation	Higher operating and production costs may result from the introduction of new or increased carbon pricing, taxes and trading schemes. Mitigation: leveraging our CTP to drive climate transition in our operations and across value chain, stay competitive through sustainable innovation and product design, and minimize related financial impact due to imposed carbon pricing or taxes.	Not Material			
Technology	Less energy-efficient technology may need to be phased out in line with global transition to a low carbon economy. Mitigation: balanced off with increased sales from efficient products portfolio.	Not Material			
Resource efficiency	Increased water pricing may drive up production costs in the medium and long-term as water becomes scarcer due to climate change. Mitigation: Signify has set a target to reduce 5% of water consumption every year. Metric disclosed in voluntary disclosures, section 5.7 - Water.	Not Material			
Energy efficiency	Continued concerns over energy security may lead to increased demand for energy-efficient lighting as well as the demand for public-sector incentives schemes and funding.	Not Material			
Market	Increased societal awareness of the challenges of climate change and a shift in consumer preferences will result in growth of demand for energy-efficient and low-carbon products. Government policies, such as the European Green Deal or American Jobs Plan, will lead to additional demand for energy-efficient and low-carbon products.	In our CTP, we advocate for two key policies: – To manage the decline in fossil fuels while tripling global renewable energy capacity; – To double the rate of energy efficiency improvements globally. We are calling on governments to double the rate at which we renovate buildings, street lighting and other infrastructure to at least 3% annually. Renovation allows us to phase in more energy-efficient lighting, thereby reducing emissions and creating new jobs.			
Products & services	Through continued sustainable innovation, Signify will develop new products, systems, services and solutions to enter niche markets that are featured by greater energy efficiency, connectivity and lower emission, driving up revenues from low-carbon and innovative sustainable design.	Not Material			
Reputation	Clear, credible and transparent reporting of emissions and climate impact will further strengthen Signify's brand and reputation while improving customer's confidence in our energy efficient portfolio.	Not Material			

High risk Medium risk Low risk High opportunity Medium opportunity Low opportunity

Our business resilience analysis

Our company strategy and business model focus on sustainability and energy efficiency, which are essential in the transition towards a low-carbon and resilient economy. This makes us climate resilient in relation to climate change.

The scope of our resilience analysis covers Signify's strategy and business model, including own operations and upstream and downstream value chain where applicable, and in line with material physical risks and transition risks, and transition opportunities for the short-term, medium-term and long-term.

We conducted our resilience analysis in 2024 and will continue to review the analysis annually by assessing our strategy and business model against each material physical risks, transition risks, and transition opportunities.

As we transition to a lower-carbon and more resilient economy, in line with a 1.5°C climate scenario, our key assumption of uncertainty is that consumer and business awareness of, and demand for, low-carbon products will increase. We also expect regulatory requirements for low emissions and high energy efficiency to continue. Additionally, we anticipate that the global power grid will continue its shift toward renewable energy, which will require improvements in energy efficiency and the expansion of grid capacity. This shift will make it more challenging for the lighting industry to generate revenue from less energy-efficient conventional technologies, while simultaneously creating opportunities for innovative, low-carbon products.

Sustainable product design and offering is at the core of our strategy and business model. We ensure there is sufficient investment in sustainable innovation to keep advancing the energy efficiency of our portfolio and seizing the material transition opportunity as described in the table above. With a strong and differentiated portfolio of low-carbon and energy-efficient products, we are responding to evolving market trends that emerged due to climate change and energy crisis.

As there are no material physical and transition risks identified for 2024 in the short term, no anticipated financial effects from material physical and transition risks as well as the mitigation actions and resources were considered.

Ultimately, our resilience analysis approach in line with material risks and opportunities deepens our understanding about business resilience and allows response plans to be developed in a timely matter. Mitigating climate-related risks in our supply chain and climate change related physical risks in different geographical locations could potentially interrupt our supply chain and business continuity. Nevertheless, due to our wide-ranging supply network and our dual strategy, these risks are well monitored and not considered material at present.

Regular surveys are conducted by Signify to identify and rank suppliers based on their vulnerability to climate related physical and transition risks. As a result, we developed a robust adaptation strategy or business continuity plan (including but not limited to dual sourcing practices) for our supply chain. This enables us to respond appropriately and timely; and prevent disruptions to our business operations. We optimize our supply chains for their efficiency and resilience to climate risk.

5.2.2 Resource Use and Circular economy (ESRS E5)

At Signify, we recognize the importance of adopting circular economy practices to preserve value and reduce waste, increase resource efficiency, and promote sustainable consumption and production. Our efforts address our value chain with key improvements, such as remote serviceability (connected lighting) and end-of-life services. By minimizing material waste and reducing the environmental impact, we create an ecosystem that extends the life of our lighting products and provides a better future for the next generation.

That is why, as part of our Brighter Lives, Better World 2025 sustainability program, we have the ambition to double our revenues from circular products, systems, and services to 32% by the end of 2025. Additionally, we are committed to more sustainable packaging, removing fossil-fuel based plastics from all our consumer packaging since 2019, and to sending zero manufacturing waste to landfill. Our actions cover the entire life cycle of a product (from production, use and re-use to waste management) and directly contribute to the achievement of SDG 12: Responsible consumption and production.

Our approach

The circular economy aims to decouple economic growth from the use of resources by using them more effectively. Products are designed and built as part of a value network where they will be used, serviced, and upgraded to meet customers' needs. Their lifetimes can be prolonged and where possible they can be reused, refurbished, repurposed, or recycled, avoiding waste to landfill.

Signify has defined the circular economy as an economic system that maximizes reusability of products, parts, and raw materials and minimizes value destruction with the aims to preserve value and avoid waste to landfill. The circular economy is described in terms of four concentric loops, as seen in the figure below. The four loops presented are:

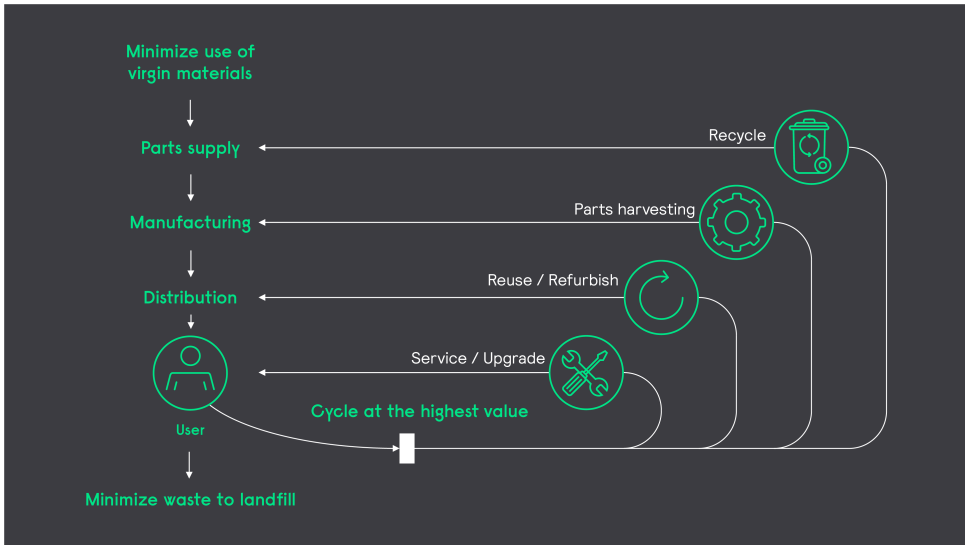
Service – activities focused on extending the technical and economic lifespan of products

Reuse/refurbish – remanufacturing products at the end of their life to sell them again.

Parts harvesting – recovering valuable parts from products to sell or repurpose them in other products.

Recycle – reprocessing materials to reintroduce them into the economy.

Signify recognizes three main lifecycle phases for its products and systems: production, use and return. In the production phase, Signify steers towards more and high-quality renewable materials through the Bill of Materials and policies. Through policies and design procedures, we focus on reducing material waste and increasing the recyclability of our products.



Material impact, risks and opportunities

The double materiality assessment identified the following material IROs:

Inflows

- Extraction of primary raw materials: actual negative impact upstream
- Higher purchasing cost: potential risk upstream

Outflows

- Circular principles: actual positive impact in our own operations and downstream

Waste management

- Waste generation: potential negative impact upstream and in our own operations

Read more details in the DMA section. Through the assessment we engaged with various stakeholders. We plan to include affected communities and stakeholders in the assessment as well as in the review of the action plan, policies and targets in 2025. The impacts, risks and opportunities are further described below in the resource inflows, resource outflows and waste management sections.

When conducting our materiality assessment for E5 topics, we looked at our entire value chain and considered the business activities and assets associated with resource use and circular economy.

For resource inflows, we specifically looked at our main commodities and locations of key suppliers. For resource outflows, we focused on our products and circular principles integrated and leveraged the information from the Environmental Product Declarations (EPDs) generated from our digital Life Cycle Assessment (LCA) tool. For waste management, we focused on our manufacturing sites and suppliers to assess the type of waste and the maturity in terms of processes already in place. We plan to leverage the LEAP approach (Locate, Evaluate, Assess, Prepare; from the TNFD framework) to conduct the assessment in the coming years.

Our Circular Economy Action Plan directly addresses our material impacts, risks and opportunities and business functions involved. Regarding the resources allocated

to the plan, we refer to the CapEx and OpEx in the EU Taxonomy reported under the objective of the Transition to a Circular Economy. The effectiveness of the Action Plan is monitored through an internal regular assessment cycle throughout the year and the progress and impact are reviewed which can lead to changes in policy, target and action plan if necessary. The list of material resources used for our manufacturing activities is described in the section about inflows. Specific targets are also described in each section, none of which are linked to a regulation requirement nor validated by an external body. We considered the production phase (inflow), use phase (outflow) and the end of functional life of products and materials (waste management) in setting targets.

Inflows

Policy and action plan

As part of our internal action plan on circular economy, we have committed to accelerate the transition to circular practices in the supply chain regarding inflows and resource use by:

- Prioritizing reduction and reuse of products to achieve a resource-efficient circular economy;
- Focusing on materials and transitioning away from the use of primary (virgin) resources;
- Promoting and increasing the use of secondary (recycled) resources;
- Enforcing sustainable sourcing practices and use of renewable resources.

The action plan for inflows is managed by the Procurement team in collaboration with the Business functions. The plan is based on the following policies:

Sustainable Design Procedure: applies to all our new products and maintenance services and sets the general principles and ambitions. The research and development, product and commercial teams are responsible for its application. The Procedure is only available to internal stakeholders on our policy and procedures database.

Sustainable Packaging Requirements: applies to all products' packaging resourcing processes which include certified renewable sources such as FSC, SFI and PEFC. The packaging designers, architects and procurement team are responsible for its application. The Requirements are available on our website for suppliers and external stakeholders.

Supplier Quality Manual: applies to all new suppliers onboarded with no exception. It is sent to all suppliers. The procurement team is responsible for its application.

We have implemented various programs to improve the sustainability performance of our supply chain, in accordance with our Supplier Quality Manual. This manual outlines several Sustainability requirements that suppliers must adhere to that contribute to the circular economy. These include:

- Supplier sustainability declaration;
- Sustainability audits;
- Regulated substance management;
- Conflict minerals and responsible sourcing;
- Carbon disclosure;
- Wood and packaging requirements;
- Supply chain security audits (SCS).

Progress

Targets on inflows will be set in 2025 and will include considerations of our resource use, circular material use rate, and primary raw material minimization. To track progress and effectiveness of our actions and policy, this year we focused on collecting and aggregating accurate data from our suppliers. We are collaborating with our key vendors per material group to declare the content of primary, secondary and biological (where relevant) substances in their materials.

Our main key commodities include metals, plastics, glass, e-components, cables, finished goods, accessories and packaging. These represent over 80% of our total suppliers. We focused our sustainability efforts on metals, plastics, glass and packaging. From the declarations received from our suppliers, these material groups showed the greatest potential in the approach to minimizing the use of virgin materials and increasing the share of secondary materials. These prioritized suppliers are located across the different regions: Asia Pacific, Europe, and the Americas.

In 2024, less than 1% of total weight of materials were from biological materials and 25% were from secondary materials, See section 5.5 for more details and definitions in the reporting principles.

Inflow types

	2024
Total weight of all materials (metric tonnes)	409,714
Percentage of biological materials	0.01%
Weight of secondary materials (metric tonnes)	103,583
Percentage of secondary materials	25%

Our circular economy action plan for material inflows focuses on using more sustainable materials. Our Signify circularity principles have been integrated into the innovation and product development processes. Signify plans to implement more circular economy elements by defining strategies, policies and references for sustainable material sourcing and waste management. In the short term we will analyze annual data to assess material impacts, explore sustainable and recycled alternatives and evaluate current material sourcing practices to minimize the use of virgin materials and increase the use of recycled types and alternatives.

In the long-term, we plan to implement a process for assigning and collecting circular economy attributes for all material impacts. Our action plans include providing circular economy training to supply chain employees and to key suppliers.

The sustainable performance of a lighting product and system depends heavily on energy-efficiency and durability, and the changes to more sustainable material needs to retain these performance attributes.

When selecting sustainable materials, we apply the following guidelines:

- Minimize the weight and volume of material;
- Applied materials should be recyclable where possible; the design of our product should allow easy separation at end-of-life and facilitate recycling;
- When changing over to a sustainable material, the environmental footprint of the alternative material should be equal or better compared to the regular material, underpinned with LCA data;
- To support circularity, materials with Post-Consumer-Recycled (PCR) content are prioritized;
- In plastics, mechanically recycled PCR solutions are preferred over chemically recycled PCR;
- Bio-based or bio-circular plastics are a second-best solution, after PCR. Natural sources for these materials should be disclosed and certified (ISCC);
- In metals, as far as technology allows, use secondary sources with a high scrap percentage;
- In packaging, follow the respective packaging requirements which provides guidelines on prioritizing PCR paper and cardboard as well as plastic.

Outflows

Policy and action plan

Signify's approach to product outflows is defined in the following policies:
Sustainable Design Procedure: applies to all our new products and maintenance services and sets the general principles and ambitions. The research and development, product and commercial teams are responsible for its application.

Packaging Requirements: applies to all products' packaging resourcing processes which include certified renewable sources such as FSC, SFI and PEFC. The packaging designers, architects and Procurement team are responsible for its application.

Signify Environmental, Health & Safety policy: applies to all our manufacturing sites, warehouses and offices. The EHS team is responsible for its application and the policy is available publicly on our website. This policy is aligned with ISO45001 (Occupational Health & Safety Management), ISO14001 (Environmental Management System) and ISO50001 (Energy Management).

In 2020, we also adopted an internal framework to track our progress towards the Brighter Lives, Better World 2025 program target for Circular revenues. The framework defined circular attributes to support the increase of circular design in our different products. As new products are created, the circular attributes are considered and implemented. By end of 2024, we achieved 35.5% of Circular Revenues which increased from 33% in 2023. The target is to reach 32% by the end of 2025 and was based on our 2019 percentage of 16%. This progress was supported by the launch and upgrade of new product lines meeting the attributes.

Our circular economy action plan prioritizes the following objectives for product outflows: integrating circular principles into our products based on five key criteria, while ensuring compliance with the Eco-Design Regulation (ESPR); Reusability and recyclability; Energy efficiency and lifetime; Serviceability; Connectability and upgradability.

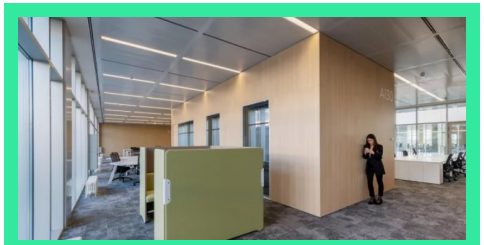
The Research & Development team leads on this objective and invests annually in innovation and developing new products with circular attributes. See Sustainable Innovation in section 5.1.
Our Sustainable Design Procedure assesses new innovations based on criteria related to the circularity attributes (serviceable luminaires, circular components, circular service), the weight and materials used, the packaging (renewable material, decreased weight) and the elimination of harmful substances (ROHS, REACH, mercury).

Progress

In our efforts to transition to a circular economy, we continued to extend our lighting for circularity portfolio in 2024. Via well-established sustainable design rules, Signify continuously lowers the weight of new product designs, resulting in less material use and costs for our product portfolio. The sustainable design rules are also optimized for circularity, resulting in products that can be upgraded, serviced, reused, refurbished, or recycled. For more information about the performance and benefits of our lighting for circularity solutions, please visit our website.

Our circular innovations cover four categories which are explained in section 5.1 under Sustainable innovation. Here are some examples of products that fall within one of the four categories.

Serviceability



TrueBlend family series with improved shipment method with grouped packaging reducing the amount of waste to dispose for installers.



Coreline indoor lighting family series with less materials used and rely on plastic free packaging, equivalent to 69% reduction of plastic.



Philips MyCreation 3D printed luminaires eliminate waste using recycled and mass balanced bio-circular materials, are local and on demand production.



Metropole LED gen2 specifically designed for urban environments with aluminum parts made of 88% recycled materials.

We are committed to providing serviceable and smart lighting products that are both efficient and sustainable. Our products come equipped with the Signify Service Tag app, which provides access to information on spare parts. This QR-code based identification system enables smart product maintenance and diagnostics, making it easier to manage installations, maintenance, and spare parts.

Through Service Tag, customers can efficiently replace failed drivers, support repairs, and extend the product life of their luminaire. In addition to using sustainable materials and technologies, we are constantly innovating to improve the characteristics of our final products. For instance, we have adapted our painting process for outdoor lighting fixtures to address the harsh coating environment. This new process improves the anti-corrosion properties of our products by 10-20% while also reducing emissions and material use. This process will soon be implemented in our key factories and applied to outdoor product families such as TubePoint Gen2, ArenaVision LED, OptiVision LED and TownTune.

Repairability

The repairability of our products is identified through our products' serviceability. The serviceability refers to the ability to prolong the technical and economic lifetime of the product, after it has been put into service. More than half of our reported Circular revenues is aligned with the serviceability criteria.

The minimum criteria for product serviceability are the following:

- Identifiable: easy access to product information, clear indication which components are serviceable (e.g., Service Tag);
- Accessible: warranty or service agreement;
- Removable: listed spare parts must be easily accessible and replaceable.

Durability

At Signify, we have made significant improvements in enhancing the durability and lifetime of our lighting products through innovative technologies and sustainable practices. By integrating advanced materials and smart design, we have developed products that not only last longer but also maintain high performance over time. These innovations reduce the need for frequent replacements, thereby minimizing waste and contributing to environmental sustainability. Our commitment to quality and longevity ensures that our products provide reliable and efficient lighting solutions for various applications.

The information regarding the durability of our products represents the service lifetime. The majority of our products meet or exceed the industry average in terms of durability and lifetime. The main exception is for our outdoor professional LED based products, which on average are slightly below. This is due to the floodlight type of products with specific application needs for large areas. Our general street and urban lighting products are designed with higher durability standards, typically achieving 100Khour lifetime.

Recyclable content

We are committed to ensure most of the materials of our products are recyclable through our design policies. Some of our products key commodities have a high level of recyclability such as glass, metals and paper.

For packaging, our policy requires the use of 80% recycled paper which is recyclable. In the case of virgin materials they should be responsibly sourced from certified responsible sourcing. In 2024, for product packaging recyclable content, we have chosen the main commodities based on volume, with paper and cardboard accounting for 97% and plastic accounting for 2.71%.

Average durability (service lifetime) of our products in hours

	Industry average[1]	2024
Outdoor professional LED based products	<100,000	63,940
Indoor professional LED based products	<50,000	58,150
Consumer products	n.a	32,940
OEM products (indoor and outdoor)	n.a	56,560
Conventional products	n.a	19,200

[1] According to Lighting Europe, our industry reference, for products used in the majority of indoor applications the average service lifetime does not exceed 50.000 hours. For products used in the majority of outdoor applications the average lifetime does not exceed 100.000 hours.

Recyclable content % in products	
	2024
Professional LED based products	68%
Consumer products	45%
OEM products (indoor and outdoor)	28%
Conventional	42%
Recyclable content % in packaging	
Recyclable content – All selected products packaging	68%
Paper/cardboard	87%
Plastic	13%

Product quality

Signify is strongly committed to responsible product stewardship. The Signify quality management system is ISO 9001:2015 certified, covering all business activities. When it comes to quality, we believe prevention of defects is better than cure. This is reflected in our structured approach towards the selection and qualification of suppliers, manufacturing, installation and delivery of our products and services. Additionally, our employees follow in-person or e-learning trainings on safety and quality.

As an example, our research and development employees need to follow a mandatory training on Design for safety and this year, we launched safety awareness training for our business leaders across the organization. The implementation of Advanced Quality methods is leading to higher maturity levels of products and services and consequently higher customer satisfaction.

In line with mandatory legislation worldwide, Signify is committed to placing only safe products on the market. In the event products have been brought to market that do not meet the essential safety requirements, Signify takes a systematic approach and appropriate actions, which might include a product recall, especially in case the health and safety of individuals are of concern. Signify has a robust process in place to ensure impacted constituents are informed. In 2024, no product safety issues were found that resulted in a material fine or penalty.

Waste management

Policy and action plan

We are dedicated to responsible waste management practices that minimize our environmental impact. By implementing comprehensive recycling programs and reducing waste generation across our operations, we ensure that materials are reused and repurposed effectively. We have a commitment of zero manufacturing waste to landfill.

Our approach to waste management is guided by the following policies:

- Signify Sustainability Policy: applies to our entire value chain and business activities. It sets the general principles and ambitions regarding sustainability. The Sustainability team is responsible for its application across the business;
- Signify Environmental, Health & Safety Policy: see above;
- Waste Management Standard: applies to our manufacturing waste. It establishes the procedures for handling and disposal of waste generated by different processes and to define proper waste segregation to promote environmental protection and occupational health & safety. It is an internal document only available to internal stakeholders on our policy database. It excludes waste management from other type of sites. The EHS team is responsible for its application.

Within our Circular Economy Action Plan, our objective for waste management is to improve our waste management practices across our value chain and reduce end-of-life waste. To achieve this objective, the EHS team, local site leaders and Innovation teams are leading key initiatives and programs aimed at improving our waste management practices.

Our target is to achieve zero waste to landfill from our manufacturing sites. This goal applies to all levels of the waste hierarchy and is measured in kilograms. It is an annual, absolute target, meaning there is no baseline year.

Progress

We have focused on driving continuous improvements and optimizing processes across our sites. At the end of 2024, Signify achieved its commitment to send zero waste to landfill for all manufacturing sites. We enhanced our waste segregation practices, provided waste awareness training, and shared best practices across regions.

In 2024, Signify registered a total of 35,817 metric tonnes of waste. In comparison to our inflows, our total outflow waste is minimal. Our recycling programs address waste arising from manufacturing activities, such as glass or canteen waste, as well as from suppliers, such as packaging materials. 89.6% of total waste was recycled in 2024 and we continued to recycle 100% of our metal and glass waste.

Regarding hazardous waste, in 2024, we generated 1.7 metric tonnes, of which 33% was recycled.

We also have a commitment to reach zero fossil fuel-based plastics in our consumer packaging which applies to packaging components used for Signify finished consumer products.

Signify has developed solutions to reduce or eliminate waste throughout the entire product life cycle, with a prime example being our 3D-printed Philips MyCreation series. We manufacture all printed parts using at least 65% recycled or bio-circular plastics, with the entire bio-circular supply chain ISCC[3] Plus certified. We also repurpose waste materials, such as recycled water jugs for our Water Blue collection, and produce locally on demand to minimize unsold stock. Rejected parts are recycled in-house for reuse.

Our Signify 3D-printed products were designed to be easily disassembled, thanks to our use of no glue, no paint, no potting, and fewer screws. Printed parts can be recycled to create new products and we are currently piloting the viability of recycling our own printed materials from end-of-life products to print new parts again.

We fully comply with the European Waste of Electrical and Electronic Equipment (WEEE) directive. To reduce the impact of our products ending up in landfills, we partner with a variety of recycling programs and companies throughout Europe and North America.

Manufacturing waste in metric tonnes	2024
Total waste generated	35,817
Hazardous waste diverted from disposal	555
Hazardous waste diverted from disposal due to recycling	555
Non-hazardous waste diverted from disposal	31,538
Non-hazardous waste diverted from disposal due to recycling	31,538
Hazardous waste directed to disposal	1,111
Hazardous waste directed to disposal by incineration	729
Hazardous waste directed to disposal by landfilling	377
Non-hazardous waste directed to disposal	2,613
Non-hazardous waste directed to disposal by incineration	2,410
Non-hazardous waste directed to disposal by landfilling	208
Non-recycled waste	3,724
Percentage of non-recycled waste	10.4%
Total amount of hazardous waste	1,666
Total amount of radioactive waste	n.a.

5.2.3 EU Taxonomy

The European Commission has introduced the EU Taxonomy as a crucial mechanism to enhance sustainable investments and achieve carbon neutrality in the EU by 2050. At Signify, we aspire to serve as a catalyst for transformation and are dedicated to amplifying our positive impact on both the environment and society. We consistently explore opportunities to expand our portfolio of products and solutions that contribute to a more sustainable future. This commitment is evidenced by the significant increase in our LED-based revenues over the past 11 years, rising from 29% in 2013 to 90% in 2024.

This transition has transformed us from a company focused on conventional lighting, which is characterized by low energy efficiency, to a leading LED enterprise. This significant shift has been facilitated by ongoing investments in research and development aimed at sustainable innovation. In 2024, we allocated EUR 253 million towards sustainable innovation, which constitutes 95% of Signify's total R&D spending.

To achieve lighting products, systems, and services that optimize (re)usability, serviceability, and upgradability while minimizing value destruction—thereby preserving value and reducing waste—we have established a Circular revenues objective. Our aim is for 32% of total revenues by the end of 2025 to derive from products, systems and services identified internally as circular (for further details, please refer to section Circular economy).

The EU Taxonomy reporting framework

The European Commission created a catalog of economic activities to assess whether they significantly contribute to a sustainable economy, a framework known as the EU Taxonomy. Companies are required to utilize this classification system to evaluate the sustainability of their business activities.

For the financial year 2024, Signify reports its eligibility and alignment within six environmental objectives: Climate Change Mitigation, Climate Change Adaptation, Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control, and Biodiversity and Ecosystems. Given the nature of our business, our main contributions are focused on Climate Change Mitigation and the Transition to a Circular Economy.

Signify's economic activities

The definitions of the EU Taxonomy are broadly formulated which leaves room for companies to interpret it for their business activities. We applied judgment, interpretations and assumptions based on currently available information. Future guidance could result in more accurate definitions and other reporting obligations, which could impact our future EU Taxonomy reporting. The analysis of Signify's economic activities in the context of the EU Taxonomy has revealed that the following lighting activities contribute to the environmental objectives:

Climate Change Mitigation

- CCM 3.5 Manufacture of energy efficiency equipment for buildings. We allocate manufacturing of LED and connected technologies for indoor spaces to this economic activity.
- CCM 3.6 Manufacture other low-carbon technologies that result in substantial GHG emission reductions in other sectors of the economy. We allocate manufacturing of LED and connected technologies for outdoor spaces to this economic activity.
- CCM 6.5 Transport by motorbikes, passenger cars and light commercial vehicles. We allocate here the investment (CapEx) done in company light vehicles leasing.
- CCM 7.2 Renovation of existing buildings. We allocate here the investment (CapEx) done in renovation of existing factories and offices.
- CCM 7.3 Installation, maintenance and repair of energy efficiency equipment. We allocate installation, maintenance and repair activities of lighting products such as lamps and luminaires, without controls, for indoor spaces to this economic activity.
- CCM 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings). We allocate in this activity the investments (CapEx) related to charging stations for electric vehicles.
- CCM 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings. We allocate installation, maintenance and repair activities of lighting systems, such as luminaires with control modules, for indoor spaces to this economic activity. The system might also include sensors, triggers, software, on-site or cloud connectivity.
- CCM 7.7 Acquisition, ownership or leasing of buildings.We allocate in this activity the investments (CapEx) done related to aquisition and leasing of real estate assets.

Transition to a Circular Economy

- CE 1.2 Manufacture of electrical and electronic equipment. We allocate here manufacturing of electrical and electronic equipment and their related activities, mostly related to lighting, including LED technology and also conventional lighting.
- CE 3.2 Renovation of existing buildings. We allocate here the investment (CapEx) done in renovation of existing factories and offices.
- CE 5.1 Repair, refurbishment and remanufacturing. We allocate services offered to customers to repair, refurbishor remanufacture lighting products and related items.
- CE 5.2 Sale of spare parts. We allocate manufacturing of components aimed to replace an existing part of a final product.
- CE 5.5 Product-as-a-service and other circular use and result-oriented service models. We allocate products and related services that are marketed under a “Light as a service” and other pay-per-use business models.

The analysis has not revealed any activities that contribute significantly to the four other environmental objectives namely, climate change adaptation, water and marine resources, pollution prevention and control and biodiversity and ecosystems. Our revenue is connected to one main economic activity (as per NACE codes), specifically C27.40.

Signify's 2024 approach

The EU Taxonomy identifies Turnover, Capital Expenditure (CapEx), and Operating Expenditure (OpEx) as essential performance indicators that must be reported. The financial data relevant to Signify's EU Taxonomy reporting is derived from the IFRS consolidated financial statements for the fiscal year 2024.

In 2024, we have initiated a comprehensive effort to operationalize the regulation for Signify. This endeavor resulted in a detailed list of product attributes for turnover and project attributes for CapEx and OpEx, ensuring compliance with all requirements. Regarding turnover, we conducted a review of our product portfolio to identify items meeting the eligibility and alignment criteria. We translated regulatory requirements into practical product-related attributes and subsequently performed a tagging exercise to identify these attributes' values within our product portfolio. This process has streamlined our data collection. The denominator includes all sales for the year, while the numerator comprises the proportion of products deemed eligible or aligned based on the identified attribute values. As a conservative measure, products with uncollected attributes are considered non-eligible. This approach prioritizes data accuracy over completeness for eligibility and alignment; in that sense we aim to refine this process annually to maximize data completion.

Concerning CapEx and OpEx, we enhanced our methodology in 2024. We transitioned from using turnover values as allocation key to developing a new approach. Similar to the turnover process, we adapted requirements into project attributes and tagged material projects to determine compliance. For projects below the defined materiality threshold, we continued to use turnover values as allocation key. Our CapEx/OpEx calculations include total CapEx/OpEx in the denominator, while the numerator comprises the proportion of investments identified as eligible/aligned through the tagging exercise, plus the proportion derived using turnover averages of eligibility and alignment as allocation key for non-material projects.

To avoid double-counting eligibility towards the Transition to a Circular Economy and Climate Change Mitigation objectives, we have allocated Turnover, CapEx, and OpEx contributing to both objectives solely to Climate Change Mitigation. This approach ensures that no economic values are counted twice. We have embarked on a digitalization journey for this entire process, which will continue in the coming years to improve data availability and completeness.

Turnover

Eligibility criteria

The eligible turnover is defined as the part of the net turnover derived from products or services, including intangibles, associated with Taxonomy-eligible economic activities. The following list sets out Signify's Taxonomy eligible turnover, contributing to the following environmental objectives:

Climate Change Mitigation:

- Turnover of the manufacturing of LED and connected technologies, for indoor spaces (CCM 3.5) and outdoor spaces (CCM 3.6);
- Turnover of the installation, maintenance, and repair of energy-efficient lighting, without controls (CCM 7.3) and with control modules (CCM 7.5).

Transition to a Circular Economy

- Turnover of the manufacturing of electrical and electronic products (CE 1.2 and CE 5.5), components (CE 5.2), and related activities (CE 5.1).

Alignment criteria

EUR 771.7 million met the screening criteria used to measure the substantial contribution to the environmental objectives. This includes the sales from products which are meeting the following criteria:

Climate Change Mitigation

CCM 3.5 g) Light sources rated in the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369.

Signify utilizes the European Product Registry for Energy Labelling (EPREL) as a foundational resource to identify the two highest populated energy efficiency classes, as mandated.

For product groups that are either incomplete or questionable within EPREL, we analyzed the distribution of energy labels across our portfolio. In cases where an EPREL label is unavailable—such as for non-European products and luminaires—we have developed an equivalent EPREL label based on parameters including power, luminous flux, directionally, and mains characteristics. As a conclusion, Signify defines the highest two populated classes as follows:

- A & B classes – or equivalent – for lamps and white light sources;
- C & D classes – or equivalent – (on luminaire level) for professional indoor luminaires;
- C & D classes – or equivalent – for color controllable lamps.

CCM 3.5 j) Presence and daylight controls for lighting systems

We define presence and daylight controls as LED indoor standalone sensors that can connect to a lighting system to provide input from presence and daylight, enabling dimming capabilities. Sensors integrated into luminaires are excluded from this category.

CCM 3.5 m) Energy-efficient building automation and control systems for residential and non-residential buildings.

In this category, we consider LED indoor lighting systems that are connectable. This definition encompasses the following products:

- LED Indoor Connectable Full Lighting Systems: Signify offers integrated and packaged lighting systems to customers. These comprehensive systems include hardware components such as luminaires, light sources, sensors, and other necessary parts, as well as software primarily designed for control systems;
- LED Indoor Connectable Devices: This includes connectable lamps, luminaires and drivers, intended for professional markets. These connectable devices are designed

for integration with professional building control systems.

CCM 3.6) Manufacture other low carbon technologies that result in substantial GHG emission reductions in other sectors of the economy.

The revenues that are attributable to the following subset of product families from the eligible revenues, with a third party verified Environmental Product Declaration (EPD) issued complying with ISO 14040 Life Cycle Assessment standard that covers the framework ISO 14044.

CCM 7.3 d) Installation, maintenance and repair of energy efficiency equipment.

The activity consists of installation and replacement of energy efficient light sources rated in the highest two populated classes of energy efficiency – Class A and B of EPREL – or equivalent.

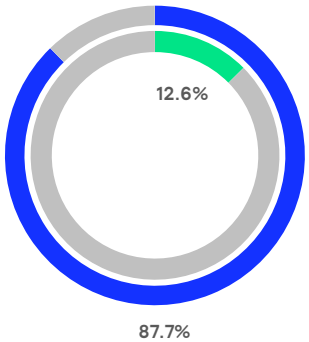
CCM 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings.

As in the regulation there is no substantial contribution criteria for CCM 7.5, all Services that are eligible will automatically be considered as compliant with the substantial contribution criteria.

Transition to a Circular Economy activities
Signify has been providing circular products and solutions for years. We are still evaluating the substantial contribution criteria for the Signify-relevant activities CE 1.2, CE 5.1, CE 5.2, and CE 5.5. While the requirements are challenging, especially those related to chemical requirements introduced by EU Taxonomy CE, which are novel or stricter than in the lighting-applicable product regulations, the company is making progress and taking steps to demonstrate and enhance its contribution to these circular economy activities.

In 2024, out of the EUR 6,142.7 million total Turnover, EUR 4,618.4 million are Taxonomy-eligible (A.2) and EUR 771.7 million Taxonomy-aligned (A.1).

Turnover



CapEx

The following list sets out Signify's Taxonomy eligible Capital Expenditures, contributing to the environmental objectives:
a) Related to assets or processes that are associated with Taxonomy-eligible economic activities:

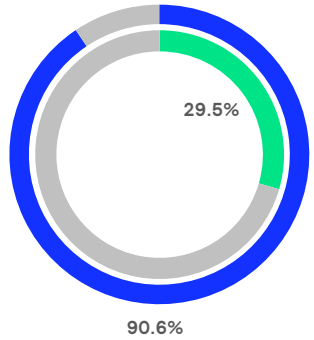
- Climate Change Mitigation: CapEx related to the manufacturing of LED and connected technologies, for Indoor spaces (CCM 3.5) and outdoor spaces (CCM 3.6), and the annual turnover of the installation, maintenance and repair of energy-efficient lighting, without controls (CCM 7.3) and with control modules (CCM 7.5);
- Transition to a Circular Economy: CapEx related to the manufacturing of electrical and electronic products (CE 1.2 and CE 5.5), components (CE 5.2), and related activities (CE 5.1).

b) Part of a plan to expand Taxonomy-eligible economic activities or to allow Taxonomy-eligible economic activities to become Taxonomy-aligned; Among others, new production lines and extension of production capacity of LED, connected technologies and product refurbishment.
c) Related to the purchase of output from Taxonomy-eligible economic activities and individual measures. In this category we are considering the following economic activities:

- CCM 6.5 Transport by motorbikes, passenger cars and light commercial vehicles;
- CCM 7.2 / CE 3.2 Renovation of existing buildings;
- CCM 7.3 Installation, maintenance and repair of energy efficiency equipment;
- CCM 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings;
- CCM 7.7 Acquisition, ownership or leasing of buildings.

In 2024, out of the EUR 135.6 million total CapEx, EUR 122.8 million are Taxonomy-eligible (A.2) and EUR 40.1 million Taxonomy-aligned (A.1).

CapEx



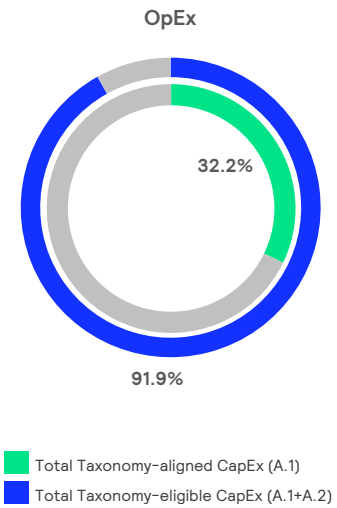
OpEx

The following list sets out Signify's Taxonomy eligible operational expenditures, contributing to the environmental objectives:
a) Related to assets or processes that are associated with Taxonomy-eligible economic activities; we are including under this category:

- Climate Change Mitigation: OpEx related the manufacturing of LED and connected technologies, for Indoor spaces (CCM 3.5) and outdoor spaces (CCM 3.6), and the annual revenue of the installation, maintenance and repair of energy-efficient lighting, without controls (7.3) and with control modules (7.5);
- Transition to a Circular Economy: OpEx related the manufacturing of electrical and electronic products (1.2 and 5.5), components (5.2), and related activities (5.1).

b) Part of a plan to expand Taxonomy-eligible economic activities or to allow Taxonomy-eligible economic activities to become Taxonomy-aligned; We are considering here R&D projects in new lighting technologies, repairability options, etc.

In 2024, out of the EUR 334.2 million total OpEx, EUR 217.2 million are Taxonomy-eligible (A.2) and EUR 117.0 million Taxonomy-aligned (A.1).



Do No Significant Harm criteria

The EU Taxonomy Regulation establishes that an economic activity must Do No Significant Harm (DNSH) to any of the other environmental objectives. To conduct the different assessments, we have gathered information about our measurements, processes and policies for each of the DNSH criteria covering the economic activities.

We have adopted the same conservative approach as with the substantial contribution in turnover. In cases where no data is available to prove compliance with DNSH or MSS, we have chosen to classify it as not meeting the criteria.

Eligibility and alignment disclosures for Turnover, CapEx and Opex

	2022			2023			2024		
	Turnover	CapEx	OpEx	Turnover	CapEx	OpEx	Turnover	CapEx	OpEx
Taxonomy-eligible and aligned (A.1)	**11%**	**12%**	**11%**	**8.5%**	**8.6%**	**7.2%**	**12.6%**	**29.5%**	**32.2%**
Climate Change Mitigation	11%	12%	11%	8.5%	8.6%	7.2%	12.6%	29.5%	32.2%
Transition to a Circular Economy	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	–%	–%	–%
Taxonomy-eligible but not aligned (A.2)*	**72%**	**71%**	**63%**	**91.5%**	**91.4%**	**92.8%**	**75.2%**	**61.0%**	**59.7%**
Climate Change Mitigation	72%	71%	63%	76.4%	77.8%	70.2%	60.4%	36.3%	52.9%
Transition to a Circular Economy	n.a.	n.a.	n.a.	15.0%	13.6%	22.6%	83.9%	25.8%	70.2%
Total Taxonomy-eligible activities (A=A.1+A.2)	**83%**	**83%**	**74%**	**100%**	**100%**	**100%**	**87.7%**	**90.6%**	**91.9%**
Climate Change Mitigation	83%	83%	74%	85.0%	86.4%	77.4%	72.9%	65.8%	85.1%
Transition to a Circular Economy	n.a.	n.a.	n.a.	98.2%	99.3%	100.0%	83.9%	25.8%	70.2%
Total Taxonomy-non-eligible activities (B)	**17%**	**17%**	**26%**	**–%**	**–%**	**–%**	**12.3%**	**9.4%**	**8.1%**
Total (EUR million)	**7,514**	**238**	**492**	**6,704**	**180**	**497**	**6,143**	**136**	**364**

* To avoid overlapping in eligibility between Circular Economy and Climate Change Mitigation, we report all shared eligibility between both objectives as Climate Change Mitigation.

DNSH to Climate Change Adaptation

We performed a climate risk and vulnerability assessment to identify potential physical and transition risks in our operations and value chain (upstream and downstream). Regarding the physical risks, we have analyzed all the climate-related hazards listed in appendix A from Annex 1 of the EU Taxonomy and focused on assessing physical risks relevant to Signify's manufacturing sites, warehouses and distribution centers, namely riverine flooding, coastal flooding, drought, tropical cyclones, and heatwave for the short-term (2025) and two long-term (2050) scenarios. The two long-term scenarios cover a below 2°C or SSP1-2.6 scenario – taking the sustainable lower emissions pathway, and an above 4°C or SSP5-8.5 scenario – fossil fueled development path. In the 2024 assessment, no material risks have been identified. For more details on our climate risk and vulnerability assessment, refer to our ESRS E1 – Climate Change section of this report.

DNSH to Sustainable use and protection of Water and Marine Resources

For all our operations, Signify follows the local environmental regulation and has developed local studies about water impact when relevant based on the sites' operation and location. We operate in accordance with the international standards ISO 14001 and ISO 45001, as stipulated in our EHS Policy.

For water pollution, we have leveraged the assessment done in 2023, when we conducted an in-depth nature impact assessment, which considered water-related impact pathways leveraging the WWF Biodiversity & Water Risk Filters. The results showed that three sites were at potential risk, out of these, one is still under investigation, and the other two have limited impact identified and mitigating actions in place respectively.

For water scarcity, we used ECOLAB Water Risk Tool by WWF to assess water scarcity issues. We have found that 11 sites (including non-relevant sites for EU Taxonomy alignment) are at potential risk, based on their locations. Our measurements confirm that in these sites the total water consumption has decreased 11% compared to

2023. All of these sites have plans to continue that positive trend.

Regarding the protection of water and marine resources, the assessment conducted identified that only three sites are within 10km from coastal waters and that none of them have any relevant potential impact.

DNSH to Transition to a Circular Economy

Signify has assessed its practices related to the Do No Significant Harm criteria for transitioning to a circular economy, focusing on its internal programs, policies, and supply chain initiatives. Circular economy is a central focus in the company's sustainability program.

This assessment highlights several key initiatives. Signify's 5 Frontiers strategy aims to develop lighting products that are repairable, reusable, and recyclable, while ensuring high durability to minimize waste. Since 2020, the company has achieved a zero-waste-to-landfill goal in its manufacturing processes. Our Sustainability policy further reinforces this commitment by promoting responsible consumption and production aligned with the Sustainable Development Goal 12.

Our Sustainable design procedure guides research and development efforts to enhance product sustainability through durability, recyclability, and ease of disassembly. Signify has integrated circular economy principles into various product categories, focusing on preserving value and reducing waste through serviceable luminaires and intelligent asset management. Additionally, Signify participates in collection and recycling programs for conventional and LED lighting products and expands its remanufacturing services for used luminaires. The company has also increased the use of recycled and bio-circular materials in its products, particularly in 3D printing, where a significant percentage of materials used are sustainable. Moreover, the responsible packaging initiative has led to a substantial reduction in plastic usage.

Through our commitments, procedures, and current activities, Signify mitigates the risk of harming the objective of transitioning to a circular economy. For more information about our actions towards this topic, refer to subsection Circular Economy.

DNSH to Pollution Prevention and Control

In line with the DNSH criteria, Signify has a comprehensive policy for pollution prevention and control. The company meticulously manages the use and disposal of all raw materials in its operations. Signify mandates that all suppliers disclose all substances in their components and adhere to the stipulations outlined in the Regulated Substance List (RSL).

The RSL is a crucial document that encompasses product substance requirements derived from various legal sources, including federal, state, county, and municipal laws, regulations, ordinances, and codes, as well as Signify's own requirements. This list is an integral part of Signify's Sustainability policy and is incorporated into the company's general purchasing conditions. All suppliers and brand licensees are obligated to ensure their products comply with this list.

Signify conducts an annual assessment of substances used in manufacturing sites to ensure compliance with DNSH requirements. In 2024, we have excluded sales from products manufactured in sites where either insufficient data was available or where the assessment revealed the use of substances not permitted under the requirements.

DNSH to Protection and restoration of Biodiversity and Ecosystems

Regarding the protection of biodiversity and ecosystems, all our sites follow at minimum the local environmental regulations and all sites located within the EU comply with mandatory Environmental Impact Assessments (EIAs) requirements.

In 2024, we reviewed the 2023 in-depth impact assessment across the value chain and looked specifically at impact pathways related to biodiversity. The pathways included terrestrial ecosystem use, soil pollution, waste generation and wildlife and ecosystems disturbance. We identified that 2% of all sites were located within the zone of influence to protected areas and 10% of our sites were at risk of potentially contributing to soil pollution and wildlife and ecosystems disturbances.

These risks are currently mitigated by policies in place, such as the Biodiversity Policy, as well as environmental impact management processes, mitigation plan and containment protocols for hazardous materials. Regarding the risks in our supply chain, we identified seven priority commodities and will be engaging with the key suppliers that face potential risk of impacting terrestrial ecosystem use. We are working on improving the responsible sourcing policy as well as adopting mitigation measures to minimize the risks of impact. Regarding our own products, we are working on developing better biodiversity friendly lighting solutions, such as our Dark Sky product line and we are planning to activate awareness of users about light and its impact on wildlife and ecosystems. For more information about biodiversity and ecosystems, refer to section 5.7 Voluntary disclosures.

Minimum Social Safeguards

The Minimum Safeguards (MSS) provision of the EU Taxonomy Regulation requires companies involved in environmentally sustainable economic activities must also meet criteria for responsible business conduct already outlined in the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights, the Fundamental Conventions of the International Labour Organisation (ILO) and the International Bill of Human Rights.

In 2024, Signify developed a new Due Diligence process based on our Human Rights Policy and in alignment with the Minimum Safeguards requirements. This process is integral to the company's commitment to responsible business practices, aligning with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Human Rights.

The due diligence framework encompasses both human rights and environmental impacts, ensuring regulatory compliance and ethical standards. Signify conducts annual

risk assessments to identify and mitigate potential adverse impacts across its value chain, evaluating operations and suppliers on environmental management and compliance with international standards. Regular audits are performed to ensure adherence, with corrective action plans implemented for any non-compliance.

Human rights considerations are embedded in Signify's policies and practices, guided by the International Bill of Human Rights and the UN Global Compact. The Human Rights Committee oversees risk assessments and mitigation plans, prioritizing issues based on severity and likelihood. A complaints mechanism allows stakeholders to raise concerns, with issues tracked and reviewed by the Integrity Committee.

For more information on the Due Diligence process, please go to section 5.6. Due Diligence.

In addition, we assessed the coverage of our codes and standards to the principles and policies under the MSS of the EU Taxonomy. We scanned all the relevant internal policies and procedures and did a matching exercise with the different frameworks required for the Minimum Safeguards, the assessment confirmed that we meet the requirements.

Complementary information

The detailed results following the format of the Taxonomy Regulation can be found in the following pages. Signify understands and appreciates the fact that the EU Taxonomy framework is in constant evolution, and that the company's reporting obligations will continue to grow and evolve over the next years. Signify is committed to increasing its taxonomy eligibility and taxonomy-alignment percentages independently of regulatory developments.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities	CODE	Turnover	Proportion of turnover, year 2024	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2023	Category enabling activity	Category transitional activity
Text		EUR million	%	Y; N; N/EL						Y/N						Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Taxonomy-eligible and aligned activities (Taxonomy-aligned)																			
Manufacture of energy efficiency equipment for buildings	CCM 3.5	759.9	12.4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	5.3%	E	
Manufacture other low carbon technologies that result in substantial GHG emission reductions in other sectors of the economy	CCM 3.6	–	–%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	3.0%	E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	11.8	0.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.2%	E	
Total Turnover from taxonomy-eligible and aligned activities (A.1)		771.7	12.6%	12.6%	–%	–%	–%	–%	–%	Y	Y	Y	Y	Y	Y	Y	8.5%	E	
of which Enabling		771.7	12.6%	12.6%	–%	–%	–%	–%	–%	Y	Y	Y	Y	Y	Y	Y	8.5%	**E**	
of which Transitional		0.0	–%	–%						Y	Y	Y	Y	Y	Y	Y	–%		**T**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)*				EL; N/EL															
Manufacture of energy efficiency equipment for buildings	CCM 3.5	2,818.0	45.9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								54.4%		
Manufacture other low carbon technologies that result in substantial GHG emission reductions in other sectors of the economy	CCM 3.6	882.5	14.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								22.1%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	7.8	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								–%		
Manufacture of electrical and electronic equipment	CE 1.2	906.2	14.8%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								15.0%		
Repair, refurbishment and remanufacturing	CE 5.1	–	–%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								–%		
Sale of spare parts	CE 5.2	3.9	0.1%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								–%		
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	–	–%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								–%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		4,618.4	75.2%	60.4%	–%	–%	83.9%	–%	–%								91.5%		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		5,390.1	87.7%	72.9%	–%	–%	83.9%	–%	–%								100%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		**752.6**	**12.3 %**																
Total		**6,142.7**	**100%**																

* To avoid overlapping in eligibility between Circular Economy and Climate Change Mitigation, we report all shared eligibility between both objectives as Climate Change Mitigation.

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities	CODE	CapEx	Proportion of CapEx, year 2024	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2023	Category enabling activity	Category transitional activity
Text		EUR million	%	Y; N; N/EL						Y/N						Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Taxonomy-eligible and aligned activities (Taxonomy-aligned)																			
Manufacture of energy efficiency equipment for buildings	CCM 3.5	28.3	20.9%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	5.3%	E	
Manufacture other low carbon technologies that result in substantial GHG emission reductions in other sectors of the economy	CCM 3.6	–	–%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	3.0%	E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	–	–%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.2%	E	
Acquisition and ownership of buildings	CCM 7.7	11.8	8.7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	–%	E	
Total CapEx from taxonomy-eligible and aligned activities (A.1)		40.1	29.5%	29.5%	–%	–%	–%	–%	–%	Y	Y	Y	Y	Y	Y	Y	8.6%	E	
of which Enabling		40.1	29.5%	29.5%	–%	–%	–%	–%	–%	Y	Y	Y	Y	Y	Y	Y	8.6%	**E**	
of which Transitional		–	–%	–%						Y	Y	Y	Y	Y	Y	Y	–%		**T**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)*				EL; N/EL															
Manufacture of energy efficiency equipment for buildings	CCM 3.5	27.0	19.9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								55.4%		
Manufacture other low carbon technologies that result in substantial GHG emission reductions in other sectors of the economy	CCM 3.6	20.0	14.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								22.5%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	10.1	7.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								–%		
Renovation of existing buildings	CCM 7.2/ CE 3.2	1.4	1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								–%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0.8	0.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								–%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0.1	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								–%		
Acquisition and ownership of buildings	CCM 7.7	16.7	12.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								–%		
Manufacture of electrical and electronic equipment	CE 1.2	6.0	4.8%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								13.6%		
Repair, refurbishment and remanufacturing	CE 5.1	0.3	0.2%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								–%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		82.8	61%	36.3%	–%	–%	25.8%	–%	–%								91.4%		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		122.8	90.6%		–%	–%	25.8%	–%	–%								100%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		12.8	9.4%																
Total		135.6	100%																

* To avoid overlapping in eligibility between Circular Economy and Climate Change Mitigation, we report all shared eligibility between both objectives as Climate Change Mitigation.

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities	CODE	OpEx	Proportion of OpEx, year 2024	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2023	Category enabling activity	Category transitional activity
Text		EUR million	%	Y; N; N/EL						Y/N						Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Taxonomy-eligible and aligned activities (Taxonomy-aligned)																			
Manufacture of energy efficiency equipment for buildings	CCM 3.5	117.0	32.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	4.4%	E	
Manufacture other low carbon technologies that result in substantial GHG emission reductions in other sectors of the economy	CCM 3.6	–	–%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2.5%	E	
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	–	–%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	–%	E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	0.1	–%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.2%	E	
Total OpEx from taxonomy-eligible and aligned activities (A.1)		117.1	32.2%	32.2%	–%	–%	–%	–%	–%	Y	Y	Y	Y	Y	Y	Y	7.2%	E	
of which Enabling		117.1	32.2%	32.2%	–%	–%	–%	–%	–%	Y	Y	Y	Y	Y	Y	Y	7.2%	**E**	
of which Transitional				–%						Y	Y	Y	Y	Y	Y	Y	–%		**T**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)*				EL; N/EL															
Manufacture of energy efficiency equipment for buildings	CCM 3.5	112.5	30.9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								49.9%		
Manufacture other low carbon technologies that result in substantial GHG emission reductions in other sectors of the economy	CCM 3.6	79.9	22.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								20.3%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	–	–%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								–%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	–%	–%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								–%		
Manufacture of electrical and electronic equipment	CE 1.2	24.6	6.8%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								22.6%		
Repair, refurbishment and remanufacturing	CE 5.1	–	–%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								–%		
Sale of spare parts	CE 5.2	–	–%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								–%		
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	–	–%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								–%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		217.2	59.7%	52.9%	–%	–%	70.2%	–%	–%								92.8%		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		334.2	91.9%	85,1%	–%	–%	70.2%	–%	–%								100%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		30	8.1%																
Total		363.8	100%																

* To avoid overlapping in eligibility between Circular Economy and Climate Change Mitigation, we report all shared eligibility between both objectives as Climate Change Mitigation.

Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

5.3 Social

This year, Signify continued to advance its commitment to creating a positive social impact. Our policies and actions focused on enhancing the well-being of our workforce, ensuring ethical practices within our supply chain, and upholding human rights through rigorous due diligence. We implemented comprehensive programs aimed at fostering an inclusive and diverse workplace, promoting fair labor practices, and supporting community development. This section details our progress and initiatives, reflecting our dedication to social responsibility and sustainable growth. Through these efforts, we strive to make a meaningful difference in the lives of our employees and suppliers and directly contribute to the achievement of SDG 8: Decent work and economic growth.

Our Brighter Lives objectives contribute to enhance our social impact opportunities and lead to positive impact through doubling our Brighter lives revenues, which benefit society by increasing Food availability, Safety & security and Health & well-being. Read more about our program in the introduction section of this chapter.

Due diligence and human rights

Respecting human rights is a central foundation of the way we work. Our commitment to respecting and promoting human rights extends beyond our own operations, across our wider sphere of influence, including our supply chain. To that end, we integrate human rights considerations into our policies, processes, and practices.

Our Human Rights Policy – addressing issues such as human trafficking, forced labor or compulsory labor and child labor – is based on the International Bill of Human Rights, the United Nations Global Compact Ten Principles, and the International Labor Organization's declaration on Fundamental Principles and Rights at work. Signify carries out continuous research and stakeholder engagement activities to identify the most salient ethical and social principles that govern our relationship with stakeholders worldwide.

Through our due diligence process, we conduct annual risk assessments to identify and mitigate potential adverse impacts across our value chain. This includes evaluating our own operations and our suppliers on environmental management systems and compliance with international standards which includes provisions on fair labor practices, environmental protection, and anti-corruption measures. Regular audits and assessments are conducted to ensure compliance, and any non-compliance is addressed through corrective action plans. We monitor the implementation of those plans bi-annually to ensure their effectiveness and adjust if proven necessary. Our Ethics Line is available to all our stakeholders for complaints or concerns to be raised. You can find more details about this in section 5.4, Governance.

In the following sections, more details are provided on the risks assessment and mitigation plan regarding our own workforce and workers in the supply chain specifically.

5.3.1 Own Workforce (ESRS S1)

Our approach

At Signify, our workforce is at the heart of our success in driving innovation and delivering sustainable solutions in the global lighting industry. As the world transitions to more energy-efficient and sustainable practices, we are committed to ensuring that our operations not only meet the demands of this new landscape but also prioritize the well-being, development, and inclusion. Guided by international principles, including human rights and labor standards, our strategic focus is to foster a safe, fair, and supportive environment for all our employees. This ambition aligns with our Brighter Lives, Better World program, which seeks to create positive social impact alongside environmental progress.

This section outlines our comprehensive approach to managing the social aspects of our operations. It begins with general disclosures, followed by information regarding our risk and impact assessment, and details our commitments to safety at work, living wages, talent development, diversity, equity, and inclusion.

Finally, we conclude with additional metrics covering areas such as employee representation and family-related leave, ensuring a holistic view of our workforce-related practices.

Material impacts, risk and opportunities

The double materiality assessment identified the following material IROs in our own operations:

- Health and safety: Potential risk of incidents, potential negative impact;
- Talent and development: Talent and skills shortages, potential risk;
- DE&I: Inclusive workplace practices, actual positive impact;
- Living wage: Specific issues, actual negative impact.

Read more details in the DMA section. When defining our material impact, we specify the type of employees potentially affected, which also includes non-employees.

As part of this process, we engaged with various stakeholders, including employees through our Employee Team survey. The feedback gathered helps guide our efforts in setting targets and developing employee engagement action plans where relevant. Our Chief Human Resources Officer, Kiran Brar, has operational responsibility over these engagements. The impacts, risks, and opportunities are further detailed in the following sections which also outline our relevant policies, action plans, targets and metrics. All material topics have targets, except for Talent & Development which is a material financial risk and therefore does not have a target. Our internal and external metrics have been set in accordance with our targets to ensure the effectiveness of our actions.

Human rights risk assessment

In addition to the double materiality assessment, a specific human rights risk assessment is conducted in alignment with our due diligence process. This provides the opportunity to deep dive into human rights risk areas and feed into the double materiality outcomes.

The process

In 2024, we continued to strengthen our risk assessment process by further aligning with the due diligence requirements from the EU CSDDD and meeting the EU Taxonomy Minimum Social Safeguards (MSS). For employees specifically, we have a process that consists of identifying the salient issues based on audits and assessments and defining the risk mitigation. Signify carries out continuous research and stakeholder engagement activities to support the assessment and cover the ethical and social principles that govern our relationship with stakeholders worldwide based on our Integrity code.

For the identification of salient human rights, we conducted discussions with internal stakeholders on potential risks within our operations. We also enhanced our approach by consulting unions, for instance by interviewing the Labor Union Chairman at one site in China.

The identification of our salient human rights issues and proposed mitigation actions are signed off annually by the Human Rights Committee, which includes senior leaders across the company. This year, we made some changes in the composition of the committee to reflect our new organizational structure.

Compliance with the Human Rights Policy is governed by our Integrity code, combined with dedicated steps that help ensure adherence. A mandatory compliance training course for all employees on Integrity code awareness is scheduled to be launched in Q1 2025. This initiative is an integrated and ongoing activity embedded in our business principles, which we redeploy on a regular basis and share with new employees as part of their onboarding program.

The efficiency of our approach is assessed using tools such as our Employee Team survey, which includes questions about reporting unethical behavior and compliance with safety measures. Based on this feedback, we can evaluate if our employees are aware of, and trust, the structures in place to raise concerns. Further details on how we provide protection against retaliation are disclosed in section 5.4, Governance.

The assessment and remediation

We analyzed several sources to identify possible human rights risks, including input from our LEG.001 questionnaire, the cases submitted to the Ethics Line, the annual living wage assessment, the health & safety annual TRC results and the outcome of the bi-annual internal audit, which is done on-site. In addition, since 2017, we have applied a country risk-based approach to our manufacturing locations, requesting sites in high-risk regions to periodically complete dedicated self-assessments on human rights compliance. In 2024, we updated this self-assessment process to reflect the latest human rights developments. We revised the questionnaire by adding ten new questions and updating eight existing ones to ensure comprehensive coverage of all potential human rights risks, with a specific focus on the sections dedicated to forced labor and child labor.

Depending on the severity of the identified risk, we prioritize and initiate mitigation actions, using a tailored approach and timeline.

The outcome

Based on our country risk assessment, we identified 19 manufacturing locations in countries with high or very high risk ratings for potential human rights violations. These sites are located in China, India, Brazil, Saudi Arabia, and Mexico.

As a result of the assessment, we found four topics with low risk. First, related to working hours for a limited number of sites, where in some exceptional cases there was an excess of the maximum of 60 hours per week. Second, we identified improvement areas related to ensuring that any fines and salary deductions are in line with local regulations and communicated clearly to employees. The third improvement point was ensuring that any medical tests required for employees or potential job applicants are in line with local regulations and justified from a health and safety perspective. Fourth, we identified a population of the workforce that receive compensation below the living wage which is specific to a region and to certain contract conditions. More details are provided in the Living wage section below. We did not find any issues related to forced or child labor.

Regarding the implementation of previous mitigation actions, in 2021 we identified five sites from one of our newly acquired operations where some practices were not aligned with our policy. We have put a plan in place to align these practices. Corrective actions have been implemented, such as establishing at least one day off per week as a rest day. We also set a limit to the average working hours per month. Based on the improvements over the past three years, we have met our targets. The implementation and fine tuning of the improvement plan continues now in three newly acquired sites.

Discussions with internal stakeholders identified one additional issue, related to a preventive approach towards new manufacturing sites, launched in 2024 in high-risk countries. We need to ensure that from the start, we have the right policies and practices in place.

Finally, concerning our Ethics Line, we assessed the reported cases to better understand if there's an increase within a specific category of cases. 256 cases were raised by employees in 2024, none of them being severe human rights incidents, see more details in section G1. No fines and compensations occurred following an employees' incident or complaints. In 2023, we identified harassment cases as a category to pay attention to. This led to the new Anti-Discrimination and Anti-Harassment Policy being launched in 2024, which sets forth a zero-tolerance policy for harassment and discrimination.

Mitigation plan

Our mitigation actions are the following and will be deployed over the course of 2025:

- New manufacturing sites: use the same checklist as the one for due diligence for new ventures and acquisitions. All policies should be in full alignment with our Human Rights Policy from the start of operation;
- Working hours: monitor situations of peak demand and lack of availability of workers;
- Medical tests of employees or job applicants prior to hiring or promotions: ensure they are always in line with local legal regulation or justified by health and safety rules of the specific job;

- Living wage: see Living wage section below for details on the analysis, outcome and actions taken;
- Fines and deductions: ensure they are always in line with the local legal regulation and clearly communicated in writing upon hiring with a clear policy on deductions and fines.

Workforce general disclosures

The total size of the Signify workforce at the end of 2024 was 29,459 FTEs, compared to 31,920 at year-end 2023. Across the organization, approximately 53% of employees were employed in Operations, 24% were employed in Commercial functions and 14% in Innovation, Research and Development. The remaining 9% worked in Corporate functions.

Total headcount by country [1]

Country	Number of employees
China [2]	6,561
Mexico	4,220
Poland	2,783
India	2,672
USA	2,241

[1] For countries with more than 50 employees. representing more than 10% total employees.
[2] Includes Klite and NAC estimates.

In 2024, Signify's adjusted employee turnover was reduced to 16% (2023: 17%). On a reported basis, the total turnover was 7,429 people, which represents 28% (2023: 37%) including estimates for Klite and newly acquired companies (NAC), and the specifics of the Mexican labor law, which prohibits contingent labor and therefore causes a significant impact on a consolidated basis. Signify applies high standards in its factories around the world to ensure its competitiveness in highly dynamic labor markets, while continuously improving employee satisfaction and reducing turnover.

Employee turnover breakdown in 2024 in % [1]

	Staff (majority in factory)	Professional	Mid-Level Professional	Senior-Level Professional	Leadership	Grand Total
Total adjusted [2]	4%	9%	2%	1%	0%	16%
Total	17%	8%	2%	1%	0%	28%
of which voluntary	11%	3%	1%	0%	0%	16%
of which involuntary	6%	5%	1%	0%	0%	12%

[1] Includes estimates for Klite and NAC.
[2] Excluding manufacturing population from Mexico.

Financial information related to our workforce can be found in note 5, Employee benefit expenses, section 15.6, Notes to the consolidated financial statements.

Culture

Our company culture is built on four foundational pillars: our purpose & values, sustainability, diversity, equity and inclusion and building high performance teams. These foundational elements guide why we exist, what we value, and how we work.

Our purpose is to unlock the extraordinary potential of light for brighter lives and a better world. It is our guiding light and it has been since we became an independent company. Underpinning our purpose are our values which are brought to life through our behaviors. During 2024, we refreshed the behaviors considering the changing business environment and the change in the operating model of our company. These behaviors shape our interactions with colleagues and customers, influence our daily tasks, and guide our responses to challenges.

To activate these behaviors, we conducted seminars, sessions, and team discussions, fostering a commitment to our values at every level. Nearly 600 teams across functions and geographies participated in workshops to identify and prioritize performance-enhancing behaviors. Quarterly team activities further brought these behaviors to life, helping teams explore practical ways to integrate them into daily work.

During 2024, we changed our operating model, aligning our business around our customers segments, which was a significant change for our teams. We brought our teams along on the journey by engaging 150+ change champions across functions and geographies who worked on embedding the new ways of working and our new behaviors. We monitored the degree of adoption and understanding of the change through a quarterly change index measured through our team survey. This change index then shaped any additional interventions or communication by teams. By the end of the year the change index stood at 83% indicating that the employees understood the change in the operating model and demonstrated a strong commitment across the organization.

Our commitment to sustainability is ingrained in our strategy and culture. In 2024, we've implemented a range of initiatives to engage employees, including monthly sustainability challenges and quarterly engagement themes that link personal values with our business practices. We're constantly striving to deepen our understanding of sustainability and its implications. This year, we launched our Climate Action Training Program, which included educational sessions on climate change, the role of lighting in global emissions, and emissions reduction. Our goal is to empower everyone to contribute to meaningful change.

Building a diverse, equitable, and inclusive culture is crucial for creating a workplace where everyone feels valued, respected, and supported. It promotes innovation, enhances creativity, and drives better business outcomes. This pillar is discussed further in section DE&I below.

We are committed to building high-performing teams that drive individual, team, and company success. By prioritizing our performance culture, we strive to promote better execution and accountability for a competitive edge.

Our performance culture is supported by quarterly performance conversations between employee and manager. During these check-in conversations, employees shared progress toward goals and development priorities, while managers provided coaching and support to overcome challenges and foster growth. Our focus on feedforward practices — future-focused feedback — helped identify opportunities for growth, while recognition practices reinforced the impact of living our values and achieving breakthrough results.

The new behaviors were fully integrated into all our performance practices and processes, ensuring alignment across the organization, and enabling the check-in conversations to include a discussion on the application of these new behaviors.

In 2024, 81% of employees completed their quarterly check-ins on average. Completion rates increased throughout the year as employees adapted to changes in reporting lines under our new operating model. By year-end, completion rates reached 93%, reflecting the highest completion to date.

In 2025 and beyond, we will continue to strengthen our performance culture by building managerial capability, enhancing coaching, and embedding feedforward and recognition practices, while looking specifically at team effectiveness as well. These efforts will further unlock performance and help us achieve sustainable growth at Signify.

Breakdown of 2024 performance reviews by %

	Q1	Q2	Q3	Q4
Female	66%	84%	84%	92%
Male	62%	83%	85%	93%
Prefer not to disclose	71%	67%	100%	100%
Overall	**63%**	**83%**	**85%**	**93%**

Employee engagement and well-being

Employee engagement and well-being foster resilience and support our vision of a workplace where people feel they belong, make an impact, and take pride in building our company together. Engaged employees are deeply committed to our goals, and they help us achieve both business objectives and sustainability commitments while driving a dynamic, high-performance culture

In 2024, we continued our grassroots initiatives across the globe to create awareness about employee engagement and well-being:

- Coffee Corners and global webcasts, to reinforce the connection between our people and our leaders;
- Well-being events, webinar programs and activity clubs;
- Health checks in several locations such as Taiwan, United Arab Emirates, the Netherlands and Greater China, for employees to get individual feedback on their health;
- Employee Assistance Program in several locations such as the U.S., U.K. and India, with monthly webinars offering free teleconsultation support to all Indian employees and their family for any kind of wellness query and support;
- Ongoing focus on safety, particularly in our manufacturing and distribution environments.

Our workforce actively participates in volunteering activities across our various regions and offices. By engaging with local NGOs and supporting community initiatives, our employees drive meaningful engagement. Volunteering is deeply embedded within our corporate culture, reflecting our commitment to social responsibility. This dedication not only strengthens our community ties but also fosters a culture of giving and collaboration within our organization. We also collaborate and support the work of the Signify Foundation. Read more about the work of the Foundation in their report.

Our Employee Team survey is a powerful tool for regularly gauging employee sentiment in line with our company purpose and values. Conducted every quarter, it has proven to be a positive driver of employee engagement, enabling us to monitor trends and discuss outcomes and actions at the team level when needed.

In 2024, we updated our survey questions to align with the refreshed behaviors that underpin our values. This enables us to stay on top of the trends around employee engagement and understanding and acceptance of our new operating model. Additionally, the survey provides valuable insights into the inclusivity in teams and the impact of our managers, as measured by the Manager and Inclusion indexes. Our results show that 85% of employees believe we put our Customer First, 90% acknowledge that we are Greater Together, 89% feel that we are Game Changers, and 86% agree that we have Passion for Results. Employees also acknowledge that we Act with Integrity as an organization. We address improvement points at the team level through our Team dialogues and continue to track progress on these questions during our Quarterly Performance Reviews. In the coming years, we plan to assess how to capture insights from vulnerable groups in our workforce.

To measure employee sentiment, the Net Promoter Score (NPS) methodology is used as part of our Team survey. Employees are asked to assess how likely it is that they would recommend our company as a great place to work. At the end of 2024, we recorded an average annual NPS score of +29 across the Signify population (2023: +26), with an average employee response rate of 82% (2023: 83%).

Strengthening our Employee Value Proposition

With our change to the operating model, we recognized the need to revisit our Employee Value Proposition (EVP) at Signify. Significant changes have occurred both within the company and in the external world since we launched our EVP. By listening to our employees, we were able to refresh our positioning and create a new Employer Brand Playbook. This enables teams across the globe to leverage the EVP to attract and retain Signify team members and enhance our position in the talent marketplace.

Leading an industry and shaping a legacy, Creating a sustainable future and Growing a lasting career are the three new pillars of our EVP. During 2025, we will continue to infuse our new EVP into all our employee touchpoints and external communications.

Finally, we are very proud of the recognition that we continue to receive for being an Employer of Choice in many countries. Here's a glimpse of the awards we received in 2024:

- RippleMatch's 2024 Campus Forward Awards: Recognized in the category of Midsize Early Career Programs;
- Awarded the Top Employers Award in China for the 7th time;
- Great Place to Work (The Great Place to Work® Institute) certification:
  - Awarded in Panama, Colombia, Argentina, Chile, Perú;
  - Awarded in United Arab Emirates for the first time;
  - Awarded in Turkey for the second year in a row.
- Best Workplaces in Türkiye in Best Small Size Workplaces category.

Just transition

Within our Climate Transition Plan released this year, we also acknowledge the impact our ongoing transition has on our own workforce. As we adapt our business to the demands of a low-carbon economy, it is essential that we manage the social implications of this shift.

In recent years, the market for conventional lighting products has declined, leading us to reduce our workforce and close several factories. In 2010, our conventional lighting business employed approximately 18,000 workers worldwide. By 2030, we expect that to be below 500. Inevitably, this means job losses. Where possible, we transfer employees to other jobs within Signify (particularly where, for example, they work at factories serving both our conventional and LED lighting businesses). We estimate that this accounts for around a quarter of employees affected by job losses in recent years. For other employees, we take a from work-to-work approach, helping them find new jobs outside Signify and supporting them in making the transition:

- We negotiate detailed social plans with works' councils, trade unions and other employee representative groups to provide job-to-job and financial support in line with local regulations
- Employees are also given advanced notice of factory closures and job losses – this depends on location, but generally ranges between 3-6 months. During that period, employees are granted time off to apply for new jobs and offered access to training and outplacement services.

Signify has high standards in areas such as quality, safety and Lean methodology, and we find this helps employees in looking for new positions. Overall, we support decent work and economic growth by creating a fair, inclusive workplace and providing development opportunities for both employees and suppliers. We also offer training and access to finance to entrepreneurs working in the lighting sector in developing countries. In recent years, the clean energy transition has created millions of new jobs and will continue to do so.

Safety at work

At Signify, our commitment to a safe and healthy working environment is embedded in both our Human Rights Policy and our Environment, Health & Safety (EHS) Policy. The EHS Policy, which complements our Sustainability Policy, applies to all our sites, majority-owned joint ventures, and service projects. It covers employees, temporary workers, contractors, and visitors, ensuring that health and safety standards are upheld across our entire operation. These policies reflect our dedication to preventing harm and fostering a safe, supportive environment for all individuals involved in our business activities.

Health & Safety performance

Health and safety is a top priority for us. We are committed to providing a safe working environment for our employees. Our total recordable case (TRC) rate is the central indicator through which we measure our overall safety performance. Targets for this indicator are set and managed at a company-wide level, and are tracked at business and site-specific levels for our manufacturing sites and distribution centers.

As part of our Brighter Lives, Better World 2025 sustainability program, we are committed to a safe and healthy workplace with a TRC target of 0.30 by the end of 2025, and the ambition for each site to reach it.

Our annual Safety Week campaign was dedicated to the topic of "The Impact of Climate Change on occupational Health and Safety". As part of this campaign, we held a successful global competition.

We recorded 41 cases in 2024 (2023: 49). The TRC rate decreased to 0.17 per 100 FTEs, compared to 0.19 in 2023. In order to be CSRD compliant, we are adopting from now on a new rate per 500 FTEs, which translates into a 0.83 rate for 2024. In 2024, 69% of our reported industrial sites had no recordable injuries and 44% of industrial sites with no recordable injuries over the last three years, while 61% sites had achieved more than 500 injury-free days. Also, we regret to report one contractor fatality that occurred during a waste gas test at a Signify site.

Recordable cases

	2022	2023	2024
Total recordable case rate	0.16	0.19	0.17
Rate of recordable work-related accidents	0.79	0.94	0.83
Work-related illness cases	n.a	n.a	0
Work-related injury cases	n.a	n.a	41
Severe injuries	7	14	13
Severity rate	0.02	0.05	0.05
Lost workday cases rate	0.09	0.12	0.09
Fatalities (including contractors)	0	0	1

As part of our continuous improvement program, we launched our site EHS maturity assessment process in 2024. We had 16 assessments that provided a standardized and effective measure to identify improvement opportunities at individual sites

and enabled the exchange of best practices across our manufacturing sites.

This year, we also introduced an EHS Management of Change (MOC) process to highlight the importance of integrating environmental, health and safety aspects in any significant change in our manufacturing sites, distribution centers and R&D centers.

Management system

Our health and safety management system covers 100% of our sites, both manufacturing and non-manufacturing, ensuring consistent safety standards across the organization. Also, we have reinforced our program to ensure all Signify manufacturing sites are certified locally or via the Signify multi-site ISO 14001 and 45001 certifications. At the end of 2024, 95% of our manufacturing sites were ISO 14001 certified and 90% were ISO 45001 certified. The remaining manufacturing sites have procedures in place to foster compliance with local regulations and Signify policies.

Adequate wage

Recognition and rewards have been identified as an important engagement driver for our employees and direct suppliers. By ensuring good working conditions, Signify not only aims to provide a fair, safe, and respectful work environment, but also an inspiring place to work and grow. Fair remuneration is considered a precondition for our employees to flourish. Signify provides total compensation that is in line with the industry practices in the markets in which we operate.

In 2024, we conducted an assessment of adequate wages for all our employees in all countries we operate, based on the guidance from European Sustainability Reporting Standards. The results indicated that all our employees are compensated at or above the applicable adequate wage benchmark in all countries where we operate.

Living wage

We are committed to providing our employees with a living wage, ensuring that their everyday needs are met. The guiding principles of our pay policy include providing competitive compensation relative to all labor markets, ensuring equity, and providing a living wage to our employees. As such, to ensure compliance against our guiding principles, Signify launched its Living Wages program in 2017.

Signify regularly performs a global review of salaries and benefits for employees with respect to a living wage, to ensure we cover the necessary living costs. We focus on employees who have a higher risk of not receiving a living wage by analyzing 31 regions in six different countries (representing 72% of the overall Signify population). We compare our wages to the Wage Indicator Foundation database.

The 2024 results show that company standards exceed the living wage standards in all regions examined, except one, which represents 0.62% of the population analyzed in the six principal countries. This indicates a decrease of 80.4% as compared to last year, reducing the prevalence of findings from four regions to just one. The only exception is China, where 1.58% of the total population is below the living wage standard amount. However, we identified for this population that the outcome was inaccurate due to the technical timing of the assessment and the specifics of these employees' compensation. Therefore, no adjustments were required.

Three other regions identified during the 2023 analysis no longer have employees below the living wage, due to increases in the national minimum wage. Through Signify's continued commitment to fair remuneration, we see that 99.76% of the population in the countries analyzed are above the living wage standard in 2024.

Talent, learning and development

Our talent philosophy is focused on continuously identifying and developing our employees' skills and abilities, enabling them to have a positive impact at Signify while growing as professionals. This commitment is evident in our talent development, succession planning, and learning initiatives. We provide a range of learning opportunities to help our employees unlock their full potential, whether it's on-the-job experiences or formal training.

At Signify, we believe that inclusive and equitable HR practices are key to achieving our goals. Our Human Rights Policy reinforces our commitment to supporting continuous personal growth, employability, and performance while ensuring a safe and respectful workplace for all employees. We provide learning opportunities to help our employees reach their full potential and foster a culture where individuals can showcase their talents and bring their authentic selves to work. Whether it's on-the-job experiences or formal training, we strive to provide a supportive environment for our employees.

Talent management

At Signify, we believe in developing our talent internally and in being a talent builder. We believe in hiring at entry level positions within the company, with Campus hiring being our biggest source, and then promoting from within. We're committed to continuously identifying and developing our people's skills and abilities to enable them to have a positive impact at Signify while growing as professionals.

Our approach to talent focuses on continuously building and developing employees' functional and leadership skills, while attracting new, diverse talent to strengthen our talent pool. Retaining our talent remained a key priority in 2024, and we have been focusing on fostering internal mobility by matching our talents with internal opportunities.

As part of our global talent philosophy, we continue to identify and source talent through high-quality channels:

- Internal - last year, we filled approximately 47% of our vacancies internally, and 40% of our senior management and leadership roles were filled internally;
- Employee referral – 13% of total external hires came from employee referrals;
- Signify careers website - through our content strategy on social media, "Humanizing our employer brand", we saw high engagement driven by our employees sharing content and our stories about why Signify is a great place to work, aligning with our values and EVP.

Learning and development

Learning continues to be a competitive advantage at Signify and plays an important

role in attracting and retaining talent. Our learning opportunities include challenging on the-job assignments (experience), coaching and mentoring (exchange), and formally structured teaching and online courses (education). In 2024, people connected virtually on our knowledge exchange platforms to consume or to share their knowledge with colleagues. On average in 2024, the learning experience platform Learning@Signify reached an active learner rate of 53%. This calculation is based on voluntary training. The average number of hours spent on training and development per FTE was 18 hours during 2024 (2023: 20.5). The reduction in hours has been attributed to the focus of implementing and stabilizing the new operating model.

Multiple Subject Matter Experts created learning pathways around critical areas to share their knowledge with others bringing our vision that “everyone is a student; everyone is a teacher” to life.

Signify employees are 'the driver of their own career'. This year we continued to deploy the Learning Week in July and the #OwnYourdevelopment newsletter to strengthen the learning agility of our employees. In July’s edition, we focused on growth mindset, data analytics, AI and leadership with offering to our employees the Masterclasses ‘’Are you future ready’’. This initiative has been a success with over 7,100 attendees.

Upskill for digitalization

We continued to invest in digital reskilling and skill assessments for skills like Robotic process automation (RPA), Data and analytics (AI, Machine learning, Data analytics), Cloud computing, Information and cyber security, Programming languages, and IT architectures.

As part of our commitment to responsible AI use, we introduced the AI Policy, which ensures that all AI systems developed, deployed, or used by employees adhere to principles of accountability, transparency, fairness, and security. The policy is applicable to all employees and includes training to ensure everyone understands how to apply AI safely and ethically. The training covers essential topics such as safeguarding data privacy, managing AI-related risks, and ensuring compliance with regulatory requirements.

Upskilling innovation experts for future success

This year we launched INNOLEAD program for the Experts in the Innovation team with the objective to enhance the organization's capacity for innovation and market responsiveness by being agile, informed, and coupled with leadership that can foster and drive innovation. The focus is on developing skillsets to drive innovation, managing change effectively, and making strategic decisions.

Leadership development

We continued to ensure that our leadership development experiences are aligned with our leadership framework of lead, develop, and inspire.

The new organizational structure rolled out in 2024 resulted in significant change of scope for many senior leaders. To support leaders to transition more effectively into their new roles a 120-day transition guide named The Navigator was launched. The framework guides the leaders in taking a structured approach in managing the business, team and stakeholders, covering the first 120 days through four phases: Prepare, Acclimatize, Adjust, and Accelerate. All N-2 leaders who had a significant change in role went through a guided workshop using the model.

In 2024, the refreshed iEDGE and iEDGE+ people manager development program was launched over six regions which covered over 960 participants. The program is a journey covering the essentials of managing self, teams and work, aligned with the leadership framework. It consists of eight modules covering topics such as developing emotional intelligence, situational leadership, managing change and unconscious bias.

Diversity, equity & inclusion

At Signify, we believe diversity and inclusion drive innovation and business success. As an equal-opportunity employer, we celebrate and value all ideas, perspectives, and experiences, ensuring everyone has equal access to opportunities and resources.

Diverse representation helps us connect with customers and attract talent aligned with our mission to unlock the potential of light for brighter lives and a better world. Operating in 74 countries with over 96 nationalities, our DE&I roadmap embodies our “Greater Together” value, driving innovation, growth, and a strong culture.

Our 2+1 approach

Our two global diversity, equity and inclusion priorities worldwide are increasing the representation of women and increasing our generational diversity by attracting more Gen Z colleagues to our organization. Diversity challenges vary across markets and geographies. For this reason, we have added an additional local DE&I priority to provide flexibility in meeting market needs, ensuring relevance for each market. We ask leaders to choose a DE&I priority that they will drive in their own market. This is what we call our 2+1 approach, reflecting two global priorities + 1 local priority. As an example, India has identified people with disabilities (PWD) as a key focus area. A dedicated PWD committee has been established with responsibility for introducing new policies to ensure that are conducive to the needs of PWD. We are committed to improving diversity at all levels, attracting candidates from more diverse pipelines, and driving development and internal mobility to increase representation across our company.

In line with this commitment, we signed the United Nations (UN) Women’s Empowerment Principles in 2021, reinforcing our pledge to double the percentage of women in leadership roles to 34% by the end of 2025. This milestone is a significant step toward ensuring fairness, equality, and inclusion for all. In 2024, women made up 40% of Signify employees (2023: 40%), 45% of our new hires (2023: 49%) and held 28% of leadership roles across the company (2023: 29%) with 32 women leaders and 83 men.

We are off track to meet our 2025 goal of 34% women in leadership. To improve diversity, we focus on external hiring for senior roles, building diverse candidate pipelines, and ensuring diverse slates.

On generational diversity, 12.2% of Signify employees were Gen Z (2023: 10.1%). As part of our strategy to attract Gen Z talent, we

expanded our campus hiring and our internship programs.

In 2024, next to being recognized in the category of Midsize Early Career Programs of RippleMatch's 2024 Campus Forward Awards, we were awarded #1 for Handshake's Top Intern Program, positioning Signify as the #1 employer for early career talent among 750,000 employers across 16 industries. This highlights our commitment to hiring early career talent, emphasizing diversity and inclusion, and investing in the next generation.

As we advance our priorities, we are driving actions to boost diversity recruitment and internal mobility at all levels, including inclusive job postings, diverse shortlists, and hiring panels. We have plans to address gaps and accelerate progress, ensuring our talent pipeline reflects market diversity. To strengthen these efforts, the "license to hire" training has been continued for all people managers to enhance their skills and knowledge during recruitment around DE&I (e.g., fairness of process, fair decision-making, candidate experience, equity).

Our inclusive culture

Our Diversity, Equity & Inclusion Policy, a cornerstone of our Integrity Code, underscores our commitment to creating a fair and inclusive workplace. It ensures equitable treatment for all employees, regardless of race, color, age, gender, gender identity or expression, sexual orientation, language, religion, political views, disability, veteran status, national origin, or any other protected characteristic. This aligns closely with our Human Rights Policy, which explicitly addresses non-discrimination and equal treatment.

To maintain a safe and inclusive workplace, our Anti-Harassment and Anti-Discrimination Policy prevents unlawful behavior, promotes accountability, and protects our organization's reputation. This also includes workplace principles designed to foster flexibility, inspiration, collaboration, and belonging. Employees have the flexibility to work from home as needed and set reasonable boundaries, promoting balance and well-being. Together, these principles create an environment where every employee can thrive and contribute to our shared purpose.

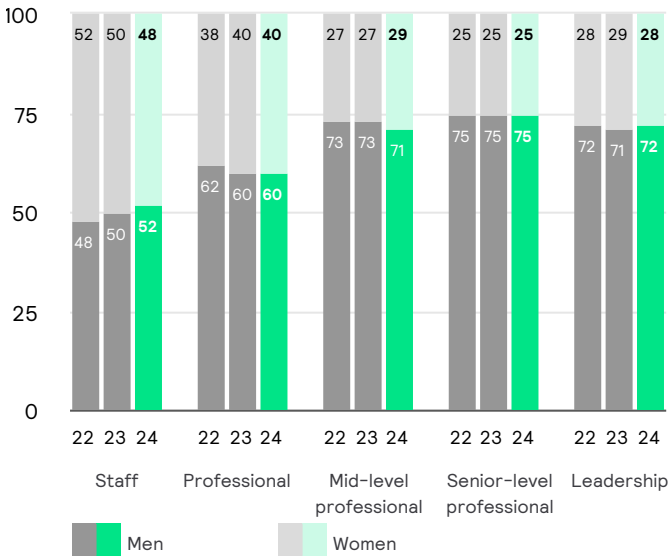
In partnership with Harvard Business Publishing, we educate all employees on topics such as unconscious bias, microaggressions, generational diversity, psychological safety and inclusive leadership. We have embedded the inclusive Leadership Model into the iEDGE leadership program for people managers.

In March, to honor International Women's Day, colleagues worldwide organized events under the theme #EmbraceEquity, celebrating achievements and reflecting on challenges within the equity and inclusion space.

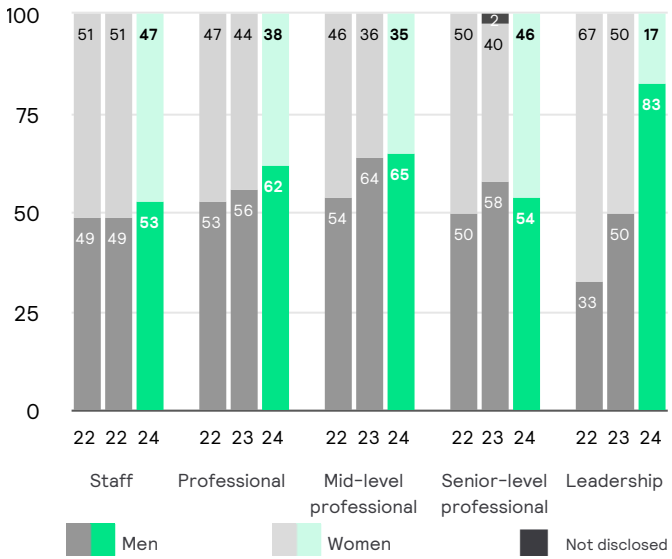
DE&I governance practices

Our commitment to creating and sustaining an inclusive workplace culture is evidenced in our Diversity Committee, DE&I Champions network, and our Connection Point Groups. These empowered, employee-led and self-governing groups champion our dedication to belonging and well-being.

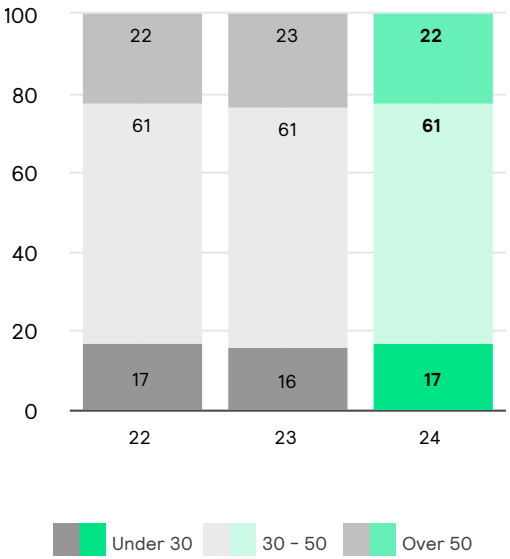
Gender diversity in %



New hire diversity in %



Employee per age category in %



Founded in 2019, our DE&I Board continues to drive our strategic initiatives and the ongoing development and refinement of our multi-year DE&I roadmap.

We published our second DE&I report which is a snapshot of our progress. This report details our DE&I practices, including the ongoing global mentoring program for woman leaders in commercial positions. Our most recent DE&I report is available on our website: https://www.signify.com/global/our-company/about-us/diversity-inclusion.

Equal remuneration

Signify's commitment to equity and inclusion includes a policy for equal pay for equal, or substantially similar, work. Signify establishes formal pay policies and practices that govern hiring, benefit entitlements, annual merit, and promotional guidelines to ensure equity.

There are two important components in equal remuneration: the adjusted pay gap, and the unadjusted pay gap. The adjusted pay gap reflects pay equity; providing equitable pay for the same or similar jobs when considering differentiating factors such as location and experience, among others, while the unadjusted pay gap refers to the difference in pay between all men and all women in an organization.

Signify's pay equity journey began in 2017, with our first pay equity analyses. Signify performs regular reviews designed to ensure compliance with our policy of equal pay for equal work and meet legal requirements, if any, in the countries in which we operate. Our annual review process includes a comprehensive statistical analysis of pay to employees across the world. Any statistically significant variance within any employee group is promptly addressed. More details and our achievements in providing equitable pay can be found in our Diversity, Equity & Inclusion Report 2023. We are proud that our 2024 analysis shows that we continue to ensure that men and women doing similar work, for example in the same grade, location, job family, etc., receive equal pay.

Gender pay gap

At Signify, we recognize that gender pay disparity is a global societal challenge, and we are committed to addressing it within our organization. The unadjusted pay gap refers to the difference in earnings between men and women without any adjustments made for factors such as job type, education, experience, and hours worked. Our latest analysis shows that the unadjusted pay gap between men and women is 27%, meaning that women earn on average 73 cents for every euro earned by men. This gap is primarily due to the underrepresentation of women in technical roles and leadership positions.

To close the unadjusted pay gap, we have implemented several initiatives. We are driving initiatives to support increasing representation of women in leadership positions, with an ambition to double the percentage of women in senior leadership positions as part of our Brighter Lives, Better World 2025 program. We have also formalized our Equal Remuneration Policy to ensure equal pay for equal work and embedded fairness in our compensation principles. We conduct annual pay reviews and partner with Syndio, a leader in the field, to monitor and address any notable pay variances.

In addition, we have established an International Fair Pay team to develop a strategic roadmap towards the EU Pay Transparency Directive, and we educate our managers and HR on pay equity through training and awareness programs. We also proactively monitor and address pay disparities during the annual compensation review process.

By implementing these steps, we continue to drive a culture of fairness and equity in our approach to pay for all Signify employees. We believe that achieving pay equity is not only the right thing to do, but it also strengthens our business by attracting and retaining top talent and enhancing our reputation as a responsible and ethical employer.

Information on the total remuneration ratio can be found in chapter 10, Remuneration report, subsection 10.2.10, Signify's internal pay ratio. The annual total remuneration ratio has not been calculated based on the median, but based on the average.

Employees by contract type, broken down by gender (head count)

	Female	Male	Not disclosed	Total
Employees [1]	8,543	12,694	8	21,245
Employees (incl. estimates) [2]	10,767	14,663	8	25,438
Permanent employees [1]	8,395	12,527	8	20,930
Permanent employees (incl. estimates) [2]	10,616	14,493	8	25,117
Temporary employees [1]	148	167	0	315
Temporary employees(incl. estimates) [2]	151	170	0	321
Full-time employees [1]	8,257	12,481	7	20,745
Full-time employees (incl. estimates) [2]	10,475	14,446	7	24,928
Part-time employees [1]	286	213	1	500
Part-time employees (incl. estimates) [2]	291	217	1	510

[1] Excluding NAC and Klite.
[2] Including NAC and Klite estimates.

Additional metrics

This section presents additional disclosures on non-material social topics. These metrics provide further insights into our workforce, including the percentage of employees covered by collective bargaining agreements, employee representation through workers' councils, and family-related leave entitlements. Together, these indicators offer a comprehensive view of our commitment to social responsibility and labor practices across the organization.

Social dialogue

Our commitment to freedom of association and collective bargaining is outlined in our Human Rights Policy, which ensures employees can join labor unions or other organizations of their choice without fear of

reprisal. In line with this policy, we maintain constructive dialogue with employee representatives, fostering a collaborative environment to negotiate employment conditions. This year, we continued to uphold these principles by engaging with recognized labor organizations across various regions, ensuring the rights of workers to fair representation and participation in social dialogue.

The table highlights key variations in the implementation of collective bargaining agreements across significant European markets. In Poland, there is currently no collective bargaining agreement in place, reflecting the specific labor and regulatory environment of the country. In contrast, the Netherlands demonstrates a robust commitment to collective bargaining, with agreements covering more than 80% of our workforce. Despite these differences, both markets achieve full coverage through social dialogue mechanisms, underscoring Signify's dedication to fostering open communication and ensuring all employees have access to platforms that represent their interests effectively. These outcomes reflect our ongoing efforts to adapt our engagement strategies to the unique social and regulatory contexts of each market.

While we value employee representation and dialogue, it should be noted that employees are not currently represented at the Supervisory Board or the Board of Management. However, the company provides an alternative platform for cross-border worker engagement through its European Works Council. This council plays a key role in facilitating dialogue and ensuring representation across European markets.

Collective bargaining and social dialogue coverage
(for EEA countries with >50 employees. representing >10% total employees)

Coverage Rate	Collective bargaining (% of employees)	Social dialogue (% of workplaces)
0–19%	Poland	
20–39%		
40–59%		
60–79%		
80–100%	Netherlands*	Poland, Netherlands*

* Less than 10% of total employees

Work-life balance

Our commitment to supporting work-life balance is embedded in our Human Rights Policy, which ensures that working hours comply with local laws and emphasizes employee well-being. We provide clear limits on working hours, ensure overtime is voluntary, and guarantee regular rest periods to foster a healthy and sustainable work environment for all employees.

Although all the listed markets allow employees to take family-related leave, the United Kingdom does not require employers to be informed about an employee's family composition before they request family-related leave. This makes it impossible to measure the proportion of employees entitled to take such leave.

Family-related % leave by EEA country *

	% of employees entitled to family-related leave	% of women who took family-related leave	% of men who took family-related leave	% of employees who took family-related leave
Belgium	100%	12%	8%	10%
Netherlands	100%	5%	2%	3%
Germany	100%	18%	4%	10%
Hungary	100%	17%	1%	10%
Poland	100%	30%	18%	23%
France	100%	6%	3%	4%
Spain	100%	6%	4%	5%
United Kingdom	3%	100%	100%	100%

* For EEA countries of 200+ employees.

5.3.2 Workers in the value chain (ESRS S2)

Our approach

At Signify, we prioritize the well-being of our people – our employees, workers in our value chain, and the communities we operate in. With direct business relationships with over 3,000 product and component suppliers, we recognize the importance of responsible procurement practices and supply chain management. We aim to build positive relationships with people and organizations, with mutual respect and understanding at the core of all our interactions. This commitment aligns with our fundamental goals of respecting human rights, promoting diversity and inclusion, and maintaining high health and safety standards.

Over the years, Signify has developed and implemented programs to prevent human rights violations within our supply chain. These initiatives follow a due diligence approach and include the assessment and development of supplier sustainability performance through audits and training, as well as responsible minerals sourcing. We are actively working to address our material topics—ensuring that we mitigate risks to workers in our supply chain while also safeguarding our business from the financial and reputational risks that may arise from these issues. This section is aligned with the ESRS S2 disclosure requirements and outlines our due diligence approach, engagement strategies, and performance metrics for high-risk, high-spend suppliers.

Material impacts, risks and opportunities

The double materiality assessment identified the following material IROs upstream:

- Working conditions; actual negative impact;
- Child and forced labor; potential negative impact.

Read more details in the DMA section.

In addition, we conduct an annual human rights risk assessment, which provides further insights. This is explained in more detail in the following section. We do not have a target for our material topic – Working conditions. We plan to adopt one in 2025.

Human rights due diligence

Our approach to human rights due diligence aligns with the Responsible Business Alliance (RBA) Code of Conduct and focuses on identifying, assessing, managing, and remediating material impacts on workers in our supply chain. Through our Supplier Sustainability Audit Program, we evaluate high-risk suppliers to ensure compliance with ethical labor standards.

In 2024, we conducted a comprehensive risk assessment of our supply chain, focusing on key issues such as labor conditions, health and safety, working hours, and forced labor. These assessments guide our engagement with suppliers and influence our corporate strategy through a double materiality lens. Audit results feed into our broader human rights risk management strategy, ensuring adverse impacts on workers are effectively mitigated and remediated. We are also exploring direct engagement with relevant downstream suppliers in future to further enhance our ability to address and mitigate human rights risks across the value chain.

Prioritization of human rights risks

This structured approach allows us to focus on the most salient human rights issues—those with critical to high risks—ensuring that adverse impacts on workers in our value chain are systematically prevented, mitigated, and remediated in alignment with internationally recognized frameworks.

Salient human rights issues

Through our assessment, we identified the following salient issues among our supply chain.

- **Forced, bonded, or indentured labor:** migrant workers, particularly those recruited through third-party agencies, are vulnerable to forced labor practices, including debt bondage and retention of personal documents;
- **Child labor:** the risk of child labor is particularly high in informal mining and unregulated parts of the supply chain. Children face hazardous work conditions that prevent schooling and expose them to harm;
- **Exploitation of young workers:** young workers, typically aged between 16 and 18, are legally permitted to participate in internships or apprenticeships, provided these roles do not involve hazardous tasks. However, there is a risk that such programs may expose them to unsafe working conditions, excessive hours, and physically demanding or dangerous work if not properly regulated;
- **Excessive working hours:** in certain production environments, workers may be required to work extended hours, particularly during periods of high demand. This issue is often influenced by socio-economic factors in specific regions, where workers may voluntarily work additional hours to increase their earnings;
- **Inadequate wages & benefits**: wages below a country's minimum wage threshold coupled with insufficient benefits can lead to financial insecurity, forcing workers to work excessive hours or multiple jobs to meet basic needs, increasing fatigue and health risks;
- **Poor working conditions:** workers in manufacturing environments face health and safety risks such as exposure to hazardous chemicals, unsafe machinery, and physically demanding tasks like heavy lifting or repetitive motion, leading to injuries, illnesses, and long-term health impacts. Poor access to clean housing and sanitation, including overcrowded accommodations, lack of potable water, and inadequate sanitary facilities, further exacerbates health risks and reduces quality of life;
- **Lack of emergency preparedness and building safety:** manufacturing facilities may lack proper emergency preparedness, fire safety measures, and safe building structures, increasing the risk of injuries or fatalities. Poorly maintained buildings, inadequate fire detection systems, obstructed exits, and insufficient recovery plans further elevate these dangers. Without comprehensive safety procedures and proper facility maintenance, workers' well-being is at significant risk.

Mitigation and remediation actions

Dependency on value chain workers presents an opportunity to enhance fair labor practices and worker well-being, while building a more resilient and transparent

supply chain, ultimately contributing to sustainable long-term growth. Signify is dedicated to addressing human rights risks within our supply chain through a structured mitigation plan. Our approach focuses on collaboration with suppliers to ensure compliance with our standards and continuous improvement.

For the risks of forced, bonded, or indentured labor and the use of child labor, Signify maintains a zero-tolerance policy. Suppliers are required to address any such issues immediately upon detection. Failure to comply with our policies and take immediate corrective action can result in the termination of business relations. More details on how we monitor and follow up with suppliers to ensure compliance and corrective actions are outlined in our programs described below in our action plan for child and forced labor.

In 2023, Signify launched the Supplier Improvement Program (SIP) to address key human rights issues in our supply base through targeted, on-site training conducted by third-party experts. In 2023, the focus was on working hours and fire safety, with 19 supplier representatives participating. In 2024, the program expanded to include training on working conditions, health and safety, and emergency preparedness. 26 suppliers attended the training. Suppliers have noted the program's effectiveness in helping them implement corrective actions and improve facility standards. Through our Responsible Business Alliance (RBA) membership, suppliers also have access to additional training and resources, supporting the adoption of sustainable best practices.

Our supplier rating program Tritium helps us develop a strong supply base with best-in-class suppliers. Suppliers are scored on various criteria against our strategic priorities. The ratings also support continuous improvement of our supplier sustainability performance. Sustainability maturity and initiatives on human rights, working conditions, climate action and responsible mineral sourcing are rewarded in the Tritium system. Non-compliance is penalized and failure to provide corrective actions results in consequences for future business allocation. The final Tritium rating influences our business allocation across suppliers.

Stakeholder engagement

To ensure effective collaboration and risk mitigation, we actively engage with suppliers, workers, peers, and civil society organizations. These interactions provide critical insights into challenges within our value chain and address inclusive business practices, sustainability initiatives, and targeted strategies. Our key stakeholder engagement activities include:

Supplier Onboarding: we engage potential suppliers through assessments of quality, sustainability, trade compliance, and risk at various onboarding stages. These evaluations, conducted by our internal teams or external partners like SGS, yield insights into industry trends and compliance, informing our business and sustainability strategies.

Supplier Business Review Meetings: regular meetings with key suppliers address pricing, availability, innovation, and sustainability, supported by our supplier rating program Tritium. These discussions, led by our Supplier Account Managers, foster alignment and strengthen relationships, influencing our business allocation strategies based on supplier performance.

Supplier Sustainability Audits: we engage with suppliers and value chain workers through periodic audits conducted for high-risk suppliers with over EUR 1 million in spend, in collaboration with an independent certification body. These audits include direct interviews with value chain workers and their representatives to identify any risks or complaints. Additionally, we are exploring ways to enhance direct engagement, particularly with vulnerable groups, to strengthen our commitment to worker well-being and inclusivity.

Supplier Trainings: we offer annual training on health, safety, and human rights, promoting compliance and long-term improvements in our supply chain. These trainings are tailored to audit results and are available to all interested suppliers.

By engaging with suppliers, workers, peers, and civil society organizations, we gain valuable insights into the challenges faced by workers within our value chain. This engagement enables us to develop and implement more inclusive business practices, sustainability initiatives, and commodity strategies that effectively address the specific needs and concerns of these vulnerable populations. We maintain the effectiveness of these engagements through ongoing monitoring, audits, and direct interactions such as business reviews and interviews. By adapting our programs based on feedback and audit results, we ensure we stay aligned with the evolving needs of both vulnerable workers and consumers.

Action plan

At Signify, we prioritize our efforts on suppliers located in high-risk countries, as identified by the SA8000 country risk assessment. The list of high-risk countries includes China, Mexico, and India, where most of our suppliers are based. Our current focus is on tier 1 suppliers except for our responsible minerals activities. Key risks, such as excessive working hours and building safety, are actively monitored. Additionally, we face potential risks of forced and child labor in the electronics and mining sectors. Through a zero-tolerance policy and a comprehensive due diligence program, we actively monitor and mitigate these risks, including responsible minerals sourcing. When violations are found, we follow our zero tolerance policy and terminate the business relationship. The following sections provide details on the programs we have running to address the salient issues and material IROs.

We have established a dedicated team within our procurement organization to implement and monitor the performance of our supplier sustainability program. Results are assessed against our sustainability targets, which are regularly reviewed by procurement and sustainability senior management. In the event of deviations from our targets, we take proactive corrective measures to realign with our sustainability objectives. This structured approach reflects our commitment to responsible sourcing and continuous improvement in our supply chain practices.

Responsible supply chain – working conditions

We ensure the protection of human rights through our Supplier Sustainability policy, which also forms an integral part of supplier contracts. The policy is signed off by the Head of Sustainability and the Procurement Performance Leader, who also hold oversight of its implementation and overall accountability for ensuring compliance. We expect both upstream and downstream suppliers providing products, components, parts, subassemblies, materials, packaging, services, or solutions to or on behalf of Signify to comply with our Supplier Sustainability Declaration (SSD).

In alignment with ESRS S2-1, our policy covers areas such as labor rights, health and safety, and ethics. These standards apply to all workers, including temporary, migrant, and contract workers. The SSD serves as our supplier code of conduct and is derived from the RBA Code of Conduct, outlining the standards that we require from our suppliers and their suppliers.

We are committed to respecting internationally recognized human rights in all our operations and throughout our value chain and are aligned with the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

We assure compliance with our Supplier Sustainability policy through our comprehensive Supplier Sustainability Audit Program. This program includes periodic, on-site audits conducted by an independent audit firm. Upstream suppliers are prioritized due to their higher risk profile, stemming from the nature of their activities. The program covers suppliers in high-risk countries with an annual spend threshold of EUR 1 million or more, as well as new suppliers introduced through our onboarding process, once the expected spend grows above EUR 100,000. Downstream suppliers, while not subject to audits, are required to commit to our Supplier Sustainability Declaration, Signify Human Rights policy, and Signify Integrity Code.



Our supplier audit program is designed to ensure compliance and foster continuous improvement and follows a three-year audit cycle. Suppliers scoring below 90 (out of 100) points during their initial audit are required to implement a Corrective Action Plan, monitored by the independent audit firm. If the corrective actions have not been implemented within one year, we follow strict consequence management to ensure the progress of our suppliers. To reinforce accountability, we follow a performance-based re-audit schedule. Suppliers scoring below 70 points are audited annually to closely monitor their progress. Those scoring between 70 and 90 are re-audited every three years to encourage consistent compliance efforts. Suppliers achieving scores above 90 points during their initial audits are exempt from re-audits unless concerns are raised by internal or external stakeholders, reflecting their commitment to maintaining high standards.

Furthermore, we encourage our suppliers to obtain certifications such as SA8000, ISO 14001, and ISO 45001, or to become members of the Responsible Factory Initiative (RFI), a program offered by RBA experts. To enhance sustainable practices within our supply chain, we aim to favor suppliers that either pose low risk or implement mature sustainability practices and demonstrate strong performance.

By the end of 2024, 228 suppliers were part of our audit program representing 56% of our total spend. Among these, 218 suppliers (96%) were compliant, either by passing the audit, resolving identified non-conformities (or are expected to do so within six months), or submitting other social compliance certifications. 10 suppliers (4%) were considered non-compliant due to overdue corrective action plans or audit dates and are being followed up with our consequence management process. Our compliance rate at the end of 2024 was 96%, meeting our annual target. Most of the audited suppliers are based in China (85%), followed by Mexico (6%) and India (4%).

Child and forced labor

The assurance of freely chosen employment and prohibition of child labor in our supply chain are key elements of our sustainability objectives and SSD. Child and forced labor is considered a zero-tolerance issue and Signify's policy requires immediate remediation if observed. We closely follow the implementation of the US's Uyghur Forced Labor Prevention Act (UFLPA) and Bill S-211 Fighting Against Forced Labor and Child Labor in Supply Chains Act. Our forced labor working group is responsible for implementing due diligence mechanisms and monitor the risk within our own operations and supply chain. Our child and forced labor due diligence statement sets out our commitment to do our utmost to prevent any form of child and forced labor in our business and supply chain.

Supplier performance

The graphs below present an overview of our suppliers' sustainability performance across three core areas: Labor, Health & Safety, and Management. They highlight overall compliance levels in each area prior to the implementation of corrective actions by the supplier base for the years 2022, 2023, and 2024. Significant improvements have been observed, particularly in labor-related aspects such as working hours, wages, and benefits, as well as in health and safety standards and ethical practices.



Responsible minerals

Our commitment to sustainable development extends to issues further up the supply chain, to prevent human rights abuses and financing of conflicts in the extractive sector. Global supply chains in the lighting industry are long and complex, typically with more than seven tiers between the finished product and the source of raw materials used for manufacturing. However, we believe that through strong multi-stakeholder partnerships we can make a difference.

As part of the Signify Conflict Minerals program, we implement measures in our supply chain to ensure our products are not directly or indirectly funding atrocities in the Democratic Republic of Congo (DRC). We support and follow the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. More information on due diligence process and Signify's position on Conflict Minerals are available on our website. Our due diligence process is signed off by the Head of Sustainability and the Procurement Performance Leader, who also hold oversight of its implementation and overall accountability for ensuring compliance.

We are an active member of the Responsible Mineral Initiative (RMI) which runs the audit program to verify the smelters' conflict-free status and to identify sources of 3TG and cobalt in our supply chain. We use the tools and programs developed by the RMI, especially the Conflict Minerals Reporting Template (CMRT), the Extended Minerals Reporting Template (EMRT) and the Responsible Minerals Assurance Process (RMAP). Each year, we update our list of smelters using the CMRT and/or the EMRT information provided by our first-tier suppliers.

The smelters identified through this process are included in the Signify smelter list published in our Signify Conflict Minerals Declaration. The number of conformant smelters in 2024 was 216. Due to changes in our supply base, this was slightly less compared to 2023 (223). We successfully cooperated with three Tier 1 suppliers to become conflict free. Unfortunately, we observed increasing challenges in the RMI assessment program: 66 smelters rejected participation in the program, nine smelters rejected re-assessment, and 52 smelters did not close their corrective action plan. Additionally, RMI had to suspend assessments in Russia due to geopolitical issues.

Channels for value chain workers to raise concerns

Our approach to addressing concerns and grievances within our value chain is based on transparency, trust, and fair remediation. We are dedicated to continuously improving our processes to ensure appropriate support for affected workers when we have caused or contributed to a negative impact. Through our Supplier Sustainability Declaration, we set clear expectations for our suppliers, emphasizing the need for accessible grievance mechanisms for workers, rights holders, and stakeholders.

We also expect our upstream and downstream suppliers to uphold workers' freedom to associate. This includes providing channels for workers and their representatives to communicate openly with management about working conditions and practices without fear of discrimination, reprisal, intimidation, or harassment. This commitment is verified for upstream suppliers during our RBA audits through direct interviews with supply chain workers and aligns with our company Integrity Code. Additionally, we are exploring ways to establish direct engagement with downstream suppliers to further promote and ensure adherence to these principles.

All stakeholders, both internal and external, also have access to our Ethics Line, where they can raise concerns confidentially. These concerns are addressed through the general process outlined in G1, with oversight provided by the Integrity Committee to ensure transparency and accountability in resolving issues.

Fair Cobalt Alliance

Cobalt is present in our battery supply chain only for emergency lighting and remote controls. To enhance transparency in the cobalt supply chain, in 2018 we co-founded the Fair Cobalt Alliance (FCA) with Fairphone, Huayou and Impact Facility.

This multi-stakeholder action platform offers actors across the cobalt supply chain a pre-competitive environment for collaboration to help strengthen and professionalize DRC's artisanal cobalt mining sector and contribute to local economic development at large. For more on the FCA program: https://www.faircobaltalliance.org/.



5.4 Governance

Signify is is committed to upholding ethical practices and responsible business conduct. This chapter outlines key aspects of our corporate culture, our business relationships within the value chain, and our political influence. These elements are crucial to our strategic focus and objectives, aligning with our Brighter Lives, Better World program, which aims to create sustainable value through energy-efficient lighting solutions.

Material impacts, risks and opportunities

Our Double Materiality Assessment has identified "Corporate Culture" as the sole material subtopic. Despite this, we continue to report on other G1 subtopics due to their critical importance to our business operations and adherence to additional standards we aim to uphold. More details on the Double Materiality Assessment process can be found in the DMA section. The following sections describe our approach and activities on these subtopics, demonstrating our commitment to robust governance and sustainable business practices.

Corporate culture

Corporate governance

Corporate governance is the system by which a company is directed and controlled. Good corporate governance derives from, among other things, solid internal controls and high ethical standards.

The Board of Management is responsible for managing the risks associated with the company's activities and for defining the company's risk appetite. The Board of Management is assisted by the company's leadership team, which participates on a quarterly basis in audit, risk and control meetings to identify critical risks and to review progress on the implementation of risk responses. The Audit Committee of the Supervisory Board provides oversight for the system of internal business controls and risk management. Internal and external audits are reported to and discussed by the Audit Committee on a quarterly basis and the internal control self-assessment is reported on a yearly basis. An in-depth description of the company's corporate governance structure can be found in chapter 11, Corporate governance.

Integrity Committee

The Board of Management of Signify has appointed the Integrity Committee. The Integrity Committee is the ultimate body within Signify keeping oversight on the development and implementation of the Integrity code, including the monitoring of its effectiveness. One of the key responsibilities of the Integrity Committee is to coordinate the yearly reporting on compliance with the Integrity code and the underlying policies and submit a consolidated report to the Board of Management and the Audit Committee of the Supervisory Board.

In October 2024, Signify created the Business Integrity Office bringing together Legal Compliance, Security Investigation and Fraud Investigations & Customer Screenings from Legal, Corporate Security, and Internal Audit departments respectively, into one integrated office. The Business Integrity Office will serve a crucial role in strengthening Signify's governance framework by embracing a thorough approach to business ethics and integrity culture. It will manage all investigations concerning fraud, HR, legal, and security matters, and will enforce our policies on insider trading and customer screening processes.

The Integrity Committee is chaired by the Chief Legal Officer. Its members include the Chief Executive Officer, Chief Financial Officer, Chief HR Officer, Head of Business Integrity Office and the Head of Legal Compliance. The members of the Integrity Committee complete the regular mandatory training and the Supervisory Board's members confirm their compliance to the Integrity code annually. Each member of the Integrity Committee has extensive experience with compliance matters throughout their careers, which enhances their ability to oversee the integrity framework effectively.

On an annual basis the Board of Management receives a detailed integrity report over the past year, including statistical analysis of reported concerns, benchmark data as well as key observations as to developments in integrity cases. This annual integrity report is also presented to the Audit Committee. Next to the regular reporting, ad-hoc reports on material cases take place. Read more details on business conduct matters discussed by the Supervisory Board in 2024 in chapter 9, Supervisory Board report.

Integrity code

Acting with integrity is the cornerstone for the success of our business and for achieving our purpose. It is integral to the values that define us as a company. Acting with integrity means making the right choices when faced with ethical dilemmas and holding ourselves and each other to high standards of behavior.

The Integrity code was last updated in March 2023 and has been approved and adopted by the Board of Management. It is reviewed regularly and revised, when necessary, based on input from stakeholders. It applies to all employees of Signify N.V. and its controlled subsidiaries. We also expect our business partners to comply with the key principles included in our Integrity code. The Integrity code formulates minimum standards of behavior. Signify has underlying policies that form an integral part of the Integrity code, ensuring its alignment with the United Nations Convention against Corruption. These policies are made accessible to all employees through multiple channels, including onboarding programs and internal websites.

Also, to further increase the level of awareness and to create global engagement, the company has established a network of Compliance Officers in countries where the company has a presence, on each significant site, and across the whole organization. The activities and responsibilities of this network are focused on providing expertise and support to managers and employees on Integrity code-related matters. Managers play a crucial role in the prevention and detection of corruption and bribery. Promoting participation in training sessions and leading by example through behavior that shows integrity are key responsibilities. Management is often the first point of contact for employees wishing to raise concerns. Furthermore, the Signify Central Privacy Office safeguards the governance of personal data together with privacy contact points across the organization.

Ethics line

The Integrity code is supported by mechanisms that ensure standardized reporting, escalation and investigation of concerns. These mechanisms are based on the Integrity code Reporting Policy that urges employees and third parties to report any concerns they may have regarding business conduct in relation to the Integrity code, either through a Compliance Officer or through the Signify Ethics line. The Signify Ethics line enables employees and third parties to report a concern either by telephone or online via a web intake form. All concerns raised are consistently registered in a single database and are investigated in accordance with standardized investigation procedures in a prompt, independent and objective way as specified by the Reporting Policy.

Awareness and training on the Signify Ethics line is part of the regular training and awareness measures of the compliance team. All employees with access to our digital learning platform will have to participate in a mandatory e-learning which includes a section on the Signify Ethics line. Once a complaint is registered, independent investigators become involved, separate from management, ensuring an unbiased review. The findings from investigations frequently lead to remedial actions aimed at strengthening controls or processes, preventing future misconduct.

The stipulations of Reporting Policy contain explicit wording to ensure that employees who report violations in good faith are protected from retaliation, in alignment with the Directive (EU) 2019/1937 of the European Parliament and of the Council. This applies to employees, and, in some cases, third parties connected with the reporter. Any measure of retaliation is a serious violation of the policy, leading to disciplinary action against those responsible. This clear commitment to non-retaliation emphasizes the importance of a safe reporting environment and Signify's commitment to protecting those who come forward with concerns.

Compliance risk assessment

The basis of corruption prevention is risk assessment. Based on objective data points, countries are categorized as having a high, medium or low risk of corruption. Countries with a high and medium risk must train their country organization on corruption prevention once a year and countries with a low risk every two years. Anti-corruption training is assigned to the country organizations via the Training Tracker which is accessible to all local Compliance Officers. The Training Tracker lists the functions of the Group to be integrated into the local anti-corruption training of the Country Organization. The functions are assigned by Corporate Legal Compliance. The approach is that all employees who have contact with external business partners or authorities must receive anti-corruption training. In addition to anti-corruption, compliance trainings also include key topics such as anti-money laundering, antitrust, privacy, and export controls. Also, new employees are required to complete mandatory anti-corruption training upon joining. By maintaining this process, we ensure that all of the most-at-risk functions are comprehensively covered by our training programs.

This process is based on the company's Business Control Framework (BCF), setting the standard for risk management and business controls in the company. The objectives of the BCF are to maintain (i) integrated management control of the company's operations to ensure the integrity of the financial reporting and related disclosure, and (ii) compliance with applicable laws and regulations. The company has designed its BCF based on the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The company regularly evaluates and improves its BCF to align with business dynamics and good practices.

As part of our continuous commitment to corporate governance and transparency, we have updated the categories of violations of our Integrity Code to align with the requirements of the Corporate Sustainability Reporting Directive (CSRD). While these categories were not fully aligned with CSRD in 2024, as of January 1, 2025, our new classification is composed of categories that meet CSRD standards. The table on the next page provides a breakdown of the previous categories.

The primary financial risk associated with governance issues is the imposition of fines for non-compliance with anti-bribery, corruption, and other regulatory requirements. Additionally, non-compliance can result in disqualification from participating in public tenders. These factors can have a significant financial impact on our business, highlighting the importance of our rigorous compliance and risk management practices.

In 2024, no convictions or fines were imposed on Signify for violations of anti-corruption or anti-bribery laws, reflecting our strong commitment to upholding the highest ethical standards.

Most commonly reported concerns

Human resources

The most reported concerns were related to human resources, representing 55% of the total cases reported (54% in 2023). This category includes concerns that, for example, related to equal and fair treatment, harassment, or other human resources related topics.

Business integrity

The second most reported type of concern relates to business integrity. This, for example, includes concerns relating to conflicts of interest, fraudulent disbursements or any other fraudulent suspected behavior. The number of complaints reported in this segment represents 29% of the total cases reported in 2024 (27% in 2023).

Security

In 2024, the number of reported cases relating to Security, including IT decreased. This category represents 9% of the total cases reported in 2024 (15% in 2023) and relates, for instance, to concerns about unauthorized use of the company's assets, theft, cyber security or other IT-related concerns.

Substantiated concerns

At the start of 2024, 62 cases were open, and during 2024, a total number of 276 cases were reported, As per December 2024, 32 cases were open. This means that during

2024, we closed 306 cases. Of these 306 cases, 132 were found to be substantiated, which represents 43% of the closed cases.

Substantiated cases involving employees are followed up with remediation actions. These actions can include additional measures, such as training, strengthening of internal controls, creation of additional policies or other measures that aim to promote or enhance a culture of business compliance.

Corrective actions can also take the form of disciplinary action. In 2024, Signify applied disciplinary actions to employees ranging from training and coaching to verbal and written warnings and to termination of employment, depending on the severity of the matter.

Furthermore, when substantiated cases involve external parties, such as suppliers or business partners, Signify reserves the right to terminate business relationships. For instance, in cases of fraud, corruption, or other serious breaches of ethical standards, the company may cease all collaboration to safeguard its integrity and maintain trust with stakeholders.

Animal welfare

Signify is committed to improving animal welfare through the use of photobiology, which is the science behind the use of light to enhance the well-being of animals. To achieve this goal, we acknowledge the importance of carrying out scientific studies involving live animals. Our research program consists of on-farm trials in commercial and academic facilities.

All staff who interact with animals are required to be trained to adhere to Signify's Zero Tolerance Policy on Animal Mistreatment. Signify is committed to developing mindful interaction protocols in line with University Internal Animal Care and Use Committees approved procedures.

In addition, the University's policies on animal use adhere to the following policies:

- Animal Welfare Act;
- Code of Federal Regulations Title 9, the Health Research Extension Act of 1985;
- Principles for the Utilization and Care of Vertebrate Animals Used in Testing, Research, and Training;
- National Research Council's Guide for the Care and Use of Laboratory Animals;
- Federation of Animal Sciences Societies' Guide for the Care and Use of Agricultural Animals.

These policies cover but are not limited to:

- Acquisition, care, and use of animals;
- Efforts to minimize animal pain and distress;
- Training of personnel using animals;
- Consideration of alternatives to animal use;
- Methods whereby deficiencies in animal care and treatment are reported.

Breakdown of alleged violations integrity code

	2022	2023	2024
Environment, Health, or Safety	3	4	5
Human Resources	130	148	151
• Discrimination	n.a.	n.a.	7
• Harassment	n.a.	n.a.	15
Legal	3	6	8
• Privacy/Data protection	n.a.	n.a.	1
Business Integrity	75	74	81
• Conflict of interest	n.a.	n.a.	13
• Bribery/corruption	n.a.	n.a.	9
• Money laundering	n.a.	n.a.	–
Security, including IT	30	40	24
Other	3	2	7
Total	**244**	**274**	**276**

Business conduct

Business conduct with suppliers and value chain

Signify takes a comprehensive and proactive approach to managing its relationships with suppliers, focusing on mitigating risks across its value chain, aimed at enhancing sustainability through – amongst others – its Supplier Sustainability Declaration (SSD) and its risk assessment. For more details on this topic, see section 5.3, S2 Workers in our value chain.

Late payment prevention

By adhering to local laws and regulations, we ensure compliance with payment terms, which includes categorizing suppliers as small and medium-sized enterprises (SMEs) when required. This compliance not only fosters positive relationships with our suppliers but also ensures that we consistently meet legal obligations regarding payment timeframes. Our dedication to these practices underscores our commitment to operational excellence and reinforces our reputation as a reliable and responsible business partner.

Signify operates with a standard payment term of 95 days from the end of the month in which the correct invoice is received for its third-party suppliers. This approach is designed to provide a consistent and predictable payment schedule. However, we recognize that local laws and regulations can necessitate deviations from this standard. In such cases, we adjust our payment terms to align with local requirements, which may involve adopting a 30, 45, or 60-day payment rule. These adjustments are particularly relevant when dealing with SMEs, as local definitions and regulations vary, necessitating a flexible and responsive payment strategy.

By categorizing SMEs only where required, Signify ensures compliance with the diverse legal landscapes in which we operate. This tailored approach means that there isn't a single internal definition of an SME at Signify; instead, we adapt to the local criteria and laws to ensure fair and timely payments. This strategy not only helps us avoid late payments but also supports the financial stability of our SME suppliers, reinforcing our commitment to ethical business practices and our role as a reliable business partner in the global market. In 2024, Signify had 93% of its payments aligned with its standard payment terms, and 56 days on average to pay invoices. Also in the same year, Signify was

involved in two legal proceedings related to late payments. The outcome of these proceedings is not expected to have a material impact on the company's financial position.

Political influence

The Signify Responsible Advocacy Policy outlines the company's commitment to conducting business with integrity and transparency, emphasizing neutrality in political matters by refraining from making financial or in-kind contributions to political candidates or parties. This policy ensures that Signify remains impartial, focusing instead on advocating for sustainable practices, energy efficiency, and climate action through active participation in industry associations and collaboration with policymakers.

The Signify Climate Transition Plan, released in June 2024, is a comprehensive strategy aimed at driving the transition to renewable energy, reducing carbon emissions, and promoting sustainability across all operations. This plan sets ambitious targets for achieving net-zero emissions and outlines specific measures to enhance energy efficiency and support the global fight against climate change. This plan is also a response to our negative material impacts on Climate Change identified in our DMA process.

The Responsible Advocacy Policy and the Climate Transition Plan are closely connected, as both underscore Signify's dedication to sustainability and ethical business practices. By maintaining political neutrality and concentrating on advocacy efforts that support environmental goals, Signify ensures that its lobbying activities align with its broader mission to create a sustainable future and lead the industry in climate action.

To do so, we commit to annually review the public engagements of all the associations in which we are members, in alignment with our internal Public & Government Affairs policies, on issues like energy efficiency, climate policy, and the global energy transition. This will allow us to identify and take action on any potential misalignment with our own advocacy in favor of global climate action. This process is a shared responsibility between the Global Head of Public & Government Affairs, the Head of Standards & Regulations and the Head of Sustainability. None of these executives, nor any members of the Board of Management and Supervisory Board, held a comparable position in public administration in the two years preceding their appointments.

In alignment with our Responsible Advocacy policy, Signify did not make any financial or in-kind contributions to political candidates or parties in the reporting period. We also ensure that associations we are a member of are not making political contributions by following a rigorous monitoring process.

Our advocacy activities are concentrated on several key areas that align with our Climate Transition Plan:

1. Energy efficiency: we advocate for stringent global energy efficiency standards that reduce energy consumption and carbon emissions. We support regulations that promote the adoption of energy-efficient lighting solutions, contributing to our renewable energy commitment.
2. Climate action: we back comprehensive climate policies aligned with the Paris Agreement, advocating for frameworks that facilitate rapid decarbonization across all industries.
3. Sustainability: we engage in policy discussions to promote circular economy principles, aiming to minimize waste and optimize resource use throughout the product lifecycle.

Signify amplifies its advocacy messages through active membership in various industry associations. These collaborations help us promote sustainable practices and influence policies that support our goals. Our key memberships include:

- The Zhaga Consortium: Defining luminaire interfaces supporting circularity;
- Lighting Europe: Promoting the European lighting industry's interests;
- IEC TC 111 and IEC TC34, WG24: Focusing on environmental standardization for lighting products and systems;
- The Corporate Leaders Group Europe: Advancing the Green Growth Partnership and the We Mean Business coalition;
- The Climate Group: Hosting global Climate Week in partnership with the United Nations General Assembly;
- European Alliance to Save Energy (EU-ASE): Driving the adoption of the EU's Energy Efficiency Directive (EED) and Energy Performance of Buildings Directive (EPBD).

Through our participation in these groups, we work collaboratively with industry leaders, policymakers, and experts to promote sustainable lighting solutions and advocate for policies that align with our renewable energy and sustainability goals.

Signify is registered in the EU Transparency Register (REG Number: 943095936679-05) underscoring our commitment to transparent and accountable lobbying activities. This registration ensures that our interactions with EU institutions are conducted openly, reflecting our dedication to ethical advocacy.

5.5 Reporting principles

Climate change ESRS E1

GHG accounting and reporting principles

Signify adheres to the five key GHG accounting and reporting principles of the GHG Protocol (GHGP) Corporate Accounting and Reporting Standard:

- Relevance – the principle of relevance is used for selecting the appropriate GHG inventory boundary that reflects the substance and economic reality of the company's business relationships, determined by the characteristics of the company, the intended purpose of information, and the needs of the users;
- Completeness – all relevant emissions sources within the chosen inventory boundary need to be accounted for so that we make sure a comprehensive and meaningful inventory is compiled;
- Consistency – the consistency principle is to ensure the consistent application of accounting approaches, inventory boundary, and calculation methodologies is essential to producing comparable GHG emissions data over time, to allow trends analysis and assess the performance of the reporting company. If there are changes in the inventory boundary, methods, data or any other factors affecting emission estimates, they need to be transparently documented and justified. Signify defines a significance threshold of 5% for recalculation, that is a cumulative change of five percent or larger in the total base year emissions (tCO_2e), in line with the Science-Based Targets Initiative (SBTi) Target Validation Protocol's threshold of significance;
- Transparency – relates to the degree to which information on the processes, procedures, assumptions, and limitations of the GHG inventory are disclosed in a clear, factual, neutral, and understandable manner based on clear documentation and archives (i.e., an audit trail). Signify's GHG emissions are assured by an independent third party on the basis of "Reasonable Assurance";
- Accuracy – data should be sufficiently precise to enable intended users to make decisions with reasonable assurance that the reported information is credible. GHG measurements, estimates, or calculations should be systemically, and the quantification process should be conducted in a manner that minimizes uncertainty.

Organizational boundaries

In line with the GHGP relevance principle, Signify follows the operational control approach and accounts for all of its GHG emissions from operations over which it or one of its subsidiaries has operational control.

Operational boundaries

Signify accounts for all of its direct and indirect GHG emissions of Scopes 1, 2, and 3 from operations over which it or one of its subsidiaries has operational control. It accounts for all seven greenhouse gases under the Kyoto Protocol, namely carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6), and nitrogen trifluoride (NF_3), where applicable and expressed in CO_2-equivalent. Signify does not have material GHG emissions other than CO_2. Signify does not use biomass or biofuels, thus does not have material biogenic emissions.

A detailed list of activities in our GHG inventory is as follows:
Scope 1 – Direct GHG emissions, from stationary fuel combustion (including natural gas, diesel, gasoline, propane, LPG, and fuel oil), process emissions, and fugitive emissions from the use of refrigerants.
Scope 2 – Indirect GHG emissions, from purchased electricity, heat, and steam.
Scope 2 GHG emissions are accounted for using both the location-based method and the market-based method.
Scope 3 – Other indirect emissions, from the following categories that are relevant for Signify:

- Category 1 – purchased goods and services;
- Category 2 – capital goods;
- Category 3 – fuel- and energy-related activities not included in Scope 1 or Scope 2;
- Category 4 – upstream transportation and distribution;
- Category 5 – waste generated in operations;
- Category 6 – business travel;
- Category 7 – employee commuting;
- Category 8 – upstream leased assets: not applicable. According to the GHG protocol definition, this category is not applicable to Signify as Signify does not have upstream leased assets;
- Category 9 – downstream transportation and distribution;
- Category 10 – processing of sold products is not applicable. According to the GHG protocol definition, this category is not applicable to Signify, as Signify does not have sold products that require processing;
- Category 11 – use of sold products;
- Category 12 – end-of-life treatment of sold products;
- Category 13 – downstream Leased Assets: not applicable. According to the GHG protocol definition, this category is not applicable to Signify as Signify does not have downstream leased assets;
- Category 14 – franchises: not applicable. According to the GHG protocol definition, this category is not applicable to Signify as Signify does not have Franchises;
- Category 15 – investments: not applicable. According to the GHG protocol definition, this category is not applicable to Signify as Signify reports emissions from investments (joint ventures) fully in scopes 1 and 2.

Avoided emissions

Signify also reports the avoided emissions (also known as Scope 4 emissions) to help our stakeholders such as customers and investors understand the environmental benefits associated with Signify's energy efficient LED-based lighting products and solutions. The avoided emissions are calculated based on LED-based products replacing less energy efficient conventional lighting products. Signify developed the following formula for quantifying avoided emissions:

Avoided emissions = [(weighted average wattage of **conventional** – weighted average wattage of **LED**)] * weighted average lifetime of **LED** * quantity of sold **LED** * rate of **LED** replacing **conventional** * global average electricity emission factor

- The weighted average wattage of Signify's conventional portfolio as benchmark of

market reference for conventional lighting products.
- The weighted average wattage of Signify's LED-based products as benchmark of market reference for LED-based lighting products.
- The weighted average lifetime hours of Signify's LED-based products as benchmark of market reference for LED-based lighting products.
- The quantity of sold LED refers to the total products, systems, and services with LED and Connected LED technologies sold in the reporting year.
- The global rate of LED replacing Conventional is 70% in 2024. The breakdown of the lighting market by technology replacing technology is Signify's best estimate hereof, based on the market modeling done by the central Market & Competitive Intelligence team.
- The global average electricity emission factor is from IEA in kg CO_2e per kWh for the reporting year, including emissions from both total upstream and combustion, as required by the GHG protocol Scope 3 Calculation Guideline.

GHG accounting methodology

The following tables present an overview of Signify's GHG emissions calculation methods for each category. The Global-warming potential values (GWP) of the 100-year GWP of the latest IPCC Assessment Report (AR5 or AR6) have been used.

Scope	Emissions calculation method and data source	Emission factor source
Scope 1	Emissions are calculated based on the purchased quantities of stationary fuels (such as natural gas and diesel) and refrigerants, multiplied by published emission factors from the listed sources. Primary data is used in the calculation for the majority of Signify industrial and non-industrial sites, while extrapolation is made for small sites with a immaterial energy footprint, based on the floor area. Activity data is collected, reported, and validated internally. The data is managed in a digital GHG accounting and reporting platform, which also performs the calculations.	IPCC EPA Emission Factor Hub DEFRA (UK Department for Environment Food and Rural Affairs)
Scope 2 Location-based	Location-based emissions are calculated based on the purchased electricity, multiplied by the average electricity grid emission factors at the national or regional levels. Primary data is used in the calculation for the majority of Signify industrial and non-industrial sites, while extrapolation is made for immaterial estimation sites as defined in our environmental reporting policy, based on the floor area. Activity data is collected, reported, and validated internally. The data is managed in a digital GHG accounting and reporting platform, which also performs the calculations.	IEA eGRID
Scope 2 Market-based	Market-based emissions are calculated based on the purchased electricity, multiplied by the residual emission factors and the emission factors associated with the contractual instruments (namely Power Purchase Agreement, renewable electricity contract, bundled and un-bundled energy attribute certificates). Primary data is used in the calculation for the majority of Signify industrial and non-industrial sites, while extrapolation is made for small estimation sites as defined in our environmental reporting policy, based on the floor area. Activity data is collected, reported, and validated internally. The data is managed in a digital GHG accounting and reporting platform, which also performs the calculations.	Green-e Residual Mix Emission Factors RE-DISS Residual Mix Emission Factors
Scope 3 Category 1 – Purchased goods and services	Upstream (cradle-to-gate) emissions from the extraction, production, and transportation of goods and services purchased by Signify in the reporting year. A spend-based method is applied to calculate emissions for this category based on Signify's spend per sector in the reporting year, multiplied by the upstream supply chain emission factor by sector. The spend data is collected internally from our financial system and is part of our integral financial statement.	EPA Supply Chain GHG Emission Factors DEFRA Indirect emissions from supply chain
Scope 3 Category 2 – Capital goods	Upstream (cradle-to-gate) emissions from the extraction, production, and transportation of capital goods purchased by Signify in the reporting year. A spend-based method is applied to calculate emissions for this category based on Signify's spend per sector in the reporting year, multiplied by the upstream supply chain emission factors by sector. The spend data is collected internally from our financial system and is part of our integral financial statement.	EPA Supply Chain GHG Emission Factors DEFRA Indirect emissions from supply chain

Scope	Emissions calculation method and data source	Emission factor source
Scope 3 Category 3 – Fuel and energy-related activities not included in Scope 1 or 2	Upstream (cradle-to-gate) emissions from the extraction, production, and transportation of fuels and energy purchased by Signify in the reporting year, not already accounted for in Scope 1 or 2, including upstream emissions of purchased fuels, upstream emissions of purchased electricity, and transmission & distribution (T&D) losses. An average-data method is applied to calculate emissions for this category. The upstream emissions from fuels are calculated based on the purchased fuels, multiplied by the upstream emission factors for each fuel type. The upstream emissions from electricity are calculated based on the purchased electricity multiplied by upstream emission factors at the national level. The emissions from the transmission & distribution (T&D) losses are calculated based on the purchased electricity, multiplied by the T&D losses from DEFRA. The purchased fuels and electricity data is collected as described in Scope 1 & 2.	DEFRA IEA
Scope 3 Category 4 – Upstream transportation and distribution, including also downstream transportation and distribution	Emissions from transportation and distribution of raw materials, components and finished products purchased by Signify in the reporting year between its tier 1 suppliers and own operations, and between own facilities (in vehicles and facilities not owned or controlled by the Signify). This category also includes all transportation and distribution services purchased by Signify in the reporting year, including inbound logistics, outbound logistics (e.g., of sold products), and transportation and distribution between a company's own facilities (in vehicles and facilities not owned or controlled by the reporting company). A distance-based method is applied to calculate emissions for this category, which is done by determining the mass, distance, and mode of each shipment, and then multiplied by the appropriate mass-distance emission factor per mode of transport. Emissions from transportation and distribution are calculated per mode of transport, namely ocean transport, air transport, and road transport. The transportation and distribution mass, origin, and destination data at shipment level is primarily collected internally in our TMS (Transport Management System). When not available in TMS, we collect transportation and distribution data directly from the logistic service providers. The transport distance is calculated using the digital GHG accounting and reporting platform based on the origin and destination at shipment level. It is worth noting that the transportation and distribution data collected (from our internal system and from logistic service providers) does not differentiate for upstream and downstream, therefore the emissions from Category 4 (upstream) and Category 9 (downstream) are grouped and reported together in our Annual Report as "Logistics".	DEFRA Clean Cargo/Smart Freight Center
Scope 3 Category 5 – Waste generated in operations	Emissions from disposal and treatment of waste generated in our own operations in the reporting year (in facilities not owned or controlled by Signify). A waste-type-specific method is applied to calculate emissions for this category, which is done by consolidating mass data for each waste type and for each waste disposal or treatment method, multiplied by the corresponding emission factors primarily from EPA WARM tool, when not available, emission factors from Ecoinvent are used.The waste types include canteen wastes, electrical and electronics wastes, paper and cardboard, plastics, and wastewater; the waste disposal and treatment methods include recycling, incineration, and landfill. Waste data is collected, reported, and validated internally. The data is managed in a digital GHG accounting and reporting platform.	EPA WARM (Waste Reduction Model) Ecoinvent
Scope 3 Category 6 – Business travel	Emissions from the transportation of employees for business-related activities (in vehicles not owned or operated by Signify), specifically air travel, leased cars, and rental cars in the reporting year. A distance-based method is applied to calculate emissions for air travel, which is done by consolidating the travelled distances of each haulage type and then multiplied by the appropriate haulage emission factors. A distance-based method is applied to calculate emissions for rental cars, which is done by consolidating the travelled distances and then multiplying by the appropriate emission factors. A fuel-based method is applied to calculate emissions for leased cars, which is done by consolidating the amount of fuel consumed during business travel and applying the appropriate emission factor for that fuel. The business travel activity data is collected directly from our business travel service providers and validated internally. The data is managed in a digital GHG accounting and reporting platform; where the calculations are also performed.	DEFRA
Scope 3 Category 7 – Employee commuting	Emissions from the transportation of employees between their homes and their worksites in the reporting year (in vehicles not owned or operated by Signify), specifically automobile, bus and rail travel. A distance-based average method is applied to calculate emissions for this category, which is done by determining the percentage of employee commuting modes, the distances of each commuting mode, and then multiplied by the appropriate emission factors. The total number of employees (FTE) is collected internally from our HR systems and assured	DEFRA

Scope	Emissions calculation method and data source	Emission factor source
	externally. The commuting activity data (percentage of employees per commuting mode and travelled distances) are based on assumptions from the EU, as accurate and detailed data is not consistently available due to, among others, privacy reasons.	
Scope 3 Category 11 – Use of sold products	Direct use-phase emissions of products that are sold in the reporting year and consume energy (in our case, electricity) over their expected lifetime. This means for sold products that are not energy-consuming, i.e., components, accessories, and lighting controls, category 11 is not applicable therefore not part of the emissions calculation. The majority (more than 90%) of our value-chain emissions comes from the indirect emissions of product use. To quantify emissions from Category 11, the following calculation method is used: **∑CO_2e (per 12NC) = sold product quantity per country * power * lifetime * CO_2e emission factor per country** Where: • **Sold product quantity** – the total unit of products sold to a specific country in the reporting year at the 12NC level (which is the lowest level of our product hierarchy with the highest level of resolution), downloaded from our internal financial reporting system and is part of our integral financial statement; • **Power –** the externally claimed wattage of each energy consuming product, collected internally from each Signify business unit from their internal product data management systems or via data sheets; the wattage data is obtained from official technical documents (such as test reports, product specification sheet, technical data sheet, and packaging information) that are created based on the industry standards such as the International Electrotechnical Commission (IEC) Standards; • **Lifetime** – the externally claimed total use hours of each energy consuming product, collected internally from each Signify business unit from their internal product data management systems or via data sheets; the lifetime data is obtained from official technical documents (such as test reports, product specification sheet, technical data sheet, and packaging information) that are created based on the industry standards such as the International Electrotechnical Commission (IEC) Standards; • **CO_2e emission factor per country** – the CO_2e intensity data in kg CO_2e per kWh, from IEA for the reporting year, including emissions from both total upstream and combustion, including trade corrections as required by the GHG protocol Scope 3 Calculation Guideline. **Uncertainties and assumptions in the calculation of Category 11 emissions** A reliable and in-depth reporting of Category 11 is challenging, especially for Signify with a diverse portfolio covering more than 70,000 unique products at the 12NC level. We recognize the uncertainty mainly lies in data completeness and data accuracy. To tackle, this, we have set up governance, processes, systems, and controls within Signify to facilitate the end-to-end process of accounting Category 11 emissions. In terms of completeness, our 2024 product data coverage was greater than 96%. Yet, there is a small gap in our product data because for some local projects, product technical data is not maintained in a centralized data system. For products where data is not available, the emissions are extrapolated based on the actual emissions calculated with actual data within the same business unit. Signify's business control framework incorporates internal controls over sustainability reporting, ensuring effective governance over the collection, review and accurate reporting of sustainability data. Sales data is collected internally and assured as part of the financial statements audit and is used as a proxy for the quantity of sold products. The data is managed in a digital data warehouse and reported in a dynamic dashboard.	IEA
Scope 3 Category 12 – End-of-life treatment of sold products	Emissions from waste disposal and treatment of products sold by the reporting company in the reporting year at the end of their life. A waste-type-specific method is applied to calculate emissions for this category, which is done by consolidating total mass data of sold products and packaging, their material compositions and the waste disposal or treatment methods, multiplied by the corresponding emissions factors primarily from EPA WARM tool, when not available, emission factors from Ecoinvent are used. The product end-of-life waste types include electrical and electronic waste, plastic waste, and glass; the waste disposal and treatment methods include recycling, incineration, and landfill. The mass of sold products and packing data are collected, reported and validated internally.	EPA WARM (Waste Reduction Model) Ecoinvent

Circular economy and resource use ESRS E5

Durability of our products

The durability is presented per the following products groups: Professional outdoor LED, Professional indoor LED, Consumer products and OEM products. The data is based on the EPDs available by the end of 2024 and covers 10,048 products. We plan to increase this scope in 2025, as more EPD will be published. By using the EPD as the source of the durability data, we use the assumptions that the lifetime provided in EPD covers the family of products included in the Declaration.

The 'over time' performance specifications of our LED based luminaires are calculated using the IEC lifetime metric for LED based lighting products and in accordance with the Lighting Europe guidance paper on "Evaluating performance of LED based luminaires". Over time life claims are specified at a performance ambient temperature Tq of 25ºC.

For indoor LED based products we expect IEC-compliant quality criteria linked with lumen maintenance at median useful life. For average LED indoor products at min. 50k hours (in case of Industry products in addition also at 100k hours, e.g. high bay of Philips GentleSpace gen4).

For outdoor LED based luminaires we expect IEC-compliant quality criteria linked with lumen maintenance at median useful life. For average LED outdoor products at min. 88k hours.

According to LightingEurope our industry reference, for products used in the majority of indoor applications the average installation life (service lifetime) will not exceed 50.000 hours. And for products used in the majority of outdoor applications the average installation life will not exceed 100.000 hours.

Recyclable content of our products

The recyclable content data of our products comes from the EPD under secondary materials analyzed within the entire product life cycle, from the procurement of components until product End-of-Life. We present this data per the following product groups: Professional, Consumers, OEM and Conventional products. In addition to providing the average percentage per product group, we collect the minimum and maximum percentage to represent the full range of what our products contain.

The data is based on the EPDs available by the end of 2024 and cover 10,048 products.

For our 2024 data, we relied on the secondary materials data from our EPD and assume that the secondary materials we use in our product are recyclable. The recyclability of our products components varies based on factors like the type of material, contamination levels, and local recycling capabilities. Our assumption is applicable to specific commodities for which materials can be recycled multiple times (metal, paper, glass). Our other materials which are not recyclable were not accounted for in the percentage disclosed for secondary materials (cables, e-components, finished products).

Secondary materials are defined as material recovered from previous use or from waste which substitutes primary materials. It covers the total percentage of recovered material in a product.

Recyclable content of our packaging

This metric is the percent of a products' packaging materials that can be recycled (raw material stage). The main commodities per volume (total weight) are; namely paper and cardboard (77%), and plastic (6%). All other commodities are not reported, as they are assumed to contain zero recyclable content. The definition for recyclable content for packaging is the same as the definition provided for recyclable content of our products.

Our calculations are based on the weight of each packaging type, recorded in metric tonnes and based on supplier declarations. The weight of secondary packaging material is calculated by multiplying the weight of the packaging type by the percentage of secondary material.

The assumptions used for this metric are the sames as those we relied on for our inflow data as they are both based on the same dataset. See more details below.

Inflows

For our inflow data, we estimate the total weight of materials and estimate for the percentage of biological and weight and percentage of secondary materials based on actual data. The data relates to all products and materials under seven categories representing 100% of total spend, and the data is aggregated based on all materials used to manufacture the Signify products and services during the reporting period (Bill of Materials, Systems & Services, Non-product related). We include the data from all purchased materials which is broader than materials entering manufacturing facilities.

The inflows data is an estimation based on data covering 89% of the spend. For the remaining 11%, we estimated the weight by extrapolating the weight characteristics per categories. This was achieved by calculating the average kg/Euro ratio per commodity from the 89% of spend with available weight data. To exclude outliers and potential inaccuracies, this average was calculated by excluding the 10% of items with the highest and 10% with lowest kg/Euro ratios.

With respect to the recycled content of the inflows, we collect a declaration on material content which includes information on virgin, biological and recycled content from key suppliers under each inflows category. The percentage of recycled content has been extrapolated to all materials per category.

Due to the complexity of the inflows' data and due to the novelty of the data collection process, the reported figures are our best estimation based on the spend data available and our knowledge of the characteristics of the materials. We are investing in setting up additional controls and monitoring the improvements closely.

Biological material is defined as material that can be processed with aerobic (composting) or anaerobic (digestion) treatment of biodegradable waste under controlled conditions using microorganisms to produce, in the presence of oxygen, stabilized organic residues, carbon dioxide and water or, in the absence of oxygen, stabilized organic residues, methane, carbon dioxide and water.

Primary (virgin) material includes previously unused item and material which has never been processed into any form of end-use product. Secondary (recycled) material is defined as post-consumer content and post-consumer material (PCR) which is material generated by households or by commercial, industrial and institutional facilities in their role as end-users of the product which can no longer be used for its intended purpose. This includes returns of material from the distribution chain; material recovered from waste generated by households or by commercial, industrial and institutional facilities in their role as end-users of a finished product. It also includes post-industrial recycled content and pre-consumer material (PIR) which is material diverted from the waste stream during a manufacturing process. With the following excluded: reutilization of materials such as rework, regrind or scrap generated in a process and capable of being reclaimed within the same process that generated it. Material which is not reclaimed and reutilized within the same process that generated it, and which undergoes material preparation is counted as pre-consumer material.

Waste management
The waste management data includes all manufacturing sites. The composition of waste in Signify includes the following waste categories: Cantine waste, Chemical waste, Demolition scrap, Electrical and electronic waste, General waste, Glass (line rejects), Metal scrap, Obsolete finished goods, Office waste, Paper/cardboard waste, Plastic waste, and Wood waste. There are 3 options of the waste disposal pathway in Signify that are tracked: delivered for recycling, landfill and incinerated. Re-use option or other recovery operations for hazardous or non-hazardous waste type which is diverted from disposal or which is directed to disposal is not currently tracked.

Our calculation approach includes estimation for the December 2024 data, where actual data from December 2023 has been used. We estimated for eight manufacturing sites for which the data was not recorded. four of these sites were estimated based on 2023 recorded data and 4 sites were estimated based on the waste data average of all recorded sites.

Zero waste to landfill
The amount of waste sent to landfill is calculated on a quarterly basis and includes waste from all manufacturing locations. To achieve “zero (manufacturing) waste to landfill”, the amount of non-hazardous manufacturing waste being disposed directly to landfill should be <1% of total waste. Our management approach relates to the waste hierarchy principles of recycling and disposal through incineration.

Circular revenues
Revenues coming from our circular portfolio meaning lighting products, systems and services that maximize (re)usability, serviceability, and upgradability and minimize value destruction with the aims to preserve value and avoid waste to landfill. Lighting solutions contributing to this definition include:

- Serviceable luminaires: luminaire with easily replaceable (using standard, widely accessible tools) driver and controls and LED board to facilitate lifetime prolongation, or designed as circular economy ready luminaires requiring an EPD;
- Circular components: replaceable and recyclable LED and conventional drivers and modules, most sensors supporting system functionality, 3D printed housings;
- Intelligent assets: lifetime monitoring and preventive maintenance scheduling;
- Circular services: services to prolong luminaire lifetimes and managed services with end of contract return options.

The revenues generated from lighting products systems and services falling under the definition above are accounted for and measured against the total annual revenues.

Product tagging is done manually and relies on internally generated data at the inception of a new sustainable product (at the design phase), which may introduce potential uncertainties concerning possible future product changes. This includes a group of legacy products from prior systems, for which limited documentation is available. These products continue to be included in sustainable revenues, assuming they still meet the criteria for sustainable revenues. During the tagging process, reference products are used for each product family, which inherently assumes the reference product is representative for all products within that family.

The data stems from internal documentation based on product attributes and is a manual process, which may lead to inherent uncertainties within the calculation.

Own workforce ESRS S1

Workforce data
The total number of people in the workforce includes all newly acquired companies, temporary workers and contingent workers, but excludes interns.

Employee data
The total number of employees includes all newly acquired companies and temporary workers, but excludes interns. Unless stated otherwise, social data excludes contingent workers. Where actual data isn't available, we estimate the remaining population to provide a comprehensive total. This method applies mostly to Klite and newly acquired companies. Employees can be expressed in headcount and sometimes in Full Time Equivalent (FTE).

Employee Team survey and Employee Net Promoter Score (NPS)
The Employee Team survey is performed on a quarterly basis and is calculated through a weighted average for the whole year using the respondents and results. It includes employees with access to a company email address, except contingent workers. The Net Promoter Score methodology is used to measure employee engagement. Employees are asked to rank how likely it is that they would recommend our company as a great place to work in the Employee Team survey. The scoring for this answer is based on a 0 to 10 scale. Those who respond with a score of 9 or 10 are promoters, those who respond with a score of 0 to 6 are detractors. Responses of 7 or 8 are labeled passives. The NPS is calculated by subtracting the percentage of employees who are detractors from the percentage of employees who are promoters.

Health & Safety
Health & Safety data is reported by sites with more than 50 FTEs (full-time equivalents) and

voluntarily reported by sites with fewer employees. Health & Safety data is reported and validated monthly. The focus of reporting is on work-related injuries and illnesses that predominantly occur in industrial operations and lead to a recordable injury or illness case. Recordable cases include all injuries and illnesses sustained at work that result in medical treatment, restricted work, lost workdays, or fatality. All recordable cases and related KPIs are reported for permanent staff and temporary workers, including outsourced workforce and interns. The TRC, Severity and LWC rates exclude contractor cases on Signify or project sites. The fatality cases reported include contractor cases on Signify or project sites.

Total recordable case rate (TRC)
Number of injuries and illnesses sustained at work that result in medical treatment, restricted work, lost workdays, or fatality, per 100 FTEs.

Rate of recordable work-related accidents
Calculated using the same methodology as the Total Recordable Case Rate but based on 500 FTEs, in accordance with CSRD reporting standards. For the population not covered by our centralized platform, an extrapolation has been made based on the rest of the Signify population.

Adequate wage assessment
To perform the global adequate wages assessment, we followed the steps prescribed in the ESRS, providing different steps for EEA and non-EEA countries. For both categories, the assessment covered the Signify employee population as per 31st of December 2024, excluding interns, inactive employees, international assignees, casual, remote and homeworkers. For companies not fully integrated into Workday, an extrapolation has been made based on the rest of the Signify population.

Living wage analysis
Signify defines a living wage as the gross monthly wage needed to cover the necessary living costs of an individual or a family. It is calculated as the gross income necessary to afford these expenditures. For all countries examined (Poland, Mexico, Netherlands, China, US, and India, which represents 72% of the workforce), Signify used WageIndicator's database (date: Q2 2024) to set its baseline. WageIndicator's database offers different variations of family model (individual, with or without child, national fertility rate) and employment rates (full-time, part-time, national employment rate). To perform its analysis, Signify selected the "Standard family" Living Wage as we believe it reflects better the average family composition across our countries of operation, maintains a stable method of comparison, and is the WageIndicator recommended family variation. The Standard Family Living Wage indicates a gross monthly income range for a full-time equivalent worker at which the total earned family income is sufficient to cover necessary costs. The standard family includes two adults and two children (family 2+2) and the family employment rate is 1.8, which means one adult is a full-time worker and the second adult has a working week of 80% (4 days a week). Signify uses the lower range of the Standard family model for its analysis. The reason for the WageIndicator database selection was the extensive coverage of countries, the sample-method, and the research institutes involved with their study, including Harvard Law School and the University of Amsterdam. Signify does not independently validate data from WageIndicator, thereby causing an inherent uncertainty regarding the accuracy of the data. Statements on living wage pertain to all employee types in all pay grades, including temporary employees, but excludes interns, inactive employees, international assignees, casual, remote and homeworkers and companies not fully integrated into Workday.

Average training hours
The reported average number of training hours is derived primarily from actual time logged in company online training platforms by employees with access to a Signify email address. For employees who undergo training exclusively through offline methods, estimated values are used based on available records and assumptions. These estimates are applied to fully align with CSRD requirements and to ensure a comprehensive representation of the company's overall learning and development efforts.

Women in leadership
The women in leadership KPI is the percentage of women as a percentage of the total population in grades H22 and above (including Board of Management). It includes employees with or without a defined end date and international assignees who are in Workday. The source of data is Workday. It excludes: contingent workers; newly acquired companies, companies not in Workday and companies not yet integrated into the Signify operating model and therefore can not be considered for KPIs due to missing data points; employees not in the FTE count (e.g., interns) and factory and warehouse workers are excluded as there are no leadership roles in these groups.

Gender pay gap
The unadjusted pay gap is calculated by taking the difference between the average base salary of men and women, expressed as a percentage of men's base salary, with the following formula: (1 - women's average base salary / men's average base salary) x 100%
The base salary data used to calculate the unadjusted pay gap included all active employees, excluding international assignee data, as of December 31, 2024. For companies not fully integrated into Workday, an extrapolation has been made based on the rest of the Signify population.All calculations are performed via the Syndio tool.

Family-related leave
This data considers only paid family-related leaves. To ensure an accurate representation, it includes the total 2024 population, encompassing employees as of December 31, 2024, and those who left the company during the year.

Workers in the value chain ESRS S2

Supplier sustainability performance rate
The supplier sustainability performance rate is defined as the percentage of all active risk suppliers that have had an audit score of at least 90 out of 100 points in the defined timeframe (yearly or every 3-year based on maturity level). Suppliers are considered compliant either by passing the audit, resolving identified non-conformities (or are expected to do so within 6 months), or submitting other social compliance certifications.

Supplier sustainability audit
Supplier Sustainability Audits are based on the standards defined by the Responsible Business Alliance (RBA). RBA is the world's

largest industry coalition dedicated to responsible business conduct in global supply chains. Signify is member of this coalition. The RBA publishes a Code of Conduct, providing internally recognized standards for Labor, Health and Safety, the Environment, and Business Ethics. An external body is executing the on-site audits at risk suppliers, assessing the compliance level on these RBA standards. The RBA audit score is based on the number of findings and their criticality (minor, major, critical or zero-tolerance). An overall audit result of less than 90 out of 100 points means a failure and will require a corrective action plan to address the non-conformities. The score per RBA topic is calculated as the percentage of questions within the respective topic with audit result "compliant" (meaning, no non-conformities found).

Governance ESRS G1

Payment practices

To calculate the percentage of payments made within our standard terms and the average time to pay invoices, we include all invoices that were booked, approved, and paid during 2024. The calculation is based on working days, starting from the applicable pay term reference date for each vendor. This reference date may vary based on agreed terms, such as the invoice issuance date or the date of receipt.

Within Signify, payment practices differ by entity: Cooper Lighting Solutions processes payments twice per month, while the rest of Signify processes payments three times per month. An invoice is considered paid on time if it is settled during the first scheduled payment run immediately following its due date.

Anti-corruption training for functions at risk

Signify's functions at risk with respect to corruption and bribery include departments such as Brand, Communications & Digital, Corporate Security, Finance, General Management, Human Resources, Intellectual Property, Information Technology, Legal, Marketing, Public Affairs and Government Relations, Procurement, Quality, Regulatory and Compliance, Research & Development, Sales, Supply Chain Management, Service, Strategy, and Sustainability.

Membership in industry associations

A list of the associations to which Signify belongs, along with the membership fees, can be found here: https://www.assets.signify.com/is/content/Signify/Assets/signify/global/signify-main-corporate-memberships.pdf.

Supporting metrics

Brighter lives revenues

Revenues coming from our portfolio which benefit society focusing on three main sustainable growth areas:

- Food availability: lighting designed to enable the production of more and better quality food, while optimizing the use of land, water and energy and avoiding pesticides. It includes all dedicated horticulture products and systems, all dedicated urban farming products and systems, all dedicated marine-based and land-based aquaculture products and systems, all dedicated animal farming products and systems;
- Safety & security: lighting designed to have a positive effect in reducing crimes such as burglary and theft in cities and houses, as well as increasing safety in traffic and protection against cybercrime and fraud. It includes Interact solution for cities, System solutions for tunnels, outdoor lighting equipped with special sensors, emergency lighting and LiFi systems, black light blue lamps and luminaries;
- Health & well-being: lighting designed to support health, well-being and performance of humans through unlocking the visual, biological and emotional benefits of light, and lighting designed to support well-being for wildlife. It includes EyeComfort, lighting for well-being, tunable products during use phase, non-invasive health supporting products and disinfection. Signify's portfolio of products contributing to Brighter lives revenues continues to grow as we drive sustainable innovations across these three focal areas.

The revenues generated from lighting products systems and services falling under the definition above are accounted for and measured against the total annual revenues.

Product tagging is done manually and relies on internally generated data at the inception of a new sustainable product (at the design phase), which may introduce potential uncertainties concerning possible future product changes. This includes a group of legacy products from prior systems, for which limited documentation is available. These products continue to be included in sustainable revenues, assuming they still meet the criteria for sustainable revenues. During the tagging process, reference products are used for each product family, which inherently assumes the reference product is representative for all products within that family.

The data stems from internal documentation based on product attributes and is a manual process, which may lead to inherent uncertainties within the calculation

Paris Agreement 1.5°C

In our Brighter Lives, Better World 2025 sustainability program, we commit to doubling the pace of the Paris Agreement's 1.5°C scenario to reduce emissions over our entire value chain by the end of 2025, comparing to the 2019 baseline. This means we aim to achieve the emission reduction goals laid out in the Paris Agreement's 1.5°C scenario for 2031 by 2025, six years early. With this scenario, the Paris Agreement suggests that companies must reduce their emissions by 4.2% year on year. In other words, by the end of 2025, we will reduce our scopes 1, 2, and 3 emissions by 40% compared to our baseline year 2019. To track progress, we are comparing Signify actual carbon footprint and that required by the Paris Agreement's 1.5°C scenario every year from 2021 to 2025.

5.6 Disclosure requirements and incorporation by reference

The following tables can be used to navigate to information relating to a specific disclosure requirement within this report. For disclosures in sections outside the sustainability statements, incorporation by reference [Inc. by ref.] was used. The table below includes all of the data points that derive from other EU legislation as listed in ESRS 2 appendix B. It indicates where the material data points can be found in our report and which data points are assessed as 'material' or 'voluntary disclosure'. The table does not include the list of the minimum disclosures requirements applied to all our material policies, action plans, targets and metrics, as well as, the disclosures that are not applicable (conditional, voluntary and phased-in not disclosed).

ID code	Name	Materiality and applicability	Page	GRI	SFDR	Pilar 3	EU Climate law	Benchmark regulation
ESRS2								
BP-1_01	Basis for preparation of sustainability statement	Material	36					
BP-1_02	Scope of consolidation	Material	36					
BP-1_03	Indication of subsidiary undertakings included	Material	36					
BP-1_04	Coverage upstream, downstream value chain	Material	36					
BP-2_01	Definitions of time horizons	Material	36					
BP-2_02	Reasons for applying different horizons definitions	Material	36					
BP-2_03	Metrics that include indirect value chain data sources	Material	36					
BP-2_04	Basis for preparation for metrics using indirect data sources	Material	36					
BP-2_05	Level of accuracy for metrics using indirect value chain data	Material	36					
BP-2_06	Planned actions to improve accuracy of indirect data	Material	36					
BP-2_07	Metrics with high level of measurement uncertainty	Material	36					
BP-2_08	Sources of measurement uncertainty	Material	36					
BP-2_09	Measurement's assumptions, approximations and judgment	Material	36					
BP-2_10	Changes in preparation and presentation with reasons	Material	36	X				
BP-2_11	Adjustment for prior period is impracticable	Material	36	X				
BP-2_12	Difference between figures in preceding periods	Material	36	X				
BP-2_13	Nature of prior period material errors	Material	36	X				
BP-2_14	Correction for prior period	Material	36	X				
BP-2_15	Why correction of prior period errors is not practicable	Material	36					
BP-2_16	Other legislation, standards and frameworks included	Material	36					
BP-2_17	Reference to paragraphs of frameworks applied	Material	36					
BP-2_20	List of DRs or DPs incorporated by reference	Material	102 - 113					
GOV-1_01	Number of executive members	Material	119, 150 [Inc. by ref.]	X				
GOV-1_02	Number of non-executive members	Material	120, 151 [Inc. by ref.]	X				
GOV-1_03	Information about representation of employees and other workers	Material	83 - 84	X				
GOV-1_04	Information on member's experience relevant to sectors, products and regions	Material	120, 127 [Inc. by ref.]	X				
GOV-1_05	Percentage of members by gender and other aspects of diversity	Material	127 - 128, 150 -152 [Inc. by ref.]	X				
GOV-1_06	Board's gender diversity ratio	Material	150 - 151 [Inc. by ref.]	X	X			
GOV-1_07	Percentage of independent board members	Material	122, 151 [Inc. by ref.]	X	X			
GOV-1_08	Information about identity of governance members responsible for IROs oversight	Material	37	X				
GOV-1_09	How IROs responsibilities are reflected in terms of reference, board mandates and policies	Material	37					

ID code	Name	Materiality and applicability	Page	GRI	SFDR	Pilar 3	EU Climate law	Benchmark regulation
GOV-1_10	Description of management's role in IROs governance processes, controls and procedures	Material	37	X				
GOV-1_11	Description of oversight exercised over management-level position	Material	37	X				
GOV-1_12	Information about reporting lines to administrative, management and supervisory bodies	Material	37	X				
GOV-1_13	Disclosure of dedicated controls and procedures integrated with other internal functions	Material	37					
GOV-1_14	Disclosure of governance and senior executive oversee IROs target management	Material	37					
GOV-1_15	Disclosure of how governance bodies determine appropriate skills and expertise	Material	37, 127 [Inc. by ref.]	X				
GOV-1_16	Information about sustainability-related expertise that bodies possess or can leverage	Material	37, 127 [Inc. by ref.]	X				
GOV-1_17	Disclosure of how sustainability-related skills and expertise relate to material IROs	Material	37, 127 [Inc. by ref.]	X				
GOV-2_01	Governance informed about material IROs, due diligence and effectiveness	Material	37					
GOV-2_02	Governance considers IROs when overseeing strategy, transactions and risk management	Material	37					
GOV-2_03	Material IROs addressed by governance bodies or their relevant committees	Material	37					
GOV-2_04	Governance bodies ensure appropriate mechanism for performance monitoring is in place	Material	37					
GOV-3_01	Incentive schemes and remuneration policies linked to sustainability matters	Material	141 - 143 [Inc. by ref.]	X				
GOV-3_02	Description of key characteristics of incentive schemes	Material	141 - 143 [Inc. by ref.]	X				
GOV-3_03	Specific sustainability-related targets and (or) impacts used to assess performance	Material	141 - 143 [Inc. by ref.]	X				
GOV-3_04	Sustainability-related performance metrics considered in remuneration policies	Material	141 - 143 [Inc. by ref.]	X				
GOV-3_05	Percentage of variable remuneration dependent on sustainability-related targets	Material	141 - 143 [Inc. by ref.]					
GOV-3_06	Description of level at which terms of incentive schemes are approved and updated	Material	141 - 143 [Inc. by ref.]	X				
GOV-4_01	Mapping of information provided in sustainability statement about due diligence process	Material	114		X			
GOV-5_01	Scope, main features and components of risk management and internal control processes	Material	36 - 37					
GOV-5_02	Description of risk assessment approach followed	Material	36 - 37					
GOV-5_03	Description of main risks identified and their mitigation strategies	Material	36 - 37					
GOV-5_04	Findings of risk assessment and internal controls integrated into functions and processes	Material	36 - 37					
GOV-5_05	Periodic reporting of findings of risk assessment and internal controls to governance	Material	36 - 37					
SBM-1_01	Description of significant groups of products and (or) services offered	Material	12 [Inc. by Ref.]	X				
SBM-1_02	Description of significant markets and (or) customer groups served	Material	12 [Inc. by Ref.]	X				
SBM-1_03	Total number of employees (head count)	Material	38	X				
SBM-1_04	Number of employees (head count)	Material	38					
SBM-1_05	Description of products and services that are banned in certain markets	Material	38					
SBM-1_06	Total revenue	Material	38	X				
SBM-1_07	Revenue by significant ESRS Sectors	Material	38	X				
SBM-1_08	List of additional significant ESRS sectors for significant activities	Material	38	X				
SBM-1_21	Sustainability-related goals for products, services, customer categories and regions	Material	12, 38	X				
SBM-1_22	Assessment of products and (or) services, markets and customer groups	Material	12 [Inc. by Ref.]					
SBM-1_23	Disclosure of elements of strategy that relate to or impact sustainability matters	Material	38	X				
SBM-1_24	List of ESRS sectors that are significant for undertaking	Material	38					
SBM-1_25	Description of business model and value chain	Material	39					
SBM-1_26	Description of inputs and approach to gathering, developing and securing inputs	Material	14 [Inc. by Ref.]					
SBM-1_27	Outputs and outcomes in terms of current and expected benefits for stakeholders	Material	14 [Inc. by Ref.]					
SBM-1_28	Description of main features of upstream and downstream value chain	Material	39	X				

ID code	Name	Materiality and applicability	Page	GRI	SFDR	Pilar 3	EU Climate law	Benchmark regulation
SBM-2_01	Description of stakeholder engagement	Material	40	X				
SBM-2_02	Description of key stakeholders	Material	40	X				
SBM-2_03	Description of categories of stakeholders for which engagement occurs	Material	40	X				
SBM-2_04	Description of how stakeholder engagement is organized	Material	40	X				
SBM-2_05	Description of purpose of stakeholder engagement	Material	40	X				
SBM-2_06	Description of how outcome of stakeholder engagement is taken into account	Material	40					
SBM-2_07	Understanding of views of key stakeholders relating to strategy and business model	Material	40					
SBM-2_12	Governance bodies informed about views of affected stakeholders on sustainability	Material	40	X				
SBM-3_01	Description of material impacts resulting from materiality assessment	Material	42 - 45	X				
SBM-3_02	Description of material risks and opportunities resulting from materiality assessment	Material	42 - 45	X				
SBM-3_03	Disclosure of current and anticipated effects of material IRO on business model, strategy	Material	42 - 45					
SBM-3_04	Disclosure of how material negative and positive impacts affect people or environment	Material	43 - 45	X				
SBM-3_05	How material impacts originate from or are connected to strategy and business model	Material	43 - 45					
SBM-3_06	Disclosure of reasonably expected time horizons of material impacts	Material	43 - 45					
SBM-3_07	Nature of activities or relationships involved with material impacts	Material	43 - 45	X				
SBM-3_08	Current financial effects of material IROs on finances and adjustment needed	Material	42	X				
SBM-3_10	Resilience of strategy and business model to address material IROs	Material	42					
SBM-3_11	Changes to material IROs compared to previous reporting period	Material	42	X				
SBM-3_12	Specification of IROs covered by ESRS and entity-specific disclosures	Material	42					
IRO-1_01	Description of methodologies and assumptions applied in process to identify IROs	Material	41 - 42					
IRO-1_02	Process to identify, prioritize, monitor potential/actual impacts with due diligence process	Material	41 - 42					
IRO-1_03	Process focuses on specific activities, business relationships, regions and factors	Material	41 - 42					
IRO-1_04	Process considers impacts through own operations or as result of business relationships	Material	41 - 42	X				
IRO-1_05	Process includes consultation with affected stakeholders and with external experts	Material	41 - 42	X				
IRO-1_06	Process prioritizes negative and positive impacts based criteria provided	Material	41 - 42	X				
IRO-1_07	Process used to identify, assess, prioritize and monitor ROs with financial effect	Material	41 - 42					
IRO-1_08	Connections of impacts and dependencies with risks and opportunities considered	Material	41 - 42					
IRO-1_09	Likelihood, magnitude, and nature of effects of identified ROs have been assessed	Material	41 - 42					
IRO-1_10	Sustainability-related risks relative to other types of risks have been prioritized	Material	41 - 42					
IRO-1_11	Description of decision-making process and related internal control procedures	Material	41 - 42	X				
IRO-1_12	ERM integration of process to identify, assess and manage impacts and risks	Material	42					
IRO-1_13	ERM integration includes process for opportunities	Material	42					
IRO-1_14	Input parameters used in process to identify, assess and manage material IROs	Material	41 - 42					
IRO-1_15	Process to identify, assess and manage IROs changed compared to prior reporting period	Material	41					
IRO-2_01	List of data points deriving from other EU legislation and location in statement	Material	102 - 114					
IRO-2_02	List of ESRS complied with in preparing statement following the materiality assessment	Material	102 - 114					
IRO-2_13	Explanation of material information to be disclosed in relation to material IRO is determined	Material	42					
ESRS E1								
E1.GOV-3_01	Climate-related considerations factored into remuneration of Governance members	Material	141, 143 [Inc. by ref.]	X				
E1.GOV-3_02	Percentage of remuneration recognized that is linked to climate related considerations	Material	141, 143 [Inc. by ref.]	X				

ID code	Name	Materiality and applicability	Page	GRI	SFDR	Pilar 3	EU Climate law	Benchmark regulation
E1.GOV-3_03	Explanation of climate-related considerations that are factored into remuneration	Material	141, 143 [Inc. by ref.]	X				
E1-1_01	Disclosure of transition plan for climate change mitigation	Material	46				X	
E1-1_02	Targets are compatible with limiting of global warming to 1,5 degrees Celsius	Material	46					
E1-1_03	Disclosure of decarbonization levers and key action	Material	47 - 48					
E1-1_04	Disclosure of significant Opex and (or) Capex required for implementation of action plan	Material	47					
E1-1_05	Financial resources allocated to action plan (OpEx)	Material	47					
E1-1_06	Financial resources allocated to action plan (CapEx)	Material	47					
E1-1_07	Potential locked-in GHG emissions from key assets and products and potential issues	Material	49					
E1-1_08	Objective or plans (CapEx, OpEx) for aligning economic activities with Reg. 2021/2139	Material	47					
E1-1_09	Significant CapEx for coal-related economic activities	Material	49					
E1-1_10	Significant CapEx for oil-related economic activities	Material	49					
E1-1_11	Significant CapEx for gas-related economic activities	Material	49					
E1-1_12	Undertaking is excluded from EU Paris-aligned Benchmarks	Material	49			X		X
E1-1_13	Explanation of how transition plan is embedded in and aligned with overall business strategy and financial planning	Material	46 - 47					
E1-1_14	Transition plan is approved by administrative, management and supervisory bodies	Material	46					
E1-1_15	Explanation of progress in implementing transition plan	Material	47 - 52					
E1.SBM-3_01	Type of climate-related risk	Material	57 - 58					
E1.SBM-3_02	Description of scope of resilience analysis	Material	59					
E1.SBM-3_03	Disclosure of how resilience analysis has been conducted	Material	59					
E1.SBM-3_04	Disclosure of how resilience analysis has been conducted	Material	59					
E1.SBM-3_05	Time horizons applied for resilience analysis	Material	59					
E1.SBM-3_06	Description of results of resilience analysis	Material	59					
E1.SBM-3_07	Description of ability to adjust or adapt strategy and business model to climate change	Material	59					
E1.IRO-1_01	Description of process in relation to impacts on climate change	Material	46					
E1.IRO-1_02	Description of process in relation to climate-related physical risks	Material	55					
E1.IRO-1_03	Climate-related hazards have been identified over 3 horizons	Material	55					
E1.IRO-1_04	Screening of assets and business activities may be exposed to climate-related hazards	Material	55					
E1.IRO-1_05	Short-, medium- and long-term time horizons have been defined	Material	55					
E1.IRO-1_06	Assets and business activities exposed to identified climate-related hazards	Material	55					
E1.IRO-1_07	Identification of climate hazards and exposure informed by high emissions scenarios	Material	55					
E1.IRO-1_08	Climate-related scenario analysis used to inform identification physical risks over horizons	Material	55					
E1.IRO-1_09	Description of process in relation to climate-related transition risks and opportunities	Material	55 - 56					
E1.IRO-1_10	Transition events have been identified over short-, medium- and long-term time horizons	Material	55 - 56					
E1.IRO-1_11	Screening of assets and business activities may be exposed to transition events	Material	55 - 56					
E1.IRO-1_12	Assets and business activities exposed to identified transition events has been assessed	Material	55 - 56					
E1.IRO-1_13	Identification of transition events informed by climate-related scenario analysis	Material	55 - 56					
E1.IRO-1_14	Assets and activities incompatible with transition to climate-neutral economy identified	Material	54					
E1.IRO-1_15	Climate-related scenario analysis used to inform identification of transition RO	Material	54					
E1.IRO-1_16	Climate scenarios used are compatible with climate assumptions in financial statements	Material	54					
E1.MDR-P_01-06	Policies to manage its material impacts, risks and opportunities related to climate change	Material	46	X				

ID code	Name	Materiality and applicability	Page	GRI	SFDR	Pilar 3	EU Climate law	Benchmark regulation
E1-2_01	Sustainability matters addressed by policy for climate change	Material	46	X				
E1.MDR-A_01-12	Actions and resources related to climate change mitigation and adaptation	Material	46 - 52	X				
E1-3_01	Decarbonization lever type	Material	47					
E1-3_03	Achieved GHG emission reductions	Material	47 - 53	X				
E1-3_04	Expected GHG emission reductions	Material	47 - 53	X				
E1-3_05	Ability to implement action depends on availability and allocation of resources	Material	47					
E1-3_06	Relationship of significant CapEx and OpEx to implement actions in financial statements	Material	47					
E1-3_07	Relationship of significant CapEx, OpEx to implement actions taken to Reg. (EU) 2021/2178	Material	47					
E1-3_08	Relationship of significant CapEx, OpEx to implement actions to CapEx plan	Material	47					
E1.MDR-T_01-13	Tracking effectiveness of policies and actions through targets	Material	46	X				
E1-4_01	GHG emissions reduction targets have been set to manage material climate IRO	Material	46	X				
E1-4_02	Tables: Multiple Dimensions Emissions and reduction plan	Material	49 - 53	X				
E1-4_03	Absolute value of total Greenhouse gas emissions reduction	Material	53	X	X	X		X
E1-4_04	Percentage of total Greenhouse gas emissions reduction (as of emissions of base year)	Material	53	X	X	X		X
E1-4_05	Intensity value of total Greenhouse gas emissions reduction	Material	53	X	X	X		X
E1-4_06	Absolute value of Scope 1 Greenhouse gas emissions reduction	Material	53	X	X	X		X
E1-4_07	Percentage of Scope 1 Greenhouse gas emissions reduction (as of emissions of base year)	Material	53	X	X	X		X
E1-4_08	Intensity value of Scope 1 Greenhouse gas emissions reduction	Material	53	X	X	X		X
E1-4_09	Absolute value of location-based Scope 2 Greenhouse gas emissions reduction	Material	53	X	X	X		X
E1-4_10	Percentage of location-based Scope 2 Greenhouse gas emissions reduction	Material	53	X	X	X		X
E1-4_11	Intensity value of location-based Scope 2 Greenhouse gas emissions reduction	Material	53	X	X	X		X
E1-4_12	Absolute value of market-based Scope 2 Greenhouse gas emissions reduction	Material	53	X	X	X		X
E1-4_13	Percentage of market-based Scope 2 Greenhouse gas emissions reduction	Material	53	X	X	X		X
E1-4_14	Intensity value of market-based Scope 2 Greenhouse gas emissions reduction	Material	53	X	X	X		X
E1-4_15	Absolute value of Scope 3 Greenhouse gas emissions reduction	Material	53	X	X	X		X
E1-4_16	Percentage of Scope 3 Greenhouse gas emissions reduction (as of emissions of base year)	Material	53	X	X	X		X
E1-4_17	Intensity value of Scope 3 Greenhouse gas emissions reduction	Material	53	X	X	X		X
E1-4_18	Consistency of GHG emission reduction targets with GHG inventory boundaries	Material	49, 94	X				
E1-4_20	Baseline value is representative of activities covered and influences from external factors	Material	46					
E1-4_22	GHG emission reduction target is science based and compatible with 1,5 degrees Celsius	Material	46					
E1-4_23	Expected decarbonization levers and their contributions to GHG emission reduction target	Material	47					
E1-4_24	Range of climate scenarios considered to detect relevant decarbonization levers	Material	47					
E1-5_01	Total energy consumption related to own operations	Material	50	X	X			
E1-5_05	Total energy consumption from renewable sources	Material	50	X	X			
E1-5_06	Fuel consumption from renewable sources	Material	50	X	X			
E1-5_07	Consumption of purchased electricity, heat, steam, and cooling from renewable sources	Material	50	X	X			
E1-5_08	Consumption of self-generated non-fuel renewable energy	Material	50	X	X			
E1-5_09	Percentage of renewable sources in total energy consumption	Material	50	X				
E1-5_10	Fuel consumption from coal and coal products	Material	50	X	X			
E1-5_11	Fuel consumption from crude oil and petroleum products	Material	50	X	X			

ID code	Name	Materiality and applicability	Page	GRI	SFDR	Pilar 3	EU Climate law	Benchmark regulation
E1-5_12	Fuel consumption from natural gas	Material	50	X	X			
E1-5_13	Fuel consumption from other fossil sources	Material	50	X	X			
E1-5_14	Consumption of purchased electricity, heat, steam, or cooling from fossil sources	Material	50	X	X			
E1-5_15	Percentage of fossil sources in total energy consumption	Material	50					
E1-5_16	Non-renewable energy production	Material	50					
E1-5_17	Renewable energy production	Material	50					
E1-5_18	Energy intensity from activities in high climate impact sectors (per net revenue)	Material	50	X	X			
E1-5_19	Total energy consumption from activities in high climate impact sectors	Material	50		X			
E1-5_20	High climate impact sectors used to determine energy intensity	Material	38		X			
E1-5_21	Reconciliation to financial statements of revenue from high climate impact activities	Material	38		X			
E1-5_22	Net revenue from activities in high climate impact sectors	Material	38					
E1-5_23	Net revenue from activities other than in high climate impact sectors	Material	38					
E1-6_01	Gross Scopes 1, 2, 3 and Total GHG emissions - GHG emissions per scope	Material	53	X				
E1-6_02	Gross Scopes 1, 2, 3 and Total GHG emissions - financial and operational control	Material	53	X				
E1-6_03	Disaggregation of GHG emissions	Material	53					
E1-6_04	Gross Scopes 1, 2, 3 and Total GHG emissions - Scope 3 GHG emissions (GHG Protocol)	Material	53					
E1-6_06	Gross Scopes 1, 2, 3 and Total GHG emissions - total GHG emissions - value chain	Material	53					
E1-6_07	Gross Scope 1 greenhouse gas emissions	Material	53	X	X	X		X
E1-6_08	Percentage of Scope 1 GHG emissions from regulated emission trading schemes	Material	53		X	X		X
E1-6_09	Gross location-based Scope 2 greenhouse gas emissions	Material	53		X	X		X
E1-6_10	Gross market-based Scope 2 greenhouse gas emissions	Material	53		X	X		X
E1-6_11	Gross Scope 3 greenhouse gas emissions	Material	53		X	X		X
E1-6_12	Total GHG emissions location based	Material	53		X	X		X
E1-6_13	Total GHG emissions market based	Material	53		X	X		X
E1-6_15	Methodologies, assumptions and emissions factors used to calculate GHG emissions	Material	94 - 97					
E1-6_16	Significant events and changes in circumstances (relevant to its GHG emissions)	Material	53					
E1-6_17	Biogenic CO_2 emissions from combustion, bio-degradation of biomass not included	Material	50					
E1-6_18	Percentage of contractual instruments, Scope 2 GHG emissions	Material	50					
E1-6_19	Disclosure of types of contractual instruments, Scope 2 GHG emissions	Material	50					
E1-6_20	Percentage of market-based Scope 2 linked to purchased electricity bundled	Voluntary disclosure	50					
E1-6_21	Percentage of contractual instruments for sale and purchase of energy bundled [scope 2]	Material	50					
E1-6_22	Percentage of contractual instruments for sale and purchase of unbundled energy	Material	50					
E1-6_23	Types of contractual instruments used for sale and purchase of energy (un)bundled	Material	50					
E1-6_24	Biogenic emissions of CO_2 from combustion or bio-degradation of biomass not included	Material	50					
E1-6_25	Percentage of GHG Scope 3 calculated using primary data	Material	95 - 97					
E1-6_26	Disclosure of why Scope 3 GHG emissions category has been excluded	Material	49					
E1-6_27	List of Scope 3 GHG emissions categories included in inventory	Material	53, 94 - 97					
E1-6_28	Biogenic emissions of CO_2 from combustion or bio-degradation of biomass (scope 3)	Material	50					
E1-6_29	Reporting boundaries considered and calculation methods for estimating Scope 3	Material	94 - 97					
E1-6_30	GHG emissions intensity, location-based (total GHG emissions per net revenue)	Material	53	X	X	X		X

ID code	Name	Materiality and applicability	Page	GRI	SFDR	Pilar 3	EU Climate law	Benchmark regulation
E1-6_31	GHG emissions intensity, market-based (total GHG emissions per net revenue)	Material	53	X	X	X		X
E1-6_32	Reconciliation to financial statements of revenue used for GHG emissions intensity	Material	172		X	X		X
E1-6_33	Net revenue	Material	38					
E1-6_34	Net revenue used to calculate GHG intensity	Material	38					
E1-6_35	Net revenue other than used to calculate GHG intensity	Material	n.a.					
E1-8_01	Carbon pricing scheme by type	Material	50					
E1-8_02	Type of internal carbon pricing scheme	Material	50					
E1-8_03	Description of specific scope of application of carbon pricing scheme	Material	50					
E1-8_04	Carbon price applied for each metric tonne of greenhouse gas emission	Material	50					
E1-8_05	Description of critical assumptions made to determine carbon price applied	Material	50					
Internal metric	Brighter Lives, Better World 2025 target - Cumulative carbon reduction over value chain in million tonnes CO2e	Material	35, 50, 101					
ESRS E5								
E5.IRO-1_01	Screening of assets and activities to identify material IRO	Material	60					
E5.IRO-1_02	Consultations conducted (resource and circular economy)	Material	60					
E5.MDR-P_01-06	Policies to manage material IRO related to resource use and circular economy	Material	61 - 62, 64					
E5-1_01	Policy on transitioning from virgin resources and increase in use of secondary resources	Material	61					
E5-1_02	Policy addresses sustainable sourcing and use of renewable resources	Material	61					
E5.MDR-A_01-12	Actions and resources in relation to resource use and circular economy	Material	61 - 62, 64					
E5.MDR-T_01-13	Tracking effectiveness of policies and actions through targets	Material	61					
E5-3_01	Disclosure of how target relates to resources	Material	61					
E5-3_02	Disclosure of how target relates to increase of circular design	Material	62					
E5-3_03	Disclosure of how target relates to increase of circular material use rate	Material	62					
E5-3_04	Disclosure of how target relates to minimization of primary raw material	Material	61					
E5-3_06	Target relates to waste management	Material	64					
E5-3_07	Disclosure of how target relates to waste management	Material	64					
E5-3_09	Layer in waste hierarchy to which target relates	Material	64					
E5-3_13	The targets being set and presented are mandatory if required by legislation	Material	61					
E5.MDR-T_14-19	Disclosures to be reported if the undertaking has not adopted targets	Material	61					
E5-4_01	Disclosure of information on material resource inflows	Material	61	X				
E5-4_02	Total weight of products and materials used for the reporting period	Material	61	X				
E5-4_03	Percentage of biological materials (and biofuels used for non-energy purposes)	Material	61					
E5-4_04	The absolute weight of secondary components and materials used to manufacture	Material	61	X				
E5-4_05	Percentage of secondary components and materials	Material	61					
E5-4_06	Description of methodologies used to calculate data and key assumptions used	Material	98 - 99					
E5-4_08	Description of how double counting was avoided and of choices made	Material	98 - 99					
E5-5_01	Key products and materials that come out of the undertaking's production process	Material	62 - 63					
E5-5_02	Expected durability of the products compared to industry average for each product group	Material	63					
E5-5_03	Disclosure of the repairability of products	Material	63					
E5-5_04	The rates of recyclable content in products	Material	63					
E5-5_05	The rates of recyclable content in products packaging	Material	63					

ID code	Name	Materiality and applicability	Page	GRI	SFDR	Pilar 3	EU Climate law	Benchmark regulation
E5-5_06	Description of methodologies used to calculate data (resource outflows)	Material	98 - 99	X				
E5-5_07	Total waste generated	Material	64	X				
E5-5_08	Waste diverted from disposal, breakdown by (non-)hazardous and treatment type	Material	64	X				
E5-5_09	Waste directed to disposal, breakdown by (non-)hazardous and treatment type	Material	64	X				
E5-5_10	Non-recycled waste	Material	64		X			
E5-5_11	Percentage of non-recycled waste	Material	64		X			
E5-5_12	Disclosure of composition of waste	Material	64	X				
E5-5_13	Disclosure of waste streams relevant to undertaking's sector or activities	Material	64					
E5-5_14	Disclosure of materials that are present in waste	Material	64					
E5-5_15	Total amount of hazardous waste	Material	64		X			
E5-5_16	Total amount of radioactive waste	Material	64		X			
E5-5_17	Description of methodologies used to calculate data (waste generated)	Material	99	X				
Entity-specific	Brighter Lives, Better World 2025 target - Circular revenues	Material	35, 38, 42, 44, 62					
ESRS S1								
S1.SBM-3_01	All people in its own workforce who can be materially impacted are included	Material	75					
S1.SBM-3_02	Types of employees and non-employees in its own workforce subject to material impacts	Material	75					
S1.SBM-3_03	Material negative impacts occurrence	Material	75					
S1.SBM-3_04	Activities that result in positive impacts and types of (non-)employees affected	Material	75					
S1.SBM-3_05	Material risks and opportunities arising from impacts and dependencies on own workforce	Material	75					
S1.SBM-3_06	Material impacts on workers arising from environmental transition plans	Material	79					
S1.SBM-3_07	Type of operations at significant risk of incidents of forced labor or compulsory labor	Material	76	X	X			
S1.SBM-3_08	Countries or regions with operations at significant risk of incidents of forced labor	Material	76	X	X			
S1.SBM-3_09	Information about type of operations at significant risk of incidents of child labor	Material	76	X	X			
S1.SBM-3_10	Countries or regions with operations at significant risk of incidents of child labor	Material	76	X	X			
S1.SBM-3_11	Understanding of people at greater risk of harm has been developed	Material	76					
S1.SBM-3_12	Material risks and opportunities from impacts and dependencies relate to specific groups	Material	76, 80					
S1.MDR-P_01-06	Policies to manage material impacts, risks and opportunities related to its own workforce [see ESRS 2 MDR-P]	Material	75 - 76, 79, 81 - 82, 84	X				
S1-1_01	Policies to manage material IRO related to own workforce	Material	75 - 76, 79, 81 - 82, 84	X				
S1-1_03	Description of relevant human rights policy commitments relevant to own workforce	Material	75 - 76	X	X			
S1-1_04	General approach to respect for human rights including labor rights	Material	75 - 76	X	X			
S1-1_05	Disclosure of general approach in relation to engagement with people in its own workforce	Material	75	X	X			
S1-1_06	General approach to measures to provide and (or) enable remedy for human rights impacts	Material	75 - 76	X	X			
S1-1_07	Policies are aligned with relevant internationally recognized instruments	Material	75	X	X			
S1-1_08	Policies explicitly address trafficking in human beings, forced labor and child labor	Material	75	X	X			
S1-1_09	Workplace accident prevention policy or management system is in place	Material	79 - 80	X	X			
S1-1_10	Specific policies aimed at elimination of discrimination are in place	Material	76, 82	X				
S1-1_11	Grounds for discrimination are specifically covered in policy	Material	82					
S1-1_12	Specific policy commitments on inclusion, positive action for groups at particular risk	Material	82					
S1-1_13	Policies implemented to ensure discrimination is prevented, mitigated and ensure diversity	Material	82					
S1-2_01	Perspectives of own workforce inform decisions or activities aimed at managing impact	Material	37, 40, 75 - 76, 78	X				

ID code	Name	Materiality and applicability	Page	GRI	SFDR	Pilar 3	EU Climate law	Benchmark regulation
S1-2_02	Engagement occurs with own workforce or their representatives	Material	37, 40, 75					
S1-2_03	Stage when engagement occurs, type of engagement and frequency of engagement	Material	37, 40, 76, 78					
S1-2_04	Function and senior role with operational responsibility for ensuring the engagement	Material	75					
S1-2_06	Effectiveness of engagement with its own workforce is assessed	Material	76	X				
S1-2_07	Steps taken to gain insight into perspectives of people particularly vulnerable	Material	79	X				
S1-3_01	General approach and processes for providing remedy for negative impact	Material	76	X				
S1-3_02	Specific channels to raise concerns and have them addressed	Material	76	X				
S1-3_05	Grievance or complaints handling mechanisms related to employee matters exist	Material	76		X			
S1-3_06	Processes through which undertaking supports or requires availability of channels	Material	76	X				
S1-3_07	Issues raised and addressed are tracked and effectiveness of channels is ensured	Material	76					
S1-3_08	Own workforce is aware and trust processes to raise their concerns	Material	76	X				
S1-3_09	Policies regarding protection against retaliation for individuals that use channels	Material	91	X				
S1.MDR-A_01-12	Action plans and resources to manage its material IRO	Material	76 - 77					
S1-4_01	Description of action taken, planned or underway to prevent or mitigate negative impacts	Material	76 - 77	X				
S1-4_02	Action has been taken to provide or enable remedy in relation to actual material impact	Material	76 - 77					
S1-4_04	Effectiveness of actions and initiatives in delivering outcomes is tracked and assessed	Material	75					
S1-4_05	Process to identify action needed and appropriate in response to negative impact	Material	76	X				
S1-4_06	Action is planned to mitigate material risks arising from impacts and dependencies	Material	75 - 82					
S1-4_07	Description of action is planned to pursue material opportunities	Material	75 - 84					
S1-4_08	Own practices do not cause or contribute to material negative impacts on own workforce	Material	76					
S1-4_09	Disclosure of resources are allocated to the management of material impacts	Material	42					
S1.MDR-T_01-13	Targets set to manage material impacts, risks and opportunities related to own workforce	Material	75					
S1-5_01	Own workforce or workforce' representatives were engaged directly in setting targets	Material	75					
S1-5_02	Own workforce or representatives engaged directly in tracking targets	Material	75	X				
S1-5_03	Own workforce or representatives engaged directly in identifying lessons or improvements	Material	75	X				
S1-6_01	Characteristics of undertaking's employees - number of employees by gender	Material	83	X				
S1-6_02	Number of employees (head count)	Material	83	X				
S1-6_04	Characteristics employees - employees in countries with +50 or representing at least 10%	Material	77	X				
S1-6_05	Number of employees in countries with 50 or representing at least 10% of total	Material	77	X				
S1-6_07	Characteristics of employees - information on employees by contract type and gender	Material	83	X				
S1-6_09	Number of employees (head count or full-time equivalent)	Material	77, 83					
S1-6_11	Number of employee who have left undertaking	Material	77	X				
S1-6_12	Percentage of employee turnover	Material	77	X				
S1-6_13	Description of methodologies and assumptions used to compile data (employees)	Material	99 - 100	X				
S1-6_14	Employees numbers are reported in head count or full-time equivalent	Material	100	X				
S1-6_15	Employees numbers are reported at end of reporting period/average/other methodology	Material	99 - 100	X				
S1-6_16	Disclosure of contextual information necessary to understand data (employees)	Material	99					
S1-6_17	Cross-reference of information reported under 50 (a) to financial statements	Material	191, note 5					
S1-8_06	Percentage with significant employment (in EEA) covered by workers' representatives	Voluntary disclosure	84					
S1-8_07	Existence of agreement with employees for representation by European Works Council	Voluntary disclosure	84					

ID code	Name	Materiality and applicability	Page	GRI	SFDR	Pilar 3	EU Climate law	Benchmark regulation
S1-9_01	Gender distribution in number of employees (head count) at top management level	Material	81	X				
S1-9_02	Gender distribution in percentage of employees at top management level	Material	82	X				
S1-9_03	Distribution of employees under 30 years old	Material	82	X				
S1-9_04	Distribution of employees between 30 and 50 years old	Material	82	X				
S1-9_05	Distribution of employees over 50 years old	Material	82	X				
S1-9_06	Disclosure of own definition of top management used	Material	100					
S1-10_01	All employees are paid adequate wage, in line with applicable benchmarks	Material	80	X				
S1-13_01	Training and skills development indicators gender [table]	Material	78					
S1-13_02	Percentage of employees that participated in regular performance and career development reviews	Material	78					
S1-13_04	Average number of training hours per person for employees	Material	81	X				
S1-14_01	Percentage covered by health and safety management system based on regulations	Material	79	X				
S1-14_02	Number of fatalities as result of work-related injuries and work-related ill health	Material	79	X				
S1-14_03	Number of fatalities as result of work-related injuries of other workers on sites	Material	79					
S1-14_04	Number of recordable work-related accidents for own workforce	Material	79					
S1-14_05	Rate of recordable work-related accidents for own workforce	Material	79					
S1-14_06	Number of cases of recordable work-related ill health of employees	Material	79					
S1-14_07	Number of days lost to work-related injuries and accidents	Material	79					
S1-15_01	Percentage of employees entitled to take family-related leave	Voluntary disclosure	84	X				
S1-15_02	Percentage of entitled employees that took family-related leave	Voluntary disclosure	84	X				
S1-15_03	Percentage of entitled employees that took family-related leave by gender	Voluntary disclosure	84	X				
S1-16_01	Gender pay gap	Material	83	X	X			X
S1-16_02	Annual total remuneration ratio	Material	83, 145 [Inc. by ref.]	X	X			
S1-16_03	Contextual information necessary to understand data and how data has been compiled	Material	83	X				
S1-17_01	Number of incidents of discrimination	Material	92	X	X			
S1-17_02	Number of incidents of discrimination and harassment	Material	92	X				
S1-17_03	Number of complaints filed through channels to raise concerns	Material	76					
S1-17_05	Amount of fines, penalties, and compensation for damages of discrimination	Material	76					
S1-17_06	Reconciliation of fines, penalties, and compensation for work-related discrimination	Material	76	X				
S1-17_10	No severe human rights issues and incidents connected to own workforce have occurred	Material	76		X			X
S1-17_11	Amount of fines, penalties, and compensation for severe human rights issues and incidents	Material	76	X				
S1-17_13	Disclosure of the status of incidents and/or complaints and actions taken	Material	91 - 92	X				
Entity-specific	Brighter Lives, Better World 2025 target - Percentage of women in leadership	Material	35, 81					
ESRS S2								
S2.SBM-3_01	All value chain workers who can be materially impacted are included in scope	Material	85					
S2.SBM-3_02	Description of types of value chain workers subject to material impacts	Material	85					
S2.SBM-3_03	Type of value chain workers subject to material impacts	Material	85					
S2.SBM-3_04	Geographies or commodities with significant risk of child labor or of forced labor	Material	87	X	X			
S2.SBM-3_05	Material negative impacts occurrence (value chain workers)	Material	85	X				
S2.SBM-3_07	Material risks and opportunities from impacts and dependencies on value chain workers	Material	85					
S2.SBM-3_08	Understanding of how specific workers may be at greater risk of harm	Material	85 - 86					
S2.MDR-P_01-06	Policies to manage material impacts, risks and opportunities related to value chain workers	Material	86 - 87	X				

ID code	Name	Materiality and applicability	Page	GRI	SFDR	Pilar 3	EU Climate law	Benchmark regulation
S2-1_01	Description of relevant human rights policy commitments relevant to value chain workers	Material	85	X	X			
S2-1_02	General approach in relation to respect for human rights relevant to value chain workers	Material	85	X	X			
S2-1_03	General approach in relation to engagement with value chain workers	Material	86	X	X			
S2-1_04	General approach to measures to provide and (or) enable remedy for human rights impacts	Material	86, 91	X	X			
S2-1_05	Policies explicitly address trafficking in human beings, forced labor and child labor	Material	87	X	X			
S2-1_06	Undertaking has supplier code of conduct	Material	87	X	X			
S2-1_08	Policies are aligned with relevant internationally recognized instruments	Material	86 - 87	X	X			
S2-2_01	Perspectives of value chain workers inform decisions, activities aimed at managing impact	Material	86	X				
S2-2_02	Engagement occurs with value chain workers or their legitimate representatives	Material	86					
S2-2_03	Stage of engagement, type of engagement and frequency of engagement	Material	86					
S2-2_04	Function and senior role with operational responsibility for engagement and approach	Material	86					
S2-2_05	Global Framework Agreement related to respect of human rights of workers	Material	85					
S2-2_06	Disclosure of how effectiveness of engagement with value chain workers is assessed	Material	86	X				
S2-2_07	Steps taken to gain insight into perspectives of value chain vulnerable workers	Material	86	X				
S2-3_01	General approach to providing remedy related to material negative impact	Material	86	X				
S2-3_02	Channels in place for value chain workers to raise concerns	Material	91	X				
S2-3_03	Processes through which undertaking supports or requires availability of channels	Material	91					
S2-3_04	Issues raised and addressed are tracked and monitored and effective	Material	91					
S2-3_05	Assessment of value chain workers awareness and trust to raise concerns	Material	91					
S2-3_06	Policies regarding protection against retaliation for individuals that raise concerns	Material	91					
S2.MDR-A_01-12	Action plans and resources to manage its material IRO related to value chain workers	Material	86 - 87					
S2-4_01	Description of action planned or underway to prevent, mitigate or remediate impact	Material	86 - 87	X				
S2-4_02	Action to provide or enable remedy in relation to an actual material impact	Material	86 - 87	X				
S2-4_04	Effectiveness of actions in delivering outcomes is tracked and assessed	Material	86 - 87	X				
S2-4_05	Processes to identifying what action is needed in response to actual or potential impact	Material	86 - 87	X				
S2-4_06	Approach to taking action to specific material negative impacts on value chain workers	Material	86 - 87	X				
S2-4_07	Approach to ensuring that processes to provide remedy are available and effective	Material	86 - 87	X				
S2-4_08	Action is planned to mitigate material risks arising from impacts and dependencies	Material	86 - 87					
S2-4_10	Own practices do not cause or contribute to material negative impacts	Material	85 - 86					
S2-4_11	Severe human rights issues and incidents connected to upstream and downstream	Material	85 - 86	X	X			
S2-4_12	Disclosure of resources allocated to management of material impacts	Material	86					
S2.MDR-T_01-13	Targets set to manage material IRO related to value chain workers	Material	85					
S2.MDR-T_14-19	Disclosures to be reported if the undertaking has not adopted targets	Material	85					
Internal metric	Brighter Lives, Better World 2025 target - Brighter lives target		35					
ESRS G1								
G1.GOV-1_01	Role of administrative, management and supervisory bodies related to business conduct	Material	90	X				
G1.GOV-1_02	Expertise of governance bodies on business conduct matters	Material	37, 90	X				
G1.MDR-P_01-06	Policies to manage its material IRO related to business conduct and corporate culture	Material	90 - 92	X				
G1-1_01	Establishes, develops, promotes and evaluates its corporate culture	Material	90 - 92	X				
G1-1_02	Mechanisms for identifying, reporting and investigating concerns about unlawful behavior	Material	91 - 92	X				
G1-1_05	Disclosure of safeguards for reporting irregularities including whistleblowing protection	Material	91					
G1-1_08	Commitment to investigate business conduct incidents promptly and independently	Material	91					
G1-1_09	Policies with respect to animal welfare are in place	Material	92					

ID code	Name	Materiality and applicability	Page	GRI	SFDR	Pilar 3	EU Climate law	Benchmark regulation
G1-1_10	Information about policy for training within organization on business conduct	Material	91 - 92	X				
G1-1_11	Disclosure of the functions that are most at risk in respect of corruption and bribery	Material	101					
G1-2_01	Description of policy to prevent late payments, especially to SMEs	Voluntary disclosure	92 - 93					
G1-2_02	Approaches to relationships with suppliers, taking account risks and impacts	Voluntary disclosure	86 - 87	X				
G1-2_03	Social and environmental criteria are considered to select supply contractual partners	Voluntary disclosure	86 - 87	X				
G1-3_01	Procedures in place to prevent, detect, and address allegations or incidents of corruption	Voluntary disclosure	90 - 91					
G1-3_02	Investigators or investigating committee are separate from chain of management	Voluntary disclosure	91					
G1-3_03	Process to report outcomes to administrative, management and supervisory bodies	Voluntary disclosure	90	X				
G1-3_05	Information about how policies are communicated to those for whom they are relevant (prevention and detection of corruption or bribery)	Voluntary disclosure	90 - 91	X				
G1-3_06	Information about nature, scope and depth of anti-corruption or anti-bribery training programs offered or required	Voluntary disclosure	90					
G1-3_07	Percentage of functions-at-risk covered by training programs	Voluntary disclosure	91	X				
G1-3_08	Information about members of administrative, supervisory and management bodies relating to anti-corruption or anti-bribery training	Voluntary disclosure	90	X				
G1-4_01	Number of convictions for violation of anti-corruption and anti- bribery laws	Voluntary disclosure	91	X	X			
G1-4_02	Amount of fines for violation of anti-corruption and anti- bribery laws	Voluntary disclosure	91		X			
G1-4_03	Prevention and detection of corruption or bribery - anti-corruption and bribery training	Voluntary disclosure	90 - 91					
G1-5_01	Representative responsible in governance body for oversight of political influence, lobby	Voluntary disclosure	93					
G1-5_02	Information about financial or in-kind political contributions	Voluntary disclosure	93	X				
G1-5_03	Financial political contributions made	Voluntary disclosure	93					
G1-5_04	Amount of internal and external lobbying expenses	Voluntary disclosure	101					
G1-5_05	Amount paid for membership to lobbying associations	Voluntary disclosure	101					
G1-5_06	In-kind political contributions made	Voluntary disclosure	93					
G1-5_09	Main topics covered by lobbying activities and undertaking's main positions on these topics	Voluntary disclosure	93					
G1-5_10	Registration in EU Transparency Register or equivalent transparency register	Voluntary disclosure	93					
G1-5_11	Appointment of governance body member with comparable position in public admin.	Voluntary disclosure	93					
G1-6_01	Average number of days to pay invoice from date when contractual term of payment starts	Voluntary disclosure	93					
G1-6_02	Standard payment terms in number of days by main category of suppliers	Voluntary disclosure	93					
G1-6_03	Percentage of payments aligned with standard payment terms	Voluntary disclosure	93					
G1-6_04	Number of outstanding legal proceedings for late payments	Voluntary disclosure	93					
G1-6_05	Disclosure of contextual information regarding payment practices	Voluntary disclosure	93					

Due diligence

Element of due diligence	Section	Page
Embedding due diligence in governance, strategy and business model	General business governance [GOV-2, GOV-3]	37
	Business model and strategy [SBM1]	38
	Material IROs [SBM-3]	43 - 45
Engaging with affected stakeholders in all key steps of the due diligence	Interest and views of stakeholders [SBM-2]	40
	DMA process [IRO-1]	41 - 42
	E5 – Circular economy and resource use	60
	S1 – Own workforce, Assessment process	75
	S2 – Workers in VC, Assessment process	86
	G1 – Business conduct, Compliance rate	91
Identifying and assessing adverse impacts	DMA process and material IROs [IRO-1, SBM-3]	41 - 45
	Human rights risk assessment for S1 and S2	75 - 76, 85 - 86
Taking actions to address those adverse impacts	E1 – Climate change	46 - 52
	E5 – Circular economy and resource use	61 - 64
	S1 – Own workforce, Impact, risks and opportunities	76 - 83
	S2 – Workers in VC, Impact, risks and opportunities	86 - 89
	G1 – Business Conduct, Compliance rate	90 - 92
Tracking the effectiveness of these efforts and communicating	E1 - Climate change	46 - 52
	E5 - Circular economy and resource use	61 - 64
	S1 – Own workforce, Action plan	76 - 83
	S2 – Workers in VC, Action plan	86 - 89
	G1 – Business Conduct, Compliance action plan	90 - 92

5.7 Voluntary disclosures

This section includes our voluntary disclosures against non-material topics for which we are committed to share information with our stakeholders and update on our progress.

5.7.1 Biodiversity

For the world to achieve a sustainable future, businesses need to address their dependencies and impact on nature including biodiversity, ecosystem services, water, and climate. As well as this over-arching reason for taking action on biodiversity, a range of regulatory and policy drivers and market-led initiatives are compelling companies to better understand and address their interfaces with nature such as the TNFD (Taskforce on Nature related Financial Disclosures), along with European regulation addressing deforestation (European Deforestation Regulation [EUDR]), supply chain transparency and offshore sourcing (Carbon Border Adjustment Mechanism [CBAM]).

Despite the fact that biodiversity scored below the materiality threshold in 2024, Signify is committed to follow through with implementing the prioritized actions defined following the 2023 LEAP assessment conducted across our value chain.

Assessment, action plan and progress

In 2024, Signify prioritized the actions related to our own operations and product use. The engagement with suppliers will be addressed in the coming year.

Upstream – Supply chain

In the short-term, we are looking at changing to sustainable alternative materials to reduce the demand of high-risk commodities that have a potential higher negative impact on biodiversity. Our procurement guidelines provide details and criteria to consider for materials. We plan to implement the other actions in the coming years.

Own operations

In the short-term, we have focused on the environmental clean-up activities and paying special care to surrounding biodiversity ecosystems and species for two sites closing. We plan to conduct on-site impact assessments for the remaining four sites at potential risk of impacting the biodiversity nearby before end of 2026.

Downstream – Product used and end of life

For some of our outdoor products, we have highlighted the latest innovation that contribute to reducing the potential impact of light disturbance, especially at night such as the Dark Sky product line.

In the coming years, we plan to further integrate new findings on the impact that lighting has on nature into our innovation and research projects. We will also activate campaigns to share how to reduce impact for customers and consumers.

Assessment outcome	Action plan
Upstream	
Identified seven priority commodities in our supply chain due to high impacts and dependencies on nature: LEDs, Batteries, Plastics, Aluminum, Steel, Cardboard and Semiconductors.	Explore sustainable alternative materials to reduce the demand of high-risk commodities; By 2027, set up monitoring process for largest suppliers with high-risk commodities; By 2027, further assess biodiversity and water scarcity issues for high-risk commodities.
Own operations	
Screened 352 sites based on WWF Biodiversity and Water Risk filters; Six sites under potential high risk for potential impact between the site's operations and biodiversity features in nearby landscape.	By 2026, conduct on-site impact assessments at the 6 potential risk sites; By 2025, launch best practice guidance on biodiversity for sites; By 2027, enhance biodiversity actions on-site with habitat creation where relevant.
Downstream	
Assessed our product use impacts and identified six priority outdoor settings to limit the potential impact on biodiversity: Streets & utility; Parks; Ports and airports; Food production; Residential; Wildlife and observatory.	Activate awareness campaign about light and its impact on biodiversity; Explore partnership with non-profit to fund conservation efforts with biodiversity-friendly light products; Embed biodiversity analysis and findings in sales process.

5.7.2 Water consumption

Signify aims to implement responsible water usage across the operations and specifically with the manufacturing activities. As we continue to expand our portfolio of LED products, systems and services, the water intensity of our operations and activities continues to decrease. Despite this, one manufacturing site in India is in an area having extremely high-water stress and might face water scarcity risks. To analyze and quantify our exposure to water risk, we utilized the open-source Water Risk Monetizer tool by Ecolab, Trucost, and Microsoft. The results show that 5% of our global water consumption is located in regions classified as having high-water scarcity.

While some of our facilities have recycling measures in place, we continued to implement and identify new and more efficient water saving measures as well as continuing our transition to technology and business models to have lower a dependency on water. We continue to aim to reduce our water usage by 5% annually. Total water intake in 2024 was 809,757 m3, 23% lower than 2023 (1,056,227 m3).

5.7.3 Environmental incidents

In 2024, we had one significant spill in December during decommission work in a site in the Netherlands that we closed in Q2. The spill was caused by residual chemicals present in production infrastructure. The spill and its impacts have been addressed and mitigated. Relevant policies and processes have been subsequently updated and reinforced

5.7.4 Substances of concerns

We have enhanced our Chemical Management program to ensure the safe handling, storage, and disposal of hazardous substances and chemicals. This program is designed to comply with all relevant regulations and standards, including the European Union's REACH regulation. With the new chemical management program, we ensure compliance by monitoring the use of chemicals at our manufacturing sites and actively planning to phase out several hazardous substances.

Emissions from mercury

Since 2012 we have dramatically reduced mercury emissions by changing our production processes and replacing liquid mercury with solid mercury. In 2021, we achieved zero mercury emissions from our manufacturing process. Since 2023, we decided to discontinue the tracking of mercury emissions as the transition from conventional lighting to LED lighting is expected to keep mercury use at zero levels in the coming years.

Emissions from volatile organic compounds (VOCs)

For years, Signify has been focusing on improving its operations relating to the coating of products to reduce the use of VOCs. These past two years, we developed a more precise and scientific approach to calculate our VOC emissions and we included more sites. We have included all manufacturing sites in the scope of reporting and used an improved and automated Excel tool to track all chemicals used in our manufacturing process, including chemicals used in surface treatment activities such as cleaning, degreasing, pre-coating and coating, soldering, gluing, finishing, chemicals used in the maintenance of equipment involved in the manufacturing process, chemicals used in painting lines for outdoor and indoor applications, chemicals produced in-house and used in the manufacture of the final product and chemicals used in the treatment of waste streams from manufacturing processes such as in wastewater treatment plants.

As a result we noticed that VOC emissions have doubled to 15.554 Kg this year (2024: 701.59Kg). This increase is due to a combination of a more precise tracking of emissions and the addition of more sites that were previously out of scope. In 2025, we will continue to streamline the chemical management approach to further reduce our emissions and engage with the prioritized sites to adopt mitigation actions

Through sustainable design rules, all new product developments meet stringent sustainability criteria before their market launch. All our products and systems delivered to countries requiring the CE marking are compliant with the RoHS Directive (2011/65/ EU) and REACH (EC 1907/2006) Regulation. We require all our suppliers to communicate all substances in their components and to comply with the stipulations that we have listed in our Regulated Substance List (RSL), which in many cases goes beyond legislation. In 2024, we continued to engage with our suppliers, further rolling out the publicly available BOMcheck tool, in which components and substances can be registered.

6 Three-year overview

Three-year financial summary in millions of EUR unless otherwise stated

	2022	2023	2024
Income statement			
Sales	7,514	6,704	6,143
Comparable sales growth [1]	1.2%	(8.3%)	(6.6)%
Nominal sales growth	9.5%	(10.8%)	(8.4)%
Sales of LED-based products (as % of sales)	83%	85%	90% *
Gross margin	2,732	2,558	2,442
as a % of sales	36.4%	38.2%	39.7%
Income from operations (or EBIT)	718	369	477
Net income (loss)	532	215	334
Adjusted EBITA [1]	762	670	606
as a % of sales	10.1%	10.0%	9.9%
EBITA [1]	844	449	543
Net income (loss) attributable to shareholders	523	203	328
Earnings per share in EUR	4.18	1.61	2.60
Dividend per share in EUR [2]	1.50	1.55	1.56
Balance sheet			
Total assets	8,286	8,004	7,505
Shareholders' equity	2,920	2,817	3,162
Net debt [1]	1,356	1,071	920
Working capital [1]	564	461	422
Investments and cash flow			
Cash flow from operating activities	376	696	514
Net capital expenditure	69	(110)	(77)
Free cash flow [1]	445	586	438

[1] For a reconciliation to the most directly comparable IFRS financial measure, see chapter 18, Reconciliation of non-IFRS financial measures.

[2] 2024 Dividend subject to approval by the 2025 Annual General Meeting of Shareholders.

* Correction of Q4 2024 press release, published on 24 January 2025, which stated 93%.

Three-year sustainability summary

	2022	2023	2024
Sustainable innovation, as a % of adjusted research & development spend	90%	88%	95%
Brighter Lives revenues, as a % of total sales	27%	31%	33%
Women in leadership, as a % of total leadership roles	28%	29%	28%
Employee Net Promoter Score	36	26	29
Total recordable cases, per 100 FTEs	0.16	0.19	0.17
Lost workday injuries, per 100 FTEs	0.09	0.12	0.9
Fatalities	–	–	1
Initial and continual supplier conformance audits, number of audits	79	157	228
Supplier sustainability performance	94%	97%	96%
Lives lit, cumulative since 2017 (in million)	8.3	9.4	10.5
Cumulative carbon reduction over value chain, in million tonnes CO_2e [1]	177	334	505
GHG emissions over value chain, in tonnes CO_2e	247,808,408	192,820,972	163,893,547
GHG emissions intensity, in tonnes CO_2e per million euro sales per year	32,980	28,771	26,680
Operational energy consumption, in terajoules	3,811	3,237	2,288
Operational energy intensity, in terajoules per million euro sales	0.51	0.48	0.37
Renewable electricity, as a % of total electricity usage	100%	100%	100%
Circular revenues, as a % of total sales	29%	33%	35%
Total waste to landfill, in scope of commitment	<1%	<1%	<1%
ISO 14001 certification, as a % of all reporting organizations	70%	87%	95%
ISO 45001 certification, as a % of all reporting organizations	61%	83%	90%

[1] The cumulative yearly difference between the GHG emissions of Paris Agreement 1.5°C pathway and the actual value chain emissions of Signify from 2022, 2023 and 2024.

Governance

7 Board of Management

Signify N.V.'s Board of Management is entrusted with the management of the company.

The Board of Management is responsible for the deployment of the company's strategy and the achievement of the operational and financial objectives of the company, and is chaired by the Chief Executive Officer. The Board of Management is accountable for its actions and decisions to the Supervisory Board and is answerable to shareholders of the company at the Annual General Meeting of Shareholders. The Rules of Procedure of the Board of Management are published on the company's website.

The Board of Management currently consists of two members (executives): Eric Rondolat (CEO) and Harshavardhan Chitale. [GOV-1_01]

Mr. Željko Kosanović was appointed as acting CFO with effect from April 1, 2024 and as CFO with effect from November 1, 2024. As announced earlier, the Supervisory Board will propose Željko Kosanović' appointment to the Signify Board of Management at the Annual General Meeting of Shareholders to be held in 2025.

Biographies of the members of the Board of Management are maintained on the company's website.

Corporate governance

A full description of the company's corporate governance structure is published in chapter 11, Corporate governance.



* As announced on January 24, 2025, Eric Rondolat will step down from the Board of Management after the Annual General Meeting of Shareholders to be held in April 2025 (AGM 2025).
** As announced earlier, the Supervisory Board will propose CFO Željko Kosanović' appointment to the Signify Board of Management at the AGM 2025.

8 Supervisory Board

The Supervisory Board, in the two-tier structure under Dutch law, is a separate corporate body that is independent of the Board of Management. The Supervisory Board supervises the policies, management and general affairs of Signify. It also provides advice to the Board of Management.

The Rules of Procedure of the Supervisory Board are published on the company's website. For details on the activities of the Supervisory Board in 2024 see chapter 9, Supervisory Board report, and chapter 10, Remuneration report.

The Supervisory Board currently consists of six members (non-executives). [GOV-1_02]

A skills and expertise matrix of the members of the Supervisory Board is included in Chapter 11, Supervisory Board Report [GOV-1_04], and is complemented by the biographies of the Supervisory Board members that are maintained on the company's website.



Gerard van de Aast
Born 1957,
Dutch

Chair

Committee(s) [B,C]
Chair of the Corporate Governance and Nomination & Selection Committee
Member of the Supervisory Board since 2017; second term expires in 2025

Former CEO of Imtech and VolkerWessels, and former member of the Executive Board of Reed Elsevier (later: RELX). Currently Chair of the Supervisory Board of KPN.



Bram Schot
Born 1961,
Dutch

Vice-Chair

Committee(s) [B,D]
Chair of the Remuneration Committee
Member of the Supervisory Board since 2022; first term expires 2026

Former CEO of Audi Group, member of the Management Board of Volkswagen Group and Vice-Chair of Porsche Holding Salzburg. Currently non-executive member of the Board of Directors at Shell, Cognizant and Richemont, senior advisor to different companies, including Carlyle Group, and Associate Professor of Practice Corporate Strategy at Bocconi University, Italy.



Sophie Bechu
Born 1960,
French/American

Committee(s) [A,D]
Chair of the Digital Committee
Member of the Supervisory Board since 2023; first term expires 2027

Former Chief Operations Officer on the Executive Committee of Royal Philips and former Vice President, Strategic Outsourcing, North America Delivery at IBM. As from January 2025, Chief Operating Officer Alive Dx.

[A] Member of the Audit Committee.
[B] Member of the Remuneration Committee.
[C] Member of the Corporate Governance and Nomination & Selection Committee.
[D] Member of the Digital Committee.

Supervisory Board



Jeroen Drost
Born 1961,
Dutch

Committee(s) [A,C]
Chair of the Audit Committee
Member of the Supervisory Board since 2024; first term expires 2028

Former CEO of SHV Holdings, former CEO of NIBC Bank. Currently member of the Supervisory Board of Randstad and Ebusco.



Pamela Knapp
Born 1958,
German

Committee(s) [A,B]
Member of the Supervisory Board since 2020; second term expires 2028

Former CFO of the Power Transmission and Distribution Group of Siemens, former CFO of GfK SE. Currently member of the Supervisory Board of LANXESS and Compagnie de Saint-Gobain, Douglas AG and member of the German Monopolies Commission.



Rita Lane
Born 1962,
American

Committee(s) [C,D]
Member of the Supervisory Board since 2016; third term expires in 2026

Former Vice President of Operations at Apple Inc. Currently member of the Board of Directors of L3Harris Technologies and Amphenol Corporation.

[A] Member of the Audit Committee.
[B] Member of the Remuneration Committee.
[C] Member of the Corporate Governance and Nomination & Selection Committee.
[D] Member of the Digital Committee.

9 Supervisory Board report

Letter from the Chair

I am pleased to present our Supervisory Board report for 2024.

The year 2024 was a year of transition, marked by the implementation of Signify's new organizational structure, which is now divided into four newly verticalized businesses: Professional, Consumer, OEM and Conventional. While this transition impacted our organization and our people, we have already started to see positive results. These include a more efficient operating organization, better alignment with the markets that we operate in and cost reductions. Consequently, the new organizational structure enhances customer centricity and creates new opportunities for the company.

As a Supervisory Board, we were actively involved in the strategic review, which culminated in a renewed corporate strategy for 2025 and beyond. Aligned with our new operating model, this new strategy provides a common strategic approach and translates into strategic plans for each of our four businesses.

Despite challenging market and industry conditions, Signify delivered solid results in 2024. The company maintained a stable profit margin and achieved a strong free cash flow. Additionally, for three of its Brighter Lives, Better World 2025 sustainability commitments, the company is ahead of its 2025 targets.

Looking ahead, our primary focus will be to achieve revenue growth. We believe that the new organizational structure will support us in realizing this ambition. We are confident that with the continued support of our stakeholders, we will achieve our goals and drive sustainable growth.

Gerard van de Aast
Chair of the Supervisory Board

9.1 Introduction

This report provides information on how the Supervisory Board and its committees fulfilled their duties in 2024.

In May 2024, Gerard van de Aast succeeded Arthur van der Poel as Chair of the Supervisory Board. On that date, Arthur van der Poel stepped down from our Board after having served as its Chair since the company's IPO in 2016. We welcomed Jeroen Drost to our Supervisory Board, who was appointed by the Annual General Meeting of Shareholders in May 2024. Frank Lubnau stepped down from our Board in May 2024. Since then, our Supervisory Board has consisted of six members; all six (100%) of our Supervisory Board members are independent. [GOV-1_07]

The Supervisory Board supervises the policies and management and the general affairs of the company. We also provide advice to the Board of Management.

Our four committees cover key areas in greater detail: the Audit Committee, the Corporate Governance and Nomination & Selection Committee, the Remuneration Committee, and the Digital Committee. The charters of each of the committees are published on the company's website.

9.2 Key discussion topics and meetings in 2024

Meetings and information

Supervisory Board members are in principle expected to attend all Supervisory Board meetings. A Supervisory Board member shall attend at least 85% of the Supervisory Board meetings as scheduled annually in advance as referred to in Article 5.1 of the Supervisory Board Rules. If a Supervisory Board member does not meet this minimum attendance requirement, the Chair will review the reasons for the absence.

The Supervisory Board held seven regular meetings in 2024: four for the quarterly results plus a meeting in May, September and December. Six out of seven meetings were held in person. The attendance rate of the Supervisory Board meetings was 98% in 2024. The attendance record matrix in this section 9.2 gives details for both the Supervisory Board and committee meetings.

In addition to the seven regular meetings, a combined Supervisory Board/Audit Committee is held ahead of the publication of the Annual Report each year. In 2024, the Supervisory Board also held some ad hoc calls, for example on our renewed strategy. These calls were well attended.

Each of the Supervisory Board committees regularly convened and reported back on their activities to the full Supervisory Board. In addition, the Chair of the Supervisory Board and the CEO are in regular contact on a variety of matters. The Supervisory Board members also individually interacted with members of the Board of Management and with senior management outside the formal Supervisory Board meetings. From time to time, Supervisory Board members wanted to be informed on, or discuss, a specific topic. This was then followed up by a member of the Board of Management or senior management.

Supervisory Board and Committee attendance record

	Supervisory Board	Audit Committee	Nomination Committee	Remuneration Committee	Digital Committee
Total meetings	7	7	6	3	4
Arthur van der Poel [1]	3/3		2/2	1/1	
Gerard Van de Aast	7/7	4/4	4/4	3/3	
Bram Schot	7/7	4/4		2/2	4/4
Sophie Bechu	7/7	3/3			4/4
Jeroen Drost [2]	4/4	3/3	4/4		
Pamela Knapp	7/7	7/7		3/3	
Rita Lane	7/7		6/6		4/4
Frank Lubnau [1]	2/3		1/2		1/1
Total attendance	98%	100%	94%	100%	100%

[1] Mr. Van der Poel and Mr. Lubnau stepped down from the Supervisory Board on May 14, 2024.
[2] Mr. Drost was appointed as member of the Supervisory Board on May 14, 2024. The meetings that he attended as an observer prior to his appointment are not reflected in the table above.

There were no apparent conflicts of interest of material significance in 2024, which would have called for one of the members not to participate in the decision-making. In 2024, the Supervisory Board discussed a wide range of topics throughout the year. Key topics and activities included the following:

- **Strategy review and strategy execution**
  In September 2024, we had our annual Strategy Review meeting, dedicated to discussing the company's strategy towards sustainable long-term value creation. As part of the session, we discussed macro-environment trends and changes, the impact on the lighting market forecast and market and competitive trends. Management presented a renewed corporate strategy to correspond to the trajectory of each business area. The Supervisory Board supports this renewed corporate strategy. For more information, see chapter 3, Business and strategy, section 3.1, About Signify, subsection Strategic context. In addition to the discussion of the corporate strategy, we reviewed the strategic plans for each of the company's four newly verticalized businesses. By business, we looked at their position and performance, key trends, strategic implications, strategic choices and strategic initiatives. In addition to this annual Strategy Review, each of the company's businesses provided an annual update to the Supervisory Board.

  The Strategy Review was followed by a strategic plan discussion in December in which management presented the 2025-2027 strategic plan, including financial objectives. We also discussed and approved the company's financial targets for 2025 within the context of its 2025 operating plan.

  In addition to these meetings dedicated to the company's strategy, management updated us on a quarterly basis on competitive trends and on the progress made on the company's strategic initiatives and targets for 2024, whereby we selected certain strategic initiatives to focus on at Supervisory Board level.

Throughout the year, we discussed market trends, risks and opportunities, and their strategic implications as part of the business updates and strategic projects.

Both on a quarterly basis and as part of the business updates, we discussed pending and potential acquisitions and divestments contributing to the company's strategy execution.

Management updated the Board on the company's brand strategy and we discussed the partnership with the Mercedes-AMG PETRONAS Formula 1 team.

We have reviewed, challenged, and advised the Board of Management on the company's strategy, equity story, implementation of its strategic plan and strategic priorities throughout the year.

- **New organizational structure**
  The Supervisory Board was kept updated on the implementation of the new organizational structure to enhance customer centricity, speed of execution and reduction of structural costs, which was announced in December 2023.

- **Culture**
  In addition to the Board's ongoing focus on the company's culture throughout the year, we held an annual discussion dedicated to this topic. We reviewed key areas and feedback from the company's team survey, and the impact of the new organizational structure on the company's culture. We exchanged views on how we can further improve our culture to support growth and success in our businesses.

- **Customers**
  The Supervisory Board reviewed the company's customer base and go-to-market channels of each of the company's businesses. We had a deep dive session on a selection of key customers, including the company's strategy for these customers. In addition, the Board invited a key customer to share customer insights with the Board. Management kept us informed on developments relating to key customers and the company's customer net promoter score.

- **Business performance**
  Each quarter, we discussed the performance of the company as a whole and each of the four newly verticalized businesses. In these discussions, we reviewed the company's key financials and forecasts, and analyzed results. Focus areas of our discussions in 2024 included the sales performance in the Professional business in Europe, the Professional and Consumer businesses in China and the (potential) impacts of geopolitical and macro-economic developments on the company's business performance.

- **Sustainability**
  Sustainability is an inherent part of the company's strategy. In pursuance thereof, the company developed a five-year sustainability program: Brighter Lives, Better World 2025. Throughout the year, we were updated on the company's targets and results under this program, and the company's strategic initiatives for 2024 to drive growth for sustainability. Also outside meetings, there is contact on sustainability matters between individual members of the Supervisory Board and the Head of Sustainability and the Chief Strategy & Sustainability Officer.

  The Supervisory Board agreed that the Supervisory Board oversight of sustainability strategy is a topic for the full Board, and that sustainability reporting best resides with the Audit Committee. Management kept both the Audit Committee and Supervisory Board updated on the progress of the preparations for reporting under the EU Corporate Sustainability Reporting Directive (CSRD).

  Management presented to both the Audit Committee and the full Supervisory Board an updated double materiality assessment under the CSRD, together with the impacts, risks and opportunities of the material sustainability topics identified in this context. For more information, see chapter 5, Sustainability statements, section 5.1., Double materiality assessment.

  The Supervisory Board discussed with Management the company's climate transition plan, which the company released in the second quarter of 2024, together with its decarbonization roadmap. For more information on the climate transition plan, see chapter 5, Sustainability statements, subsection 5.2.1, Climate change, subsection Action plan, targets and resources.

  In May, the Supervisory Board engaged in a training program focused on the roles and responsibilities relating to ESG. This was a follow-up on the broader ESG program that was organized by Cambridge, Signify and EY in December 2023.

- **Capital allocation, reporting and investor relations**
  Throughout the year, we discussed the company's capital allocation, including the debt repayments, the new loan agreements and the reduction of the company's US pension liabilities in 2024.

  We reviewed the capital allocation policy of the company. In this context we also discussed expectations related to cash generation, dividend distributions, investments in innovation and M&A, share repurchases to cover equity-based remuneration, our debt profile, refinancing and credit ratings. We approved the share repurchase program, which was announced in January 2025.

  We discussed the quarterly results, forecasts and the (semi-) annual financial statements for 2024, including related reports from the internal and external auditors and sustainability information, and related press releases.

  The Investor Relations department kept us updated on feedback from and interactions with investors and analysts, developments in the company's share price and analyst recommendations, as well as updates in the shareholder base. After the publication of each quarterly results, Investor Relations shared with us the market reaction and analyst views.

- **Innovation**
  In September, we held our dedicated annual discussion on the company's innovation strategy. Special attention was paid to the company's deployment and opportunities of generative artificial

intelligence (GenAI) and how the company addresses the associated challenges and risks. The Supervisory Board also reviewed the company's venture and new technology portfolio. The company's innovation department gave demonstrations of recent and future technologies being developed.

- **Digital delivery**
  The Board was updated on progress on the company's digital roadmap through the quarterly update on the company's global digital strategic initiatives and via its Digital Committee report back, see subsection 9.3.4 for more details. Additionally, the full Board discussed with Management the design and implementation of enterprise resource planning (ERP) improvements.

- **Risk management and internal controls**
  As part of the annual Strategy Review session in September, we reviewed the company's risk categories, associated risk appetite and the key enterprise risks identified, together with the likelihood and impact of these risks. In our discussions, we focused on potential implications and impact of some key risks and how the company addresses these. Via the Audit Committee, the Supervisory Board was updated on the company's risk management and internal controls, including any significant changes and improvements thereto.

  The Supervisory Board had a session dedicated to trends and developments on cybersecurity, together with the company's priorities and initiatives to address cybersecurity risks. This was complemented by written cybersecurity updates on a quarterly basis.

  For more information on the company's key risks, risk management and the company's business control framework, see chapter 13, Risk factors and risk management.

- **Talent management**
  The company's Human Resources department presented its annual update on talent management, succession planning of employees who are in key positions, organizational design, employee Net Promoter Score, gender and age diversity and focus areas for the coming period. The performance and succession of the company's leadership team and other people in key positions were discussed with the Supervisory Board in more detail.

9.3 Key activities of the Supervisory Board committees in 2024

9.3.1 Audit Committee

Our Audit Committee assists the Supervisory Board in fulfilling its oversight responsibilities for, among other matters, the quality and integrity of the company's financial and sustainability reporting, the effectiveness of the design and operation of the internal risk management and control systems, the internal and external audit process as well as company process for monitoring compliance.

As from his appointment in May 2024, Jeroen Drost succeeded Pamela Knapp as the Chair of the Audit Committee. As from May 2024, Sophie Bechu and Pamela Knapp are members of the Audit Committee (before that date:Gerard van de Aast and Bram Schot). The Chair of the Supervisory Board generally joins these Committee meetings as a guest.

The Audit Committee had seven regular meetings in 2024: upon the conclusion of each quarter, twice in February (annual report and auditor report; second meeting combined Supervisory Board/Audit Committee) and in December (hard close). In 2024, an additional combined Digital Committee/Audit Committee meeting was held on the company's portfolio optimization and standardization, including ERP enhancement. The committee reported its findings to the full Supervisory Board after every meeting.

The CEO, CFO, Group Controller, Chief Accountant, Head of Internal Audit, Chief Legal Officer and external auditor (EY Accountants B.V.) generally attend Audit Committee meetings. At the end of each meeting, the committee holds a private session separately with the external auditor, without members of management being present. The Head of Internal Audit can be invited to this private session from time to time. The committee Chair also has regular contact with the CFO, the Head of Internal Audit and the external auditor outside of committee meetings.

As part of its standing agenda, the Audit Committee reviewed and discussed:
- The Company financial statements, together with an analysis of developments in key financials and forecasts, sustainability statements and related press releases;
- Developments in larger legal cases together with any related provisions as well as material investigations;
- Fraud related risks and investigation;
- Internal audits performed and follow-up actions taken and improvements made;
- The annual audit plan and programs for each quarter, the internal audit charter as well as the functioning and effectiveness of the internal audit function. The committee approved the internal audit plan and internal audit charter;
- The company's key risks, together with potential implications, quantification and impact;
- The company's annual integrity report over the past year, and key observations as to developments in integrity cases. For more information, see chapter 5, Sustainability statements, section 5.4, Governance;
- The annual impairment test analysis;
- The company's internal risk management and control systems, and any significant changes and improvements thereto, and the effectiveness of internal control over financial reporting.

In 2024, the Audit Committee also dedicated time to the following matters:

- **Sustainability reporting**
  The committee reviewed the quarterly reporting under the company's Brighter Lives Better World 2025 program. In addition, the committee monitored the process of preparing the double materiality assessment within the meaning of the EU Corporate Sustainability Reporting Directive (CSRD), and reviewed the

progress of the preparations to report under the CSRD. For more information, see chapter 5, Sustainability statements.

- **Financing**
  The company's liquidity overview and debt profile, and the loans to refinance part of the debt that matured end 2024 / early 2025 was also discussed by the committee and the full Supervisory Board.

- **Tax policy update**
  The committee reviewed and discussed the company's tax policy and tax developments.

- **Appointment external auditor 2026-2028**
  As EU law requires a rotation of the external audit firm after the firm has completed the company's statutory audit for ten consecutive years, a new auditor had to be appointed for the period as from January 2026. Following an auditor tender and a recommendation by the Audit Committee, the Supervisory Board submitted to the 2024 Annual General Meeting of Shareholders a proposal to appoint a new external auditor. In accordance with this proposal, the 2024 Annual General Meeting of Shareholders appointed PricewaterhouseCoopers Accountants N.V. (PwC) as external auditor for the period of 2026-2028.

- **Appointment assurance provider**
  The CSRD requires the appointment of an assurance provider in relation to the CSRD sustainability reporting and Article 8 of the EU Taxonomy. Followed by a proposal from the Committee, the Board of Management and the Supervisory Board jointly appointed EY as assurance provider for the years 2024 and 2025. Following a proposal from the Committee, the Supervisory Board will propose to the general meeting of shareholders to appoint PwC as assurance provider for the years 2026-2028. The CSRD assurance was part of the tender process that resulted in the appointment of PwC as external auditor by the AGM held in 2024.

- **Interaction with external auditor and audit results reports**
  The reporting from the company's external auditor EY Accountants B.V. relates to the audit plan and the audit results reports, which are shared with management and the Audit Committee. In the reports, the external auditor highlights developments that are relevant for their key audit matters, and provides details on their audit approach, procedures and observations in relation thereto. In the reports, the external auditor also highlights other areas, developments or audit procedures performed, and their observations and considerations on management judgement and estimates applied in the preparation of the financial statements.

  In the Audit Committee meetings, the external auditor discussed their reports with management and the committee. The discussions with the external auditors also covered matters related to accounting policies, financial risks, compliance with accounting standards and compliance with (financial) legal requirements. Other areas of the Audit Committee review included the proposed external audit scope, approach, fees and the independence of the external auditor. The committee reviewed the professional fitness and good standing of the external auditor and its engagement partners. For information on the fees of EY Accountants B.V., refer to chapter 16, Signify N.V. financial statements, note B, Audit fees.

  The audit by the external auditor, including a discussion of the key audit matters, is discussed in the auditor's report which is included in chapter 17, Independent auditor's reports.

9.3.2 Corporate Governance and Nomination & Selection Committee

The Corporate Governance and Nomination & Selection Committee assists the Supervisory Board by preparing the selection criteria and appointment procedure for members of the Board of Management and the Supervisory Board, periodically assessing the succession planning for the individual members of these boards and arranging interviews of potential candidates. The committee also supervises the policy on the selection and appointment of certain other key management positions. The committee is charged with reviewing the company's corporate governance (for more information on corporate governance refer to chapter 11, Corporate governance). The performance evaluation of the Board of Management and the Supervisory Board is led by the committee.

As from May 2024, Gerard van de Aast is the Chair, and Jeroen Drost and Rita Lane are members of this committee (before that date, Arthur van der Poel was the Chair, and Rita Lane and Frank Lubnau were the members of this committee).

The committee held six regular meetings in 2024 and reported its findings to the full Supervisory Board after each meeting. The CEO and Chief Legal Officer generally attend the committee's meetings. The committee Chair has regular contact with the CEO and the Chief Legal Officer. Committee members are regularly in contact on topics ahead of a committee meeting, resulting in efficient decision-making during the meetings.

As part of its standing agenda, the committee discussed changes in key personnel positions, succession planning and the functioning of key personnel as well as the Supervisory Board's performance evaluation procedures. In addition, the committee discussed developments in the Dutch corporate governance landscape and the company's corporate governance structure.

In 2024, the committee specifically dedicated time to the following matters:

- **Composition Board of Management**
  Following a review and assessment by the committee, the Supervisory Board proposed to re-appoint Eric Rondolat as CEO and Chair of the Board of Management. In accordance with this proposal, the AGM 2024 appointed Eric Rondolat for a period of four years.

  As the company moved to a new operating model, it was agreed not to renew the role of Chief Commercial Officer, held by Maria Letizia Mariani since her appointment in 2020. Therefore, her term ended in May 2024.

  The company's CFO Javier van Engelen left the company on April 1, 2024. The

committee initiated and led the search for a successor. This resulted in the appointment of the company's global group controller Mr. Željko Kosanović as the company's CFO in 2024. The Supervisory Board will propose his appointment to the company's Board of Management at the AGM to be held in April 2025.

In January 2025, the company announced that the Supervisory Board and CEO Eric Rondolat agreed that the time is right for a change of leadership, and that Eric Rondolat will step down from the company's Board of Management after the AGM 2025. The committee will lead the search for a successor.

- **Composition Supervisory Board and onboarding**
  Since the company's IPO in 2016, Arthur van der Poel had been the Chair of the Supervisory Board. After having served two four-year terms, he stepped down in May 2024. From that date, Gerard van de Aast succeeded him as Chair, and Bram Schot became the Vice Chair of the Supervisory Board.

Following a selection process led by the committee, Jeroen Drost was appointed as Supervisory Board member in May 2024 for a period of four years. He followed a tailor-made immersion program to get to know the company's industry, business, strategy and management, and he followed our cyber security training for Supervisory Board members.

As proposed by the committee and the Supervisory Board, the AGM 2024 re-appointed Pamela Knapp for a period of four years and Rita Lane for a period of two years.

The Supervisory Board analyzed the voting results of the AGM 2024, which showed a relatively high against-vote on various items, including the appointment and re-appointments to the Supervisory Board and other Supervisory Board related items. These results were driven particularly by one large shareholder that under their voting policy, applies a lower maximum number of board commitments than applicable under Dutch corporate governance. We engaged with the shareholder to hear their views. We will take these into consideration in our future discussions and decisions.

The Supervisory Board will propose to the AGM 2025 to re-appoint Gerard van de Aast. As he served for two four-year terms, and in accordance with the Dutch corporate governance code, his proposed re-appointment will be for a period of two years. The Supervisory Board recommends his re-appointment for continuity and in view of his valuable contributions to the Board and the company in the past two terms.

The committee prepared and led the selection process resulting in this appointment and re-appointments. In each selection process, the committee takes account of the desired board profile, including its diversity policy and expertise and experience as well as the desired board size. For the re-appointments, the respective performance and board evaluations have also been taken into consideration.

- **Board size and profile, including diversity**
  We believe it is of strategic importance that our Board of Management and Supervisory Board are composed in line with Dutch and international corporate governance best practices and that they have the expertise needed for a good understanding of current affairs and longer-term risks and opportunities related to the company's business, taking into account our objectives that promote diversity at board level. Our boards' profile and the Supervisory Board skills and expertise matrix reflect the areas that the committee and Supervisory Board regard to be most relevant to address the transition in the lighting industry and the execution of the company's strategy. [GOV-1_05]

  In 2024, the committee reviewed the skills and expertise matrix and concluded that currently no categories need to be added nor removed. Every year, the Supervisory Board performs a self-assessment of the skill and expertise of each individual Supervisory Board member. [GOV-1_15] In this year's assessment whether a Supervisory Board member has skills and expertise in relation to sustainability, we particularly considered the sustainability matters that are material to the company, such as climate change, circular economy, labor and human rights, business conduct. [GOV-1_16] [GOV-1_17]

  At the committee's initiative, since last year's Annual Report, the number of checks per person is limited to the most important categories for the individual member concerned [GOV-1_04]. The biographies of the Supervisory Board members maintained on the company's website complement the information included in the matrix.

Supervisory Board skills and expertise matrix
Fields in which the members of the Supervisory Board have a particular skill or expertise

Skill/experience item	Gerard van de Aast	Bram Schot	Sophie Bechu	Jeroen Drost	Pamela Knapp	Rita Lane
CEO role	✓	✓		✓		
Industrial experience	✓	✓	✓	✓	✓	✓
Finance, expert level				✓	✓	
Sustainability		✓		✓		
Projects/infrastructure	✓			✓		
Business transformation	✓	✓	✓	✓	✓	
Digital business processes	✓	✓	✓			✓
IT, cybersecurity	✓				✓	
Technology/innovation						✓
Operations/supply chain			✓			✓
Diversity elements: Gender identity, age, nationality	Male 67 Dutch	Male 63 Dutch	Female 64 French/ American	Male 63 Dutch	Female 66 German	Female 62 American

The committee also reviewed the Boards profile, including diversity, and concluded that currently no update is required.

For the Supervisory Board members, and in line with Dutch law, we aim that at least one-third are men and at least one-third are women. Our Supervisory Board is currently 50% female and 50% male and thus meets this objective. [GOV-1_05]

For the Board of Management members, we aim at having at least one man and at least one woman for a board of three members, and at least two men and at least two women for a board of five members. At the start of 2024, our Board of Management comprised of one woman (25%) and three men (75%), thus meeting this objective. [GOV-1_05] Since the departures of Javier van Engelen and Maria Letizia Mariani, our Board of Management consists of two members, of whom 0% female and 100% male. [GOV-1_05] The proposed appointment of Željko Kosanović to the Board of Management will not change that female-male ratio. In view of Mr. Kosanović' financial and leadership competencies required for the position and the ability to promote internally, the Supervisory Board is pleased to propose his appointment to the Board of Management and therefore accepted that this Board will temporarily not meet its gender diversity objective.

Any future selection of candidates for appointment will again be based on merit, taking into account the board profile as well as our diversity objectives. The Supervisory Board aims to enhance the diversity of the Board of Management in the future.

For more details on the profile, including the diversity of the Board of Management and Supervisory Board, refer to chapter 11, Corporate governance. For more information on diversity, equality & inclusion in the company, refer to chapter 5, Sustainability statements, section 5.3, Social, subsection 5.3.2 Own workforce, subsection Diversity, equity and inclusion.

As to the size of the Supervisory Board, the committee concluded that a board of about seven members is a good size for the company. The committee will continue to periodically assess its size and composition, including the desired diversity, and initiate searches where indicated.

- **Supervisory Board committee composition**
  After the AGM 2024, the composition of the Supervisory Board changed, including the succession of the Chair. The composition of its committees also changed as per that date, as prepared and recommended by the committee.

- **ESG committee**
  We noted the suggestion from some stakeholders to companies in general to consider establishing an ESG committee from among their supervisory boards to support progress on sustainability. In prior years, we concluded that sustainability has been an integral part of Signify's strategy for many years. The company also publishes extensive sustainability statements. The full Supervisory Board is and will continue to be engaged in the strategy, including sustainability, whereas the review of the sustainability reporting is within the scope of responsibilities of the Audit Committee. In view of this, we continue to see no need to establish an ESG committee from among the Supervisory Board. The committee will continue to monitor sustainability developments and needs in this respect.

- **Performance evaluation and findings**
  The committee looked after the follow-up on findings resulting from last year's Supervisory Board performance evaluation, including on balancing the focus of the Supervisory Board on short-term performance with long-term strategic portfolio development and further involvement and exposure of second-level leadership and potentials.

  The committee prepared this year's Supervisory Board performance evaluation process. For more details, see chapter 9.4, Performance evaluation below.

9.3.3 Remuneration Committee

The Remuneration Committee assists the Supervisory Board by, among other matters, reviewing and preparing remuneration policies for the Board of Management and Supervisory Board, remuneration proposals for individual members of the Board of Management and other key management positions, as well as proposals for targets relevant to the variable compensation of members of the Board of Management and the review of their performance.

As from May 2024, Bram Schot is the Chair, and Gerard van de Aast and Pamela Knapp are the members of this committee (before that date, Gerard van de Aast was the Chair, and Pamela Knapp and Arthur van der Poel were the members of this committee). Currently, no member of the Remuneration Committee is a member of the executive management board of another listed company.

In performing its duties and responsibilities, the Remuneration Committee is assisted by an external consultant and an in-house remuneration expert.

The Remuneration Committee held three regular meetings in 2024, and reported its findings to the full Supervisory Board after each meeting. The CEO, the Chief HR Officer, the Head of Rewards and the Chief Legal Officer generally attend the committee's meetings. The committee also consulted with the CEO, the Board of Management and certain other key management employees. Following those consultations, the committee prepared decisions and advised the Supervisory Board.

As part of the standing agenda, the Remuneration Committee discussed, among other matters, base salary levels for the Board of Management, the target setting for variable remuneration, the final and interim performance results on variable remuneration, scenario analyses, disclosure in the remuneration report and AGM voting results on the remuneration report.

In 2023, the Committee performed a review of the remuneration policies for the Board of Management and for the Supervisory Board. In May 2024, the AGM adopted the remuneration policies for both boards, as proposed by the committee and the Supervisory Board.

Also refer to chapter 10, Remuneration report, for further information on the remuneration policies review and updates in 2024 and the implementation of the current policies in 2024.

9.3.4 Digital Committee

The Digital Committee assists the Supervisory Board by, among other matters, reviewing the company's digital strategy and roadmap, digital objectives and performance and the governance for deciding on digital prioritization.

Sophie Bechu is the Chair, and Rita Lane and Bram Schot are the members of the Digital Committee. Until May 2024, Frank Lubnau was also a member of this Committee.

The Digital Committee held four regular meetings in 2024 and reported its findings to the full Supervisory Board after each meeting. In 2024, an additional combined Digital Committee/Audit Committee meeting was held on the company's portfolio optimization and standardization, including enterprise resource planning (ERP) enhancement. The CEO Professional business and the Chief Digital and Information Officer (CDIO) generally attend the committee meetings. The committee Chair has regular contact with the CDIO.

The company's digital aspiration has a roadmap covering three focus areas: digitalizing customer interfaces, digitalizing processes and digitalizing offers. To enable this roadmap, the company also has focused activities around people, technology, data and way of working.

At the start of the year, the committee reviewed and discussed the company's digital year plan and focus in 2024, together with its people strategy. As part of the standing agenda, the committee reviewed and discussed progress on the company's global strategic initiatives in the digital domain, their enablers, progress in IT and digital KPIs and status of lighthouse projects.

In 2024, deep dives were held on various topics, including lighthouse projects in the US and Europe, advanced analytics and generative AI tools applied by the company, the digital architecture, and the company's portfolio optimization and standardization, including ERP enhancement.

9.4 Performance evaluation

We evaluated the performance of the Board of Management and of the Supervisory Board and its committees in 2024.

The Board of Management evaluated their team and personal targets performance and shared their views with the Chair and Chair of the Remuneration Committee, which were discussed in the Supervisory Board.

The objective of our annual Supervisory Board performance evaluation is to gain better insight into the functioning of the Supervisory Board, to identify strengths that we want to keep and to identify matters that the Supervisory Board or the company can improve. In most years, the evaluation of the Supervisory Board's performance is organized internally, led by the Nomination and Governance Committee. About every four years, the Supervisory Board engages an external party to facilitate the performance evaluation. In line herewith, the Supervisory Board engaged an external party to facilitate its 2023 performance evaluation. This year the performance evaluation was done internally.

The evaluation started with a questionnaire, which was completed by each of the members of the Supervisory Board and Board of Management as well as the Chief Legal Officer. The findings of the questionnaire served as input for a discussion among the Supervisory Board.

The performance evaluation of the Supervisory Board provided valuable insight of the functioning of the Supervisory Board regarding several topics and roles.

A general conclusion is that the Supervisory Board is a well functioning team with a good diversity and good balance in skills, experience, competencies and background.

The Board concluded that in 2024, adequate attention was given to key matters such as the company's strategy, business portfolio and growth opportunities, and particularly valued the further improved discussions on the company's strategy. For 2025, the Board expects to continue to focus on performance and strategy execution by the main businesses, specifically focused on the new operating model. The Board expressed the

ambition to continue spending adequate time on meeting with next-level executives.

The Supervisory Board makes use of four committees: Audit, Remuneration, Digital and Nomination & Governance. Their functioning is evaluated positively. The Board acknowledged that certain digital topics are relevant to the full Board. For 2025, the Board concluded to monitor if there are topics that should move to the agenda of the full Supervisory Board.

9.5 Financial statements 2024 and dividend

Signify's Consolidated and Company financial statements for 2024, as prepared by the Board of Management, have been audited by EY Accountants B.V. as an independent external auditor appointed by the General Meeting of Shareholders. Its report has been included in section 17.1, Report on the audit of the financial statements 2024 included in this Annual Report. We have approved these financial statements.

We recommend the General Meeting of Shareholders adopt the financial statements for 2024.

We likewise recommend to shareholders that they adopt the proposal by the Board of Management to declare a cash dividend of EUR 1.56 per ordinary share from the 2024 net income.

9.6 Appreciation

We would like to thank the Board of Management and all Signify employees for their commitment to the company and their focus on performance whilst changing to the new organizational structure in vertical organizations.

We would like to express our gratitude to our departing CEO Eric Rondolat for his vision and dedication, as he led the business for thirteen years.

Finally, we would like to thank Arthur van der Poel, who has served as Chair of the Supervisory Board for two terms, since the company's IPO in 2016 until May 2024.

February 25, 2025

Supervisory Board
Gerard van de Aast
Bram Schot
Sophie Bechu
Jeroen Drost
Pamela Knapp
Rita Lane

10 Remuneration report

10.1 Letter from the Remuneration Committee Chair

On behalf of the Supervisory Board, I am pleased to present the 2024 remuneration report. During the Annual General Meeting of 2024, new remuneration policies for the Board of Management and the Supervisory Board were approved by shareholders, effective for 2024. This report includes a detailed explanation of the 2024 remuneration policies for the Board of Management and the Supervisory Board. The effectuation of these policies is discussed in parts 10.2 and 10.3 of this remuneration report.

Signify's performance in 2024

Signify performed well and adapted to the volatile and challenging year of 2024, maintaining profitability despite not delivering on top line growth. However, 2024 represented a year of significant transition for the company. The launch of a new organization structure in April 2024 into four verticalized businesses with clear end-to-end responsibilities was critical to the positive trajectory that the company is beginning to experience. This new organization structure, while disruptive for the organization overall, enables the company to capture growth opportunities faster and with greater customer centricity, which has come to life quickly in the Consumer business. Additionally, Signify initiated a cost reduction program realizing EUR 131 million in 2024 in line with the company's commitment. Together these two significant actions have positioned Signify well to adapt and respond to the ongoing volatile external environment with greater strength in 2025.

While top line growth was not as desired, the company progressively improved the top line while delivering strong cash flow of EUR 438 million and profitability with an adjusted EBITA of 9.9%, which included the drag of an accelerating decline in the Conventional business. Headwinds in China and Europe impacted both the Consumer and Professional businesses.

The Consumer business experienced a comparable sales decline of 1.2% while achieving a strong adjusted EBITA. However, excluding China, the Consumer business would have grown by 1.9%. Consumer realized strong connected home performance during the main selling season driven by strong online sales, highlighting the strength of an end-to-end Consumer organization. Professional delivered sequential sales improvement with strong agriculture lighting and connected system sales. Growth in connected and specialty lighting is driven by an underlying demand for energy efficiency and innovative solutions, positioning Signify well to maximize future opportunities. So, while both businesses did not deliver the desired top line growth, the underlying strength and momentum positions Signify well to further realize positive outcomes in 2025.

The Conventional business, in contrast, is experiencing an accelerated decline which Signify is managing well. Signify has adapted to this acceleration by restructuring the business while maintaining profitability. The Conventional business now represents 7% of sales (2023: 9%).

Signify announced a partnership with the Mercedes-AMG Petronas Formula 1 Team to drive responsible innovation together and enhance the visibility of the Signify brand. While this partnership is still in its early stage, the company has already realized improvements in brand awareness, particularly in those markets where the partnership was activated. This positive momentum is expected to accelerate with opportunities for greater activation during the year.

Sustainability remains at the heart of Signify. The Brighter Lives, Better World 2025 program continues to perform very well, illustrating that with focus companies can have a positive impact in environmental and social areas. For three of the four areas of the 2025 program - carbon reduction over the value chain ahead of the Paris Agreement, brighter lives revenue and circular revenue, the company is on track to achieve the 2025 program commitments. In the fourth area, Women in Leadership, a significant increase has been realized relative to the 2019 baseline, however it remains below expectations to deliver on the 2025 program commitment and remains a continued focus for 2025. In Q2, Signify launched the Climate Transition Plan to reduce the company's green house gas emissions by 90% across the entire value chain and reach net-zero by 2040. Signify proudly remains a leader in energy efficiency and connected LED lighting solutions which significantly reduces emissions particularly during the use phase.

Finally, Signify customer and employee experience continues to improve. Signify customers continue to report an improved experience with the customer Net Promoter Score increasing consistently during 2024, with a Q4 outcome of 59 (2023: 53). This reflects the continued focus on addressing customer pain points, including order and delivery. With respect to the employee population, 2024 was a challenging year with the operating model change that was executed in Q2. The employee Net Promoter Score declined in Q1 as expected due to this organizational change:, however, it continued to improve resulting in an end of year net promoter score of 35 (2023: 26).

Overall, within the challenging environment of 2024, Signify was able to strengthen its financial profile, lead in long-term sustainability, and enhance the experience of customers and employees. The company delivered robust profitability and free cash flow, despite the headwinds in China and Europe. The company repaid EUR 440 million of debt while reducing the US pension liability by settling the main defined benefit pension plan, strengthening the balance sheet and reducing future interest charges. Additionally, the company announced a share buyback program and a dividend of 1.56 per share for 2024 reflecting the policy of paying an increasing cash dividend year on year.

Stakeholder engagement

The Annual General Meeting of Shareholders was held on May 14, 2024.
The Remuneration Policies for the Board of Management and the Supervisory Board were both strongly approved by shareholders. The voting results for both policies as well as for the 2023 remuneration report are reflected in the following table.

	Remuneration Policy Board of Management		Remuneration Policy Supervisory Board		Remuneration Report 2023	
Votes	**Number**	**%**	**Number**	**%**	**Number**	**%**
For	87,800,372	96.64%	103,029,002	99.47%	86,478,835	96.18%
Against	3,052,425	3.36%	549,490	0.53%	3,431,025	3.82%
Abstain	12,768,356		42,661		13,711,293	
Total votes	**103,621,153**		**103,621,153**		**103,621,153**	

In preparation for the annual Remuneration Report and the proposed changes for the 2024 Remuneration Policies for the Board of Management and the Supervisory Board, the Supervisory Board initiated extensive shareholder engagement during 2023 and early 2024. The objective was to understand the expectations of, and solicit feedback from, our broad and geographically diverse shareholder base, including proxy advisors and other stakeholders such as the Dutch Works Council. In this regard, we invited investors representing a total of 37% of our shareholder base to meet with Signify on this topic, and ultimately meetings were held with shareholders representing 18% of the shareholder base, excluding passive investors. These meetings resulted in valuable input for our new remuneration policies as well as improvements to our 2023 Remuneration Report, which are continued in this report.

We are pleased with the overall ongoing engagement with stakeholders and the degree of feedback and dialogue experienced during 2023 and early 2024. We trust that stakeholders experience these changes positively and appreciate the spirit of transparency and continuous improvement which drives them.

Bram Schot
Chair of the Remuneration Committee

10.2 Remuneration Board of Management

Introduction

Signify has a long and proud history as the leader in lighting for more than 130 years. The company's purpose is to unlock the extraordinary potential of light for brighter lives and a better world. Our strategy coupled with our Brighter Lives, Better World programs are as relevant today as when they were first introduced. More than ever, the focus is to drive our leadership in lighting technology, serve our customers, satisfy our stakeholders and continue to lead the way in sustainability. These drivers are important elements of our remuneration policy.

Signify's remuneration philosophy includes providing a competitive and fair remuneration package in the relevant labor markets, reflected in a balanced approach to compensation for all its employees, from its CEO to all employees worldwide. This is reflected in the remuneration policy, which is aimed at driving sustainable value creation, both short-term and long-term. Therefore, the performance measures used in the variable compensation components are linked to quantitative financial, non-financial and sustainability targets. The remuneration policy serves a communication purpose as it clearly stipulates and supports a common approach to deliver on the company's strategy.

Signify's value creation model:

The value created by Signify goes beyond financial performance alone. Through our company purpose and strategy, we aim to address global challenges and our stakeholders' expectations, while contributing to the achievement of the United Nations Sustainable Development Goals (UN SDGs). Our approach is to optimize long-term value through financial, environmental and social resources. Our focus on the environment and the societal implications of doing business is evidenced in our Brighter Lives, Better World 2025 program. This program links to our long-term incentive plan and ensures that the interests of the organization, society at large, and our impact on the environment in which we live are key elements in how Signify delivers long-term value creation to stakeholders. Our activities and our way of doing business impact customers, employees, investors and society at large.

In 2024, new remuneration policies for the Board of Management and the Supervisory Board were adopted by the Annual General Meeting of Shareholders (AGM) 2024, replacing the 2020 remuneration policies, and applicable as of January 2024. The effectuation of these policies in 2024 is discussed in parts 10.2 and 10.3 of this remuneration report.

The report included in this chapter constitutes the remuneration report within the meaning of section 2:135b of the Dutch Civil Code.

The following principles apply for the remuneration policy of the Board of Management:

- Signify's remuneration policy aims to attract, reward and retain qualified leaders to pursue the company's purpose and long-term strategic objectives, while taking the interest of all the company's stakeholders into account;
- Remuneration levels are to be competitive and in line with the market practice of comparable companies and support a pay-for-performance philosophy with a significant proportion of compensation at risk;
- Remuneration should drive long-term value creation from a financial, non-financial and sustainability perspective;
- During the policy design and review process, stakeholder feedback and standards of good corporate governance, including the Dutch Corporate Governance Code, are considered.

Remuneration components

The compensation package for the members of the Board of Management consists of the following fixed and variable components:

- Base salary;
- Annual cash incentive;
- Long-term equity-based incentive;
- Pensions and other benefits.

The combination of a member's base salary, annual cash incentive and long-term equity-based incentive, together referred to as the "total direct compensation", is targeted around the median level of a representative labor market peer group and benchmarked on a regular basis.

This labor market peer group is created and reviewed to consist of companies that are of comparable size, complexity, industry, and geographical region. It also reflects companies/ industries where Signify may compete for talent. The peer group reflects a balance with 50% of the peer companies representing Dutch cross-industry companies that are typically included in the AEX or AMX, and 50% European sector specific companies.

As of January 2024, the labor market peer group consists of the following 14 companies:

Labor Market Peer Group		
Aalberts	DSM-Firmenich	ams OSRAM
AkzoNobel	KPN	Prysmian
Arcadis	Legrand	Rexel
ASMi	Nexans	Rheinmetall Group
BAM	Nordex	

Summary of Remuneration

	Compensation Element	2024 Policy Summary	Application in 2024 Summary
Total direct compensation	Base salary	• The Supervisory Board sets and annually reviews the base salary levels; • Considerations for base salary adjustments include salary adjustments for the Netherlands collective labor agreement (CLA) population as well as other factors such as the salary developments in the broader labor market.	Base salary as follows: E.H.E. Rondolat € 1,014,780 H.M. Chitale € 663,320
	Annual cash incentive	CEO: On-target: 80% Maximum: 160% of base salary Other BoM members: On-target: 60% Maximum: 120% of base salary The Supervisory Board can annually determine to relate: • 75% to 80% of the annual incentive to financial performance measures focusing on the realization of strategic business objectives; • 20% to 25% of the annual incentive to team and individual performance measures.	Measures: • Comparable sales growth (16%) • Adjusted EBITA (32%) • Working capital (32%) • Team/individual (20%) Actual payout: / In % of target: / In % of max. opportunity: E.H.E. Rondolat 45% 22.5% H.M. Chitale 45% 22.5%
	Long-term equity based incentive	CEO: Annual on-target grant value: 100% of base salary Other BoM members: Annual on-target grant value: 80% of base salary Key features: • Granted in performance share units (PSUs) only; • Conditionally granted annually; • Vesting of performance shares conditional upon achievement of performance conditions measured over a period of three financial years and continued employment; • Performance measured using four measures equally weighted: i) relative total shareholder return (25%), ii) free cash flow (25%), iii) return on capital employed (25%), and iv) sustainability (25%); • Payout per performance measure can vary between 0% and 200%; • In the case of external hires, a restricted share units (RSUs) based sign-on award can be offered.	2024 grant: E.H.E. Rondolat 38,116 PSUs H.M. Chitale 19,932 PSUs • Holding requirement (part 10.2.7 of this remuneration report): CEO: 300% of base salary Other BoM members: 200% of base salary • Additional requirement to comply with holding requirements under the Dutch Corporate Governance Code (total five years from grant date)

	Compensation Element	2024 Policy Summary	Application in 2024 Summary	
Other compensation	Pension benefit	• Collective defined contribution plan up to the maximum pensionable salary (2024: EUR 137,800); • Gross pension allowance of 25% of the base salary exceeding the maximum pensionable salary; • Members of the Board of Management can, on a voluntary basis, choose to participate in a net pension arrangement by investing the net (after tax) amount. Effective January 1, 2027 the pension plan will change because of the amendment to the Dutch Pension Act ('Wet Toekomst Pensioenen'). The final changes will be included in the Annual Report once finalized and approved by the DNB (De Nederlandsche Bank).		Accumulated annual pension as of Dec 31, 2024: E.H.E. Rondolat € 51,857 H.M. Chitale € 14,297
	Additional benefits	Additional benefits, such as expense and relocation allowances, medical insurance, accident insurance and company car arrangements. Car allowance gross per annum (or lease car): Entertainment expense allowance net per annum: Representation allowance net per annum:	CEO: € 36,960 € 23,920 € 6,800	Other BoM members: € 31,560 € 6,000

The table below reflects the total remuneration as well as the remuneration costs of each of the members of the Board of Management and the Chief Financial Officer in 2024.

Remuneration and remuneration costs of individual members of the Board of Management and the Chief Financial Officer in EUR

	Base compensation/ salary	Annual incentive [1]	Performance shares costs [2]	Restricted share rights costs [3]	Pension allowances	Pension scheme costs	Other compensation [4]	Termination benefits [5]	Total remuneration costs
2024									
E.H.E. Rondolat	1,014,780	365,321	679,637	–	219,245	34,032	52,381	–	2,365,396
H.M. Chitale	663,320	179,096	335,970	–	131,380	34,032	33,882	–	1,377,680
Z. Kosanović [6]	355,553	88,639	182,701	32,419	37,831	25,524	19,357	–	742,024
F.J. van Engelen Sousa [7]	161,162	–	31,378	–	31,678	8,508	7,607	–	240,333
M.L. Mariani [8]	245,387	66,332	429,331	–	54,584	14,180	19,269	19,339	848,422
	2,440,202	**699,388**	**1,659,017**	**32,419**	**474,718**	**116,276**	**132,496**	**19,339**	**5,573,855**
2023									
E.H.E. Rondolat	985,223	439,804	570,304	–	214,103	31,834	41,536	–	2,282,804
H.M. Chitale [9]	403,667	135,835	121,685	–	80,732	19,954	20,735	–	782,608
F.J. van Engelen Sousa	644,649	219,696	42,968	–	128,960	31,834	33,515	–	1,101,622
M.L. Mariani	644,649	223,564	266,689	–	128,960	31,834	49,166	644,649	1,989,511
	2,678,188	**1,018,899**	**1,001,646**	**–**	**552,755**	**115,456**	**144,952**	**644,649**	**6,156,545**

1 The annual incentive is related to the performance in the year reported and which is paid out in the subsequent year.
The annual incentive for Z. Kosanović was governed by the employee global annual incentive plan as he was not a member of the Board of Management. F.J. van Engelen Sousa was not eligible for any annual incentive payout over 2024.

2 Costs of performance shares are based on accounting standards (IFRS) and do not reflect the value of the shares at the vesting/release date. The performance share costs for M.L. Mariani for 2023 reflected a pro-rata forfeiture of the 2022 and 2023 LTI grants. As explained in more detail below, in 2024 the Supervisory Board concluded not to apply the pro-rata forfeitures to these grants, which is reflected in the performance share costs for 2024.

3 Costs of restricted share rights are based on accounting standards (IFRS) and do not reflect the value of the shares at the vesting/release date. For Z. Kosanović 1/3 of the 2022 and 2023 LTI grant consists of conditional shares (RSUs) and 2/3 consists of performance shares (PSUs).

4 The stated amounts mainly concern (part of) allowances to members of the Board of Management and the Chief Financial Officer that can be considered as remuneration. In a situation where such a part of an allowance can be considered as (indirect) remuneration (for example, private use of the company car or car allowance), then such part is both valued and accounted for here. The method employed by the fiscal authorities in the Netherlands is the starting point for the value stated. Net allowances are not included.

5 In July 2024, the Supervisory Board decided to increase the base salary levels for E.H.E. Rondolat, H.M. Chitale and M.L.Mariani retro-actively per January 1, 2024 by 3%, in line with the adjustments (collective and merit increases) allocated for the CLA population in the Netherlands and broader employee population. As a result, the severance payment for M.L. Mariani, being one-time the annual base compensation/salary, increased by a gross amount of EUR 19,339.

6 The remuneration costs represent the period as of the appointment of Z. Kosanović as acting CFO on April 1, 2024.

7 Stepped down as member of the Board of Management on April 1, 2024.

8 Stepped down as member of the Board of Management on May 14, 2024.

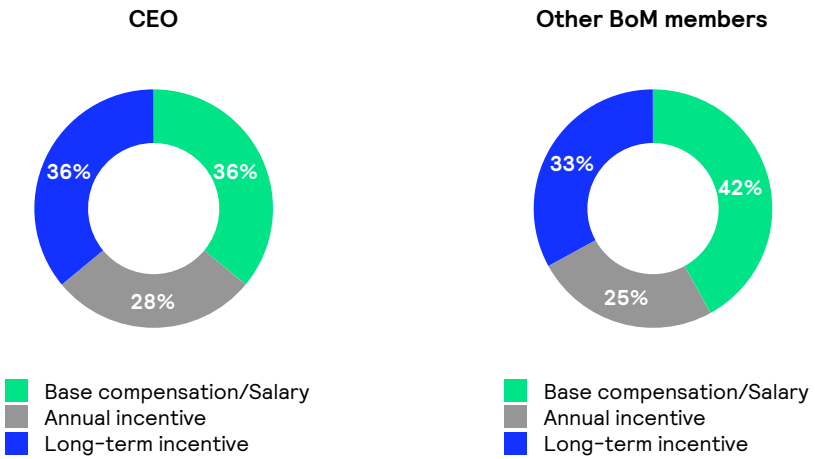
9 Appointed member of the Board of Management on May 16, 2023 AGM. Remuneration costs represent the period functioning as member of the Board of Management as of May 16, 2023.

All remuneration was paid in accordance with the remuneration policy.

The Supervisory Board regrets the disagreement which arose in 2024 between M.L. Mariani and the company regarding treatment of unvested 2022 and 2023 LTI grants. To close the matter, the Supervisory Board has concluded the grants will not be prorated and therefore be eligible to vest in full subject to the achievement of the LTI performance conditions and at the regular vesting time schedule.

10.2.1 Mix of remuneration elements

To support the remuneration policy's objectives, the total direct compensation for the Board of Management members includes a significant mix of variable components in the form of an annual cash incentive and a long-term equity-based incentive in the form of performance shares. As a result, a considerable proportion of pay is "at risk" through variable incentives and linked to the short-term and long-term performance of Signify. The chart shows the relative on-target value of fixed compensation (base) versus variable compensation (annual cash incentive (AI) and long-term equity incentive (LTI), both for the CEO and the other members of the Board of Management.



The table below shows the actual remuneration mix in 2024.

	Fixed [1]	Variable [2]	Proportion fixed/ variable
E.H.E. Rondolat	1,320,438	557,255	70%/30%
H.M. Chitale [3]	862,614	179,096	83%/17%

[1] Base compensation/salary, pension allowances, pension scheme costs, other allowances as reported in the table "Remuneration and remuneration costs of individual members of the Board of Management" under 10.2.

[2] Annual incentive realized as reported in the table "Remuneration and remuneration costs of individual members of the Board of Management" under 10.2 and long-term incentive value at vesting date in 2024 as reported in the table "Number of performance shares (holdings) in number of shares 2021-2024" under 10.2.5.

[3] The variable remuneration for H.M. Chitale does not yet include an LTI vesting value as a Board of Management member and therefore the fixed/variable mix differs from that generally applied to Board of Management members.

Scenario analyses are prepared regularly to estimate future payout levels as input to policy redesign, as well as to determine the IFRS costs and any hedging strategy that might be employed. Scenarios included minimum, threshold, target and maximum performance all under a 0% share price appreciation assumption. Additional scenarios included maximum performance with both a 50% share price increase and a 100% share price increase. The scenarios considered achievement across all metrics at below threshold, threshold, target and maximum levels of performance and the resulting remuneration. Based on the scenario analyses performed, the Supervisory Board has concluded that the policy supports the pay-for-performance philosophy and leads to appropriate remuneration.

10.2.2 Base salary

The base salary is a fixed cash payment. It is intended to attract and retain qualified leaders and to reflect their experience, skills, scope of responsibilities and contribution within Signify. The Supervisory Board sets and annually reviews the base salary levels. In determining whether an adjustment of the base salary is required, the Supervisory Board will consider salary increases for the collective labor agreement (CLA) population in the Netherlands as an important reference, whilst it may also consider other factors, including developments of salaries in the labor market peer group, salary developments of employees globally, and the Board of Management member's role, scope, experience and individual contribution within Signify.

In July 2024, the Supervisory Board decided to increase the base salary levels for E.H.E. Rondolat, H.M. Chitale (and M.L.Mariani) retro-actively per January 1, 2024 by 3%, in line with the budgets (collective and merit increase) allocated for the CLA population in the Netherlands and the broader employee population.

Base salaries Board of Management in 2024 in EUR

	January 1, 2024 (+ 3%)
E.H.E. Rondolat	1,014,780
H.M. Chitale	663,320

10.2.3 Variable remuneration

The variable remuneration of the members of the Board of Management consists of an annual cash incentive and a long-term equity-based incentive.

The design of the incentives aims to achieve a balance between short-term objectives, long-term value creation and sustainable performance. Variable pay is based on both financial and non-financial performance measures. In selecting performance measures, their respective weights and targets for a performance period, the following is considered:

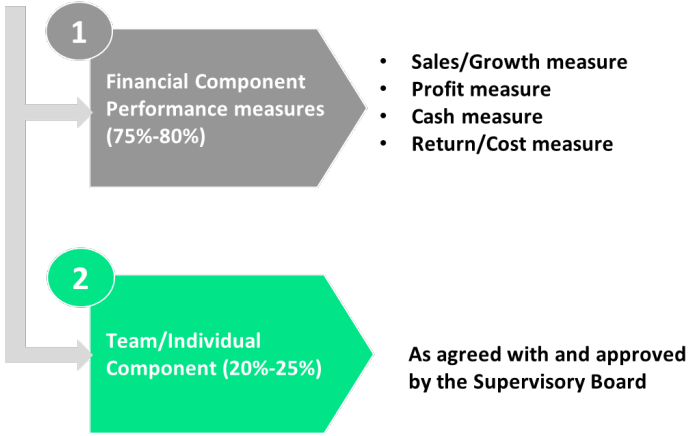
- Performance measures are selected based on relevance to the company's strategy, and in the case of the annual incentive may reflect strategically important focus areas in a particular year;
- The company's strategy guides the targets and intervals for the performance measures;
- Targets are set ambitiously yet realistically, taking the company's risk appetite into account;
- Alignment with stakeholders' interests and expectations is essential.

The Supervisory Board determines the target for each of the performance measures of the annual cash incentive and the long-term equity-based incentive. The target definition for these variable remuneration components includes target intervals and correlating payout schemes, being defined in incremental steps in performance and respective payout. In addition, a minimum threshold for the achievement of financial performance measures applies, below which there will be no payout. Following the end of the relevant performance period, the Supervisory Board will assess the actual performance relative to the targets set. On that basis, the Supervisory Board will, at its discretion, determine the achievement per performance measure and target.

10.2.4 Annual cash incentive

Members of the Board of Management are eligible for an annual cash incentive. The annual incentive is designed to reward the achievement of annual financial objectives and team/individual performance. The purpose is to ensure alignment with the company's annual business plan setting the strategic priorities for that year, which in turn contribute to the company's long-term objectives.

The Supervisory Board can annually determine to relate 75% to 80% of the annual cash incentive to financial performance measures focusing on the realization of strategic business objectives, and 20% to 25% of the annual cash incentive to team and individual performance measures.



For the financial component, the Supervisory Board can annually select two or three financial performance measures from the following list and determine the weighting per performance measure: sales/growth (such as comparable sales growth or nominal revenue), profit (such as adjusted EBITA or net income), cash (such as working capital) and return/cost measures (such as return on R&D investments or operating expenses).

For the team/individual component, the Supervisory Board can annually determine the performance measures given the strategic priorities for that year. These performance measures are partially shared by the Board of Management as a team and partially focus on the specific role of the individual within the Board of Management. These measures will vary given the strategic focus in a year.

The possibility to annually select financial performance measures from the above list, determine the team/individual performance measures, and determine the weighting between financial performance measures and team/individual performance measures, gives the Supervisory Board a certain level of flexibility to ensure continuous alignment of the performance measures with the company's strategy and financial and operational objectives for the mid-term.

For 2024, the Supervisory Board decided to replace the free cash flow measure with working capital in response to feedback from stakeholders. For 2024, working capital and adjusted EBITA were weighted more heavily than comparable sales growth: working capital (40%), adjusted EBITA (40%) and comparable sales growth (20%), measured as a percentage of sales and representing 80% of the total annual incentive opportunity. Team and individual metrics represented 20% of the total annual incentive opportunity for 2024.

The financial targets for 2024 were set within the context of the medium-term objectives of the company at the beginning of the year and did not change over the course of 2024.

The team/individual performance measures are recommended by the CEO and discussed and ultimately approved by the Supervisory Board. For 2024, these measures included, among others, cultural change and people engagement, customer satisfaction and organization redesign. These are explained further in the table on the realized outcomes.

Performance achievements 2024

Performance against financial targets are reviewed on a quarterly basis. The assessment of performance under the annual incentive plan is concluded by the Supervisory Board.

Overall, within the challenging environment of 2024, the Board of Management was able to strengthen Signify's financial profile, lead in long-term sustainability, and enhance the experience of customers and employees. However, overall financial performance was not as desired when targets were set for 2024.

With the headwinds in China and Europe, comparable sales growth was -6.6% for 2024, resulting in an outcome between threshold and target at 73.8%. Signify performance on adjusted EBITA was good at 9.9%, but this was below the threshold level of performance expected, resulting in a 0% outcome on this metric. Finally, working capital was introduced as the third metric for 2024 in response to stakeholder feedback. For working capital an outcome of 6.9% was achieved, which was above the threshold level of performance expected and thus resulted in an outcome of 53.5% on this metric. Overall it was a mixed financial performance for the year, and given the results on all three metrics, the final realization was 36.2%.

For the realization of the financial measures of the annual incentive, the Supervisory Board considered whether any adjustments or discretion should be applied. The Supervisory Board concluded not to make any discretionary adjustments to the outcomes of the financial measures, nor were any changes made to the original targets set for the year 2024.

Finally, the Supervisory Board assessed the achievements of the Board of Management relative to their collective team and individual goals for 2024. The overall assessment was positive given the degree of internal change that the company undertook, and the ability to start to see the outcomes of that internal change despite the headwinds faced in China and Europe.

With respect to culture change and people engagement, there were some varied outcomes. Balancing of the age pyramid continues to improve, with the representation of Generation Z talent increasing to 9.4% (2023: 7.1%). Representation of women in the workforce increased to 36.4% (2023: 35.9%) of the workforce. Women in leadership however declined to 27.8% (2023: 29%) in 2024 largely due to the change in the organization. Employee NPS declined in Q1 as expected, however, this fully recovered to 34 in Q4 (2023: 26), which is 2 points below the historical best score for employee NPS.

Customer engagement remains a bright spot in 2024 as the Customer Net Promoter Score has improved to 59 (2023: 53) and reflects a significant improvement compared to 2023. This outcome was achieved despite the internal change of operating model indicating a focused effort at maintaining a positive customer experience.

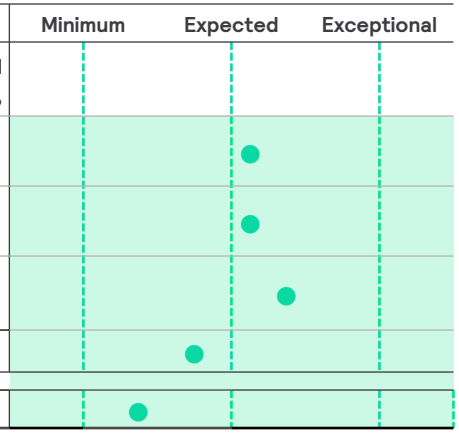
Finally the implementation of the announced restructuring, new operating model and delivery of the committed cost reduction program was the significant element of the team/individual objectives for 2024 and was done very well. This new organization structure was launched in April 2024 with four verticalized businesses with full profit and loss responsibility to capture growth opportunities fast and with greater customer centricity. Additionally. Signify initiated a cost reduction program realizing EUR 131 million in 2024 in line with the company's commitment. Together these two significant actions, which position Signify well for the future, were delivered while ensuring that employees were brought along on the journey. Signify measured alignment to, understanding and adoption of, the change to the new model via the introduction of a change index in the quarterly team survey. The change index for Q4 2024 had a +84% outcome, indicating strong alignment, understanding and adoption of the change.

The Supervisory Board acknowledged the continued volatility and challenging year and assessed the individual and team performance in the context of the year. The Supervisory Board assessed performance as good. As a result, the Supervisory Board has determined that the realized performance on this measure reflected 80%.

The summarized outcomes realized on all measures are as follows:

Financials (80% weighting)	Weighting	Threshold 50%	Actual	Payout %	Weighted payout %
Comparable sales growth	16%	(8.0)%	(6.6)%	73.8%	**12%**
Adjusted EBITA	32%	10.0%	9.9%	–%	**–%**
Working Capital	32%	6.9%	6.9%	53.5%	**17%**
Payout level financials				36.2%	**29%**

Team and individual objectives (20% weighting)	Description and achievements		Weighted payout %
Culture change/ people engagement	Employee NPS focus areas / Diversity objectives		
Customer satisfaction	Customer Net Promotor Score / detractors close loop / survey participation rate		
New operating model implementation	Structure readiness / cost reduction program / overall implementation		
Payout team and individual objectives		80%	**16%**
Total payout level			**45%**



The multiple achieved results in the following payout for each Board of Management member:

Annual incentive realization 2024 in EUR

	Annual base		On-target % of annual base		Multiple achieved		Pro-rata factor		Realized annual incentive (in EUR)
E.H.E. Rondolat	1,014,780	x	80%	x	45%	x	1.00	=	365,321
H.M. Chitale	663,320	x	60%	x	45%	x	1.00	=	179,096
F.J. van Engelen Sousa [1]	644,649	x	60%	x	n.a.	x	n.a.	=	n.a.
M.L. Mariani [2]	663,988	x	60%	x	45%	x	0.37	=	66,332

[1] F.J. van Engelen Sousa is not entitled to an annual incentive payment for the year 2024.
[2] The realized annual incentive for M.L. Mariani reflects the pro-rata amount until May 14, 2024.

10.2.5 Long-term equity-based incentive

Members of the Board of Management are eligible for a long-term equity-based incentive under the Signify Long-term Incentive Plan (LTIP). The objective of the long-term incentive is to link pay with long-term sustainable value creation, by selecting a combination of performance measures that together reflect and balance successful financial and sustainability performance under the company's strategy. In addition to the Board of Management, approximately 800 employees globally are participants in a similar long-term incentive plan.

The main characteristics of the long-term incentive plan for the Board of Management are as follows:

- The long-term incentive is granted in performance shares only and granted annually;
- The vesting of performance shares is conditional upon the achievement of performance conditions measured over a period of three financial years and continued Signify employment;
- Performance is measured using four performance measures in 2024: relative total shareholder return (25%), free cash flow (25%), return on capital employed (25%) and sustainability (25%);
- Payout per performance measure can vary between 0% and 200%.

Relative TSR

The vesting of 25% of the shares granted is subject to a relative total shareholder return (TSR) condition. TSR measures the share price growth plus dividends paid over the three-year performance period. Performance is expressed as a percentage. This percentage is compared to the TSR performance of companies included in the peer group specifically compiled for this purpose. The TSR performance is determined for each company in the peer group and the performances are ranked from top to bottom. Signify's position in the ranking, together with the payout curve, determines the payout level.

As of January 2024, the peer group consisted of the following companies:

TSR Peer Group		
ABB	Honeywell Int.	ams OSRAM
Acuity Brands	Hubbell	Panasonic
Eaton Corporation	Johnson Controls	Schneider Electric
Fagerhult	Legrand	Signify
Hitachi	MLS Co Ltd	Zumtobel Group

The peer group is reviewed on a regular basis to ensure that the companies in the group remain relevant peers. In case a peer needs to be replaced due to a corporate event (merger, acquisition, and so on) the Supervisory Board will ensure that the adjusted peer group remains aligned with the strategic objectives, the geographical spread and the business characteristics of Signify. Per January 1, 2024 Toshiba was replaced by ams OSRAM. This means that:

- For the LTI 2022 and 2023 grant (vesting in 2025 and 2026), TSR will be calculated on a "synthetic combination", i.e.Toshiba until January 1, 2024 and ams OSRAM as of January 1, 2024;
- As of the LTI 2024 grant (vesting in 2027 and thereafter), ams OSRAM will replace Toshiba in the TSR peer group;

Performance-incentive zone for TSR in % of grant value

Ranking	15	14	13	12	11	10	9	8	7	6	5	4	3	2	1
Payout	0	0	0	0	0	0	0	75	100	125	150	175	200	200	200

Free cash flow

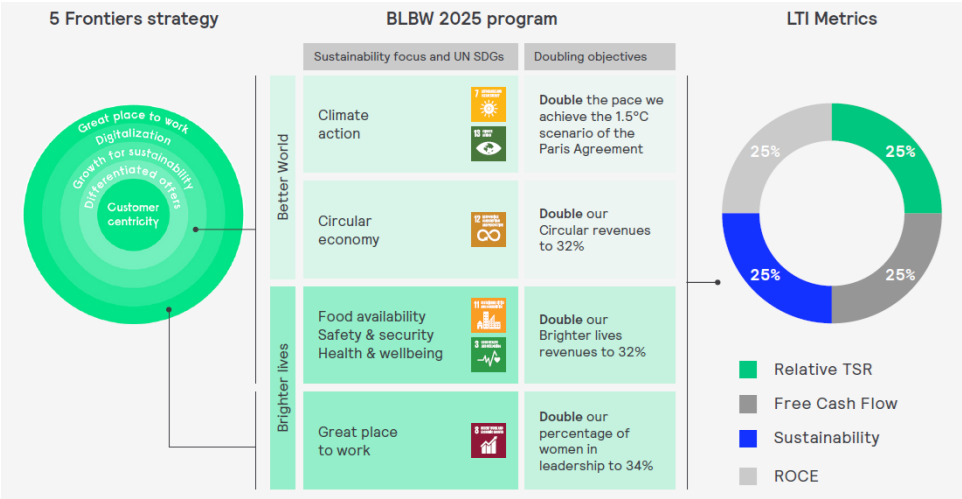
The vesting of another 25% of the annual long-term incentive grant is linked to performance measured by a free cash flow target over the three-year performance period. The targets and intervals around these measures are determined by the Supervisory Board, based on the company's strategic, multi-year plan.

Return on capital employed

The vesting of the remaining 25% of the annual long-term incentive grant is linked to performance measured by a return on capital employed target. The targets and intervals around these measures are determined by the Supervisory Board, based on the company's strategic, multi-year plan.

Sustainability

The vesting of 25% of the annual long-term incentive grant is dependent on how well Signify performs against the targets set with respect to the sustainability condition. The targets and intervals around these measures are determined by the Supervisory Board, based on the company's strategic, multi-year plan. As targets set are usually both qualitative and quantitative, set ambitiously and adjusted regularly, the assessment of the performance is at the discretion of the Supervisory Board. The assessment will use tracked performance as input. [CSRD GOV-3_01 to 06].



In 2024, performance shares were granted to the members of the Board of Management. These grants are governed by the Signify long-term incentive plan. The grant is made based on the average closing share price of the three months preceding the date of the grant. In this way, the Signify granting policy ensures mitigation of share price volatility.

The following table provides an overview of the Signify shares granted and vested for the Board of Management in 2024.

Number of performance shares (holdings) in number of shares 2021–2024

	Grant date [1]	Number of shares originally granted	Value at grant date (in EUR)	Vesting date [2]	Unvested opening balance at January 1, 2024	Number of shares granted in 2024	Number of shares vested in 2024	Value at vesting date in 2024 (in EUR)	Unvested closing balance at December 31, 2024
E.H.E. Rondolat	19.05.2021	21,312	919,737	29.04.2024	21,312	–	7,550	191,934	–
	18.05.2022	23,256	947,330	28.04.2025	23,256	–	–	–	23,256
	17.05.2023	33,052	985,223	01.05.2026	33,052	–	–	–	33,052
	15.05.2024	36,744	985,223	01.05.2027	–	36,744	–	–	36,744
	28.10.2024	1,372	29,557	01.05.2027	–	1,372	–	–	1,372
H.M. Chitale	17.05.2023	17,284	515,200	01.05.2026	17,284	–	–	–	17,284
	15.05.2024	19,216	515,200	01.05.2027	–	19,216	–	–	19,216
	28.10.2024	716	15,456	01.05.2027	–	716	–	–	716
F.J. van Engelen Sousa [3]	19.05.2021	11,156	481,440	29.04.2024	11,156	–	3,953	100,486	–
	18.05.2022	12,172	495,884	28.04.2025	12,172	–	–	–	–
	17.05.2023	17,300	515,719	01.05.2026	17,300	–	–	–	–
M.L. Mariani	19.05.2021	11,156	481,440	29.04.2024	11,156	–	3,953	100,486	–
	18.05.2022	12,172	495,884	28.04.2025	12,172	–	–	–	12,172
	17.05.2023	17,300	515,719	01.05.2026	17,300	–	–	–	17,300

[1] In July 2024, the Supervisory Board decided to increase the base salary for E.H.E. Rondolat and H.M. Chitale retroactively per January 1, 2024, by 3%, in line with the adjustments (collective and merit increases) allocated for the employee population. As a result, the LTI grant amount increased with EUR 29,557 for E.H.E. Rondolat and EUR 15,456 for H.M. Chitale, resulting in an additional LTI grant in the October 2024 LTI grant cycle.

[2] Under the long-term incentive plan terms, the vesting date is on the first business day after the publication of Signify's first quarter results in the third anniversary year of the grant date. The dates for 2026 and beyond in this table are for illustrative purposes only.

[3] F.J. van Engelen Sousa stepped down as member of the Board of Management as per April 1, 2024, and the shares granted in 2022 and 2023 forfeited.

The three-year performance period for the 2021 performance share grant ended on December 31, 2023. The shares under this grant vested on April 29, 2024, with a vesting percentage of 35.5%.

In 2024, dividend payments on the vested long-term incentive shares held by the members of the Board of Management were paid as cash to E.H.E. Rondolat, and as a re-investment in shares to H.M. Chitale, for which he received 2,826 dividend shares (not reflected in the table above).

At December 31, 2024, the members of the Board of Management held no options on Signify shares.

10.2.6 Realization of the 2022 grant

The three-year performance period for the 2022 performance share grant ended on December 31, 2024. The shares under this grant vest on April 28, 2025. The payout results are set forth below. In determining the achievement of the 2022 grant, the Supervisory Board considered whether any adjustments or discretion should be applied. No discretionary adjustments were made to the results, nor to the original targets set for the 2022 grant for the Board of Management.

Realization of the 2022 LTI grant

Performance conditions	Weighting	Threshold	Target	Maximum	Achievement	Vesting level
Relative TSR [1]	25%	8th position	7th position	≥ 3rd position	14th position	–%
Free Cash Flow [2, 3]	25%	9.6%	10.1%	10.6%	7.2%	–%
ROCE [3]	25%	11.0%	14.0%	17.0%	9.9%	–%
Sustainability [1]	25%				150%	37.5%
Total						**37.5%**

[1] See tables for TSR peer group ranking, and Sustainability outcomes hereafter [CSRD GOV-3_01 to 06].
[2] Over the three-year performance period, an amount of EUR 1.468 million free cash was generated, representing 7.2% of sales.
[3] Threshold for Free Cash Flow and ROCE reflects a 40% payout.

The TSR peer group ranking is shown in the following table.

January 1, 2022 – December 31, 2024

Rank	Company	TSR performance
1	Hitachi	209.8%
2	Hubbell	134.7%
3	Eaton Corporation	123.2%
4	ABB	72.5%
5	Schneider Electric	64.5%
6	Acuity Brands	52.3%
7	Panasonic	16.4%
8	Johnson Controls	13.9%
9	Honeywell	10.0%
10	Legrand	9.6%
11	Fagerhult	(2.3%)
12	Zumtobel	(30.6%)
13	MLS	(37.8%)
14	**Signify**	**(38.9)%**
15	ams OSRAM	(62.5)%

			Status [1]	Result 2024
Better World	Climate action	Cumulative carbon reduction, in million tonnes	On track	487
	Circular economy	Circular revenues	On track	35%
Brighter Lives	Food availability Safety & security Health & well-being	Brighter lives revenues	On track	33%
	Great place to work	Women in leadership positions	Off track	28%

[1] Status versus Brighter Lives, Better World 2025 doubling targets.

10.2.7 Share ownership guidelines and holding requirement

Under the Signify share ownership guidelines, members of the Board of Management must hold a certain value in shares in the company. These guidelines are designed to further align the interests of the members of the Board of Management (and certain other leaders within Signify) with the interests of its shareholders. For the CEO, the value in Signify shares to be held is 300% of base salary and for the other members of the Board of Management it is 200% of base salary. The guidelines require that all after-tax shares be retained until the required level is met.

In addition, members of the Board of Management shall comply with holding requirements under the Dutch Corporate Governance Code. This effectively means that members of the Board of Management shall hold all after-tax shares received under the long-term incentive plan for a period of at least five years from the date of grant.

Once the requirements under the Signify share ownership guidelines and under the Dutch Corporate Governance Code are met, shares may be sold, subject to insider trading rules.

Signify shares held by Board members in number of shares

	December 31, 2023	Holdings as % of base [1]	December 31, 2024	Holdings as % of base [1]
E.H.E. Rondolat	259,633	733.2%	263,644	559.1%
H.M. Chitale	78,623	339.7%	82,976	269.2%

[1] As per the Share Ownership Guidelines, to determine the value of shares on a specific date, the shares held are multiplied by the average of the closing prices of the shares on Euronext Amsterdam in the two months prior to that date (2024: EUR 21,52 and 2023: EUR 27,82).

10.2.8 Pensions and other benefits

The design of the pension plan for the members of the Board of Management is the same as for all other Signify employees in the Netherlands, which is referred to as a collective defined-contribution plan, based on career average salary.

The following pension arrangement is in place for the members of the Board of Management:

- The flex pension plan in the Netherlands, which is a collective defined-contribution plan with a fixed contribution of 30.3% up to the maximum pensionable salary of EUR 137,800 (2024);
- Members of the Board of Management pay an employee member contribution of 2% up to the maximum pensionable salary of EUR 137,800 (2024);
- The flex pension plan has a target retirement age of 68 (in 2024) and a target accrual rate of 1.85%;
- The members of the Board of Management receive a gross pension allowance equal to 25% of the base compensation exceeding EUR 137,800 and can choose to participate in a net pension arrangement by investing the net (after-tax) amount. The net pension arrangement is in line with all other Signify employees in the Netherlands whose pensionable salary exceeds the cap. Participation in this net pension arrangement is voluntary.

As per January 1, 2027, the pension plan will change as a result of the amendment to the Dutch Pension Act ('Wet Toekomst Pensioenen'). The final changes will be included in the Annual Report once finalized and approved by the DNB (De Nederlandsche Bank).

The table below gives an overview of the accumulated annual pension entitlements and the pension costs of the individual members of the Board of Management.

Accumulated annual pension entitlements and pension-related costs in EUR

	Age at December 31, 2024	Accumulated annual pension as of December 31, 2023 [1]	Total pension-related costs 2023 [2,3]	Accumulated annual pension as of December 31, 2024 [1]	Total pension-related costs 2024 [2,4]
E.H.E. Rondolat	58	47,702	245,937	51,857	253,277
H.M. Chitale	52	11,586	100,686	14,297	165,412
F.J. van Engelen Sousa	56	6,562	160,794	7,289	40,186
M.L. Mariani	64	6,715	160,794	7,933	68,764
Pension costs			**668,211**		**527,639**

[1] Total of entitlements under applicable pension scheme in Signify, including-if applicable-transferred pension entitlements under pension scheme(s) of previous employer(s).
[2] Cost includes paid pension allowances as well as pension premium paid by employer to collective defined-contribution plan.
[3] Costs for H.M.Chitale are disclosed for the period starting May 16, 2023.
[4] Costs for F.J. van Engelen Sousa are disclosed for the period up to and including March 31, 2024 and for M.L. Mariani up to and including May 14, 2024.

When pension rights are granted to members of the Board of Management, necessary payments (if insured) and all necessary provisions are made in accordance with the applicable accounting principles. In 2024, no (additional) pension benefits were granted to former members of the Board of Management.

Members of the Board of Management are also entitled to other benefits, such as expense and relocation allowances, medical insurance, accident insurance and company car arrangements.

10.2.9 Change of the remuneration and company performance

For the purpose of reflecting company performance, free cash flow generation and share price have been selected as the most relevant measures. The following table reflects the annual change of remuneration of the members of the Board of Management, the employee average remuneration, free cash flow and Signify's closing share price at year-end. The information is provided over the past five years.

Remuneration and company performance development in EUR unless otherwise stated

	2020	2021	2022	2023	2024
E.H.E. Rondolat [1]	3,245,335	3,228,091	2,044,154	2,282,804	2,365,396
Change in %	15%	(1%)	(37)%	12 %	4%
H.M. Chitale [1]	-	-	-	782,608	1,377,680
Change in %	-	-	-	-	76%
Employees [2]	51,780	51,337	53,766	63,623	62,954
Change in %	(15)%	(1)%	5 %	18%	(1%)
Free cash flow (in millions of EUR)	817	614	445	585	438
Change in %	54%	(25%)	(28)%	31 %	(25%)
Closing share price on last business day December	34.53	40.78	31.38	30.32	21.58
Change in %	24%	18%	(23%)	(3)%	(29)%

[1] Remuneration is based on total compensation costs as reported in the table "Remuneration and remuneration costs of individual members of the Board of Management" under section 10.2. For H.M. Chitale, 2023 does not represent a full year due to their appointment to the Board of Management on May 16, 2023.
[2] Employee average remuneration based on total employee benefit expenses and average total employees in FTEs (third party workers excluded) as disclosed in note 5, Employee benefit expenses.

For 2024, the company performance shows a consistent outcome on the selected measures. Signify's free cash flow declined year over year to EUR 438 million, representing a decline of 25%. Signify closing share-price at year end reflects a decline of 29% from the 2023 closing share price. The slight increase in the CEO remuneration is reflective of a salary increase of 3% applied for 2024, in line with that provided for the employee population.

Employee salary adjustments and general wage increases during the year continued to be higher than was historically the case. Signify implemented a new operating model which streamlined the central teams and markets, resulting in a decline of 10.2% of the global workforce. Employee average total compensation has slightly decreased by 1% for 2024. The slight decrease in 2024 is primarily driven by the substantially lower termination provisions in 2024 compared to 2023 (note 24, Provisions and note 5, Employee benefit expenses). Excluding the termination provisions, the employee average total compensation has increased by 4% in 2024 (2023: 11%), aligned with that of the CEO.

10.2.10 Signify's internal pay ratio

The remuneration design for the members of the Board of Management is an integral part of the overall pay structure within the company. Signify uses the Hay system to evaluate and grade the various positions within its organization. This means that the company uses a standardized method for determining the appropriate benefits for each of the respective job levels within the company. Using the Hay grading system also ensures that the remuneration of the members of the Board of Management is aligned with and is relative to the remuneration of Signify employees holding other positions within the company. The remuneration of senior staff within Signify is based on the same components as the remuneration of the members of the Board of Management.

The Corporate Governance Code requires reporting on the pay ratio. Signify's pay ratio reflects the average total compensation of the total global employee workforce, relative to the total remuneration package of the CEO. This has resulted in the following outcome [CSRD S1-16_02]:

Fiscal year	CEO total remuneration [1]	Average total compensation employees [2]	Resulting pay ratio
2024	2,365,396	62,954	38
2023	2,282,804	63,623	36
2022	2,044,154	53,766	38
2021	3,228,091	51,337	63
2020	3,245,335	51,780	63

[1] Remuneration is based on total compensation costs as reported in the table "Remuneration and remuneration costs of individual members of the Board of Management" under section 10.2.
[2] Employee average remuneration based on total employee benefit expenses and average total employees in FTEs (third party workers excluded) as disclosed in note 5, Employee benefit expenses.

For transparency and clarity, Signify applies a methodology to calculate the internal pay ratio that is IFRS-driven (i.e. linked to Signify's notes to the Consolidated financial statements).

For 2024, average total compensation for employees slightly decreased by 1%. This is primarily driven by the substantially lower termination provisions in 2024 compared to 2023 (note 24: Provisions and note 5: Employee benefit expenses).Excluding the termination provisions, the employee average total compensation has increased by 4% in 2024 (2023: 11%).

The CEO pay ratio increased from 2023 to 2024, as a result of a salary increase of 3% as discussed in 10.2.9, versus the slight decrease in average employee total compensation

reflecting predominately the substantially lower termination provisions as described. Signify believes that the pay ratio over 2024 aligns with Signify's performance for the year.

10.2.11 Claw-back and change of control

The annual cash incentive and the long-term incentive of the members of the Board of Management are subject to adjustment and claw-back provisions. Pursuant hereto, the Supervisory Board may (a) revise an incentive prior to payment if unaltered payment would be unreasonable and unfair, (b) recover an incentive if it was granted on the basis of incorrect information on the fulfillment of the incentive goals or the conditions for payment of the incentive, and (c) recoup an incentive in case of a serious violation of the Signify Integrity code or applicable law, or in circumstances allowing the company to terminate the contract for urgent cause, and (d) recoup an incentive in the other circumstances set forth in the services contract with the member of the Board of Management concerned.

In the event of a change of control of the company, the Supervisory Board can, at its sole discretion, decide to accelerate the vesting of any unvested awards under the long-term incentive, subject to the achievement of the performance conditions up to the date of the completion of the change of control. Unless the Supervisory Board determines otherwise, vesting will take place on a pro rata basis.

No variable remuneration was clawed back in 2024.

10.2.12 Additional arrangements

Unless relevant law provides otherwise, the members of the Board of Management and of the Supervisory Board shall be reimbursed by the company for various costs and expenses, such as reasonable costs of defending claims, as formalized in the Articles of Association. Under certain circumstances, described in the Articles of Association, such as an action or failure to act by a member of the Board of Management or a member of the Supervisory Board that can be characterized as intentional ('opzettelijk'), intentionally reckless ('bewust roekeloos') or seriously culpable ('ernstig verwijtbaar'), there will be no entitlement to this reimbursement. The company has also provided liability insurance (Directors and Officers) for the persons concerned.

10.2.13 Contractual arrangements

Members of the Board of Management are engaged by a service contract ('overeenkomst van opdracht') with a maximum of four years ending on the date of the Annual General Meeting of Shareholders in the fourth calendar year after the appointment. Members of the Board of Management are appointed for a maximum period of four years, subject to re-appointment by the General Meeting of Shareholders. Termination of the services contract is subject to a notice period of six months for either party. The terms and conditions of these service agreements have been aligned with the relevant Dutch Corporate Governance Code provisions.

10.2.14 Severance arrangements

Contractual severance arrangements of members of the Board of Management comply with the Dutch Corporate Governance Code and are capped at one time the annual base salary.

In any event, no severance payment is due upon voluntary resignation of a Member of the Board or if the termination is a result of a serious culpable act or an act of negligence of the Member of the Board.

Any unvested awards granted under the Signify Long-term Incentive Plan shall be forfeited upon termination of the services contract, unless the Supervisory Board decides otherwise or in case of retirement (in which case pro-rata vesting shall apply).

10.2.15 Loans

The company does not grant loans to members of the Board of Management.

10.3 Remuneration Supervisory Board

The remuneration of the individual members of the Supervisory Board, as well as the additional remuneration for its chair and the members of its committees, is determined by the General Meeting. The remuneration of a member of the Supervisory Board consists of a fixed amount depending on the member's position on the board (chair/vice-chair/other board members), an additional fee for the function of chair or member of committees and allowances for travel.

The remuneration of a Supervisory Board member is not dependent on the results of the company. Shares or rights to shares shall not be granted to a Supervisory Board member. The company does not grant loans to members of the Supervisory Board.

The fees and allowances for travel are as follows:

Remuneration Supervisory Board in EUR	
Supervisory Board fixed annual fee	
Chair	110,000
Vice-Chair	85,000
Member	75,000
Committee fees	
Audit Committee	
Chair	22,500
Member	13,000
Digital Committee	
Chair	22,500
Member	13,000
Remuneration Committee	
Chair	15,000
Member	10,000
Nomination Committee	
Chair	15,000
Member	7,500
Allowance for travel	
Intercontinental	5,000
Continental	2,500

When the activities of the Supervisory Board or other circumstances so require, the Supervisory Board may establish an ad hoc committee formed from among its members and assign certain tasks to such committee. In such event, the Supervisory Board may determine additional fees to be paid to the members of the ad hoc committee. The fees will be in line with the fees for the existing committees.

The following table reflects the total remuneration of each of the members of the Supervisory Board.

Remuneration Supervisory Board in EUR (excluding VAT)				
	Membership	Committees	Other compensation [1]	Total
2024				
A.P.M. van der Poel[2]	41,250	9,375	–	50,625
G. van der Aast	100,625	26,125	–	126,750
B. Schot	81,250	27,250	–	108,500
S. Bechu	75,000	30,625	22,500	128,125
J. Drost[3]	46,875	18,750	–	65,625
P. Knapp	75,000	26,563	17,500	119,063
R. Lane	75,000	20,500	25,000	120,500
F. Lubnau[2]	28,125	7,688	5,000	40,813
	523,125	**166,876**	**70,000**	**760,001**
2023				
A.P.M. van der Poel	110,000	25,000	5,000	140,000
G. van der Aast	85,000	28,000	5,000	118,000
S. Bechu [4]	46,875	14,075	17,500	78,450
P. Knapp	75,000	32,500	17,500	125,000
R.S. Lane	75,000	20,500	17,500	113,000
F. Lubnau	75,000	24,075	17,500	116,575
B. Schot	75,000	26,000	5,000	106,000
	541,875	**170,150**	**85,000**	**797,025**

1 The amounts mentioned under other compensation relate to the allowance for (inter-)continental travel.
2 Stepped down as member of the Supervisory Board on May 14, 2024.
3 Appointment as a member of the Supervisory Board in AGM 2024. The remuneration excludes the observer period. The fee during that period was the same as applies for a Supervisory Board membership, excluding committee fees.
4 Appointment as a member of the Supervisory Board in AGM 2023. The remuneration excludes the observer period. The fee during that period was the same as applies for a Supervisory Board membership, excluding committee fees.

At December 31, 2024, the members of the Supervisory Board held no Signify shares, options on Signify shares nor other Signify securities (2023: nil).

The following table reflects the annual change of remuneration of each of the members of the Supervisory Board over the full financial years over the past five years.

Supervisory Board remuneration 2020 – 2024 in EUR (excluding VAT)

	2020[4]	2021	2022	2023	2024
A.P.M. van der Poel[1]	128,250	135,000	140,000	140,000	50,626
G. van der Aast	107,350	113,000	118,000	118,000	126,750
B. Schot	-	-	68,125	106,000	108,500
S. Bechu[2]	-	-	-	78,450	128,125
J. Drost[3]	-	-	-	-	65,625
P. Knapp	58,698	115,000	125,000	125,000	119,063
R.S. Lane	87,875	108,000	123,000	113,000	120,500
F. Lubnau[1]	51,470	112,500	122,500	116,575	40,813

1 Stepped down as member of the Supervisory Board on May 14, 2024.
2 Appointment as a member of the Supervisory Board in AGM 2023. The remuneration excludes the observer period. The fee during that period was the same as applies for a Supervisory Board membership, excluding committee fees.
3 Appointment as a member of the Supervisory Board in AGM 2024. The remuneration excludes the observer period. The fee during that period was the same as applies for a Supervisory Board membership, excluding committee fees.
4 Includes 20% COVID-19 reduction in Q2 2020

10.4 Remuneration outlook 2025

10.4.1 Base salary

For 2025, the Supervisory Board has determined that the salaries of the Board of Management members and the Chief Financial Officer will be increased by 3% as of January 1, 2025, in line with the global employee population.

	January 1, 2025 (+ 3%)
E.H.E. Rondolat	1,045,223
H.M. Chitale	683,220
Z. Kosanović	683,220

10.4.2 Annual cash incentive

For 2025, the Supervisory Board has decided to select the following financial performance measures: average working capital (40%), adjusted EBITA (40%) and comparable sales growth (20%), measured as a percentage of sales and representing 80% of the total annual incentive opportunity. Team and individual metrics will continue to represent 20% of the total annual incentive opportunity for 2025.

10.4.3 Supervisory Board

No adjustments are foreseen to the remuneration of the members of the Supervisory Board.

II Corporate governance

Introduction

Signify N.V., a public company with limited liability organized under Dutch law, is the parent company of the Signify group.

Signify N.V. has a two-tier board structure consisting of a Board of Management responsible for the management of the company and a Supervisory Board that supervises and provides advice to the Board of Management. The two boards are independent of each other and are accountable to the Annual General Meeting of Shareholders (AGM) for the performance of their duties.

The Board of Management and the Supervisory Board are responsible for maintaining an appropriate corporate governance structure of the company.

Signify N.V.'s corporate governance framework is based on the company's Articles of Association, the requirements of the Dutch Civil Code, the Dutch Corporate Governance Code 2022 (https://www.mccg.nl/english), the Dutch Financial Markets Supervision Act and any other applicable laws and regulations. Additionally, the Board of Management has implemented a code of conduct (the Integrity code), policies, directives and authorization schedules throughout Signify in order to strengthen its governance framework.

In this chapter, the company addresses the main elements of its corporate governance structure, reports on how it applies the principles and best practices of the Dutch Corporate Governance Code and provides the information required by the Dutch governmental decrees on Corporate Governance and Article 10 Takeover Directive. Substantial changes in the corporate governance structure of the company, when deemed necessary in the interests of the company, will be disclosed in this chapter.

In line with the Dutch Corporate Governance Code, other parts of this Annual Report address and explain the strategy and culture of Signify aimed at sustainable long-term value creation. Signify's strategy is described in more detail in chapter 3, Business and strategy. This chapter also provides an explanation of our value creation model which allows our stakeholders to consider the economic, social and environmental impact of our business activities.

The CEO message in chapter 2, highlights how the company's strategy was executed in 2024. Additionally, refer to chapter 4, Corporate performance, and chapter 9, Supervisory Board report, which describe how the Supervisory Board is involved in the company's strategy as well as other topics such as culture and diversity & inclusion.

As set out in chapter 5, Sustainability statements, Signify's culture is centered around its four values: Customer First, Game Changer, Greater Together and Passion for Results, and anchored by the integrity norms described in our Integrity code. An important aspect of our culture relates to diversity, equity & inclusion, which is discussed and explained in the same chapter.

II.1 Signify organization

At the end of 2023, Signify announced a new operating model aimed at enhancing customer centricity, specialization, and speed of execution. This model reorganized the company into four vertically integrated businesses, each with full profit and loss responsibility. The new structure went live in some regions in January 2024 and globally on April 1, 2024.

The four vertically integrated global businesses include:

- Professional business: offering LED lamps, luminaires, connected lighting systems, and services to professional customers.
- Consumer business: delivering LED lamps, luminaires, and connected products, including Philips Hue and WiZ, to consumers.
- OEM business: providing lighting components to the industry.
- Conventional business: specializing in special lighting, digital projection, and lamp electronics.

Aligned with this transformation, the previous market matrix structure ceased to exist. Roles previously held in regional markets have been transitioned into the vertically integrated businesses.Functional roles were also reoriented to support the new structure.

The company continues to operate in many countries through its subsidiaries and affiliated companies as well as via a limited number of branch offices, which primarily act under the Signify trade name.

II.2 Board of Management

The Board of Management is entrusted with the management of the company. The Board of Management is responsible for the continuity of the company and its business and for sustainable long-term value creation by the company and its affiliated enterprises. In performing its duties, the Board of Management is guided by the interests of the company and its affiliated enterprises. The Board of Management takes into account the relevant interests of its stakeholders and has due regard to the effect of the company's actions on people and the environment. The Supervisory Board monitors the Board of Management in this regard.

Among other responsibilities, the Board of Management drives the company's management agenda, defines and deploys the strategic direction, identifies opportunities and risks connected with its business activities and strategy, pursues the operational and financial objectives of the company, and monitors sustainability matters.

The Board of Management is accountable to the Supervisory Board for its actions and decisions. The Chief Executive Officer and other members of the Board of Management have regular contact with the Chair and other members of the Supervisory Board, attend most parts of the Supervisory Board meetings, and provide the Supervisory Board with the information it needs to fulfil its responsibilities.

Certain decisions of the Board of Management require Supervisory Board approval. These decisions include important proposals for capital expenditures, acquisitions, divestments, decisions concerning financial and operational objectives and strategy to achieve such objectives, changes to corporate policies, as well as the annual operating plan.

The functioning and decision-making within the Board of Management are laid down in its Rules of Procedure which can be found on the company's website.

Appointment

Members of the Board of Management are appointed by the General Meeting of Shareholders (the General Meeting) upon a nomination drawn up by the Supervisory Board, which nomination may be binding.

Members of the Board of Management are appointed for a maximum term of four years, it being understood that this term expires at the end of the AGM to be held in the fourth year after the year of their appointment. Re-appointment is possible for consecutive terms of four years or, if applicable, until a later retirement date or other termination date in the fourth year, unless the General Meeting resolves otherwise. Members may be suspended by the Supervisory Board and the General Meeting, and dismissed by the latter.

Composition

The composition of the Board of Management follows the board profile which aims for an appropriate combination of knowledge and experience among its members, encompassing industrial, technology & innovation, projects & infrastructure, digital & marketing, financial, economic, IT, social & sustainability aspects of international business and society, in relation to the global character of its business. This profile also applies to the Supervisory Board, and can be found on the company's website. The size of the Board of Management may vary over time, as considered appropriate to support its profile.

There are no formal representatives of employees and other workers at the Board of Management or Supervisory Board. In accordance with the Dutch corporate governance code, both Boards do take into account the interest of relevant stakeholders, including employees and other workers. Signify has processes and engagements in place between workers representatives and the Board of Management throughout the year. See also [section S-1 – Own workforce.]

The Board of Management currently consists of two members (executives): Eric Rondolat (CEO) and Harshavardhan Chitale. [GOV-1_01] The current female to male ratio of the Board of Management is therefore 0:2. [GOV-1_05] [GOV-1_06] For anticipated changes to the Board of Management and an analysis of its diversity, refer to chapter 9, Supervisory Board report.

11.3 Supervisory Board

The Supervisory Board, in the two-tier board structure under Dutch law, is a separate body that is independent of the Board of Management. The Supervisory Board supervises the policies and management and the general affairs of the company. The Supervisory Board also provides advice to the Board of Management. In performing its duties, the members of the Supervisory Board are guided by the interests of the company and the business of the group, taking into consideration the relevant interests of its stakeholders.

The Supervisory Board appoints a Chair and a Vice-Chair from among its members. The Chair ensures the members of the Supervisory Board and its committees function properly in all respects and comply with the Supervisory Board Rules of Procedure. The Chair is the main contact on behalf of the Supervisory Board for the General Meeting.

Independence of the Supervisory Board

The Supervisory Board is a separate corporate body that is independent of the Board of Management. Its independent character is also reflected in the requirement that members of the Supervisory Board can be neither a member of the Board of Management nor an employee of the company. Each member of the Supervisory Board meets the independence requirements as stated in the Dutch Corporate Governance Code, and therefore the percentage of independent Supervisory Board members (non-executives) is 100%. [GOV-1_07]

Appointment

The members of the Supervisory Board are appointed by the General Meeting on the nomination of the Supervisory Board, which nomination may be binding.

The term of appointment of a member of the Supervisory Board will end at the closing of the AGM to be held in the fourth year after appointment. In line with the Dutch Corporate Governance Code, the members of the Supervisory Board are eligible for re-appointment for a period of maximum four years. Subsequent re-appointments are possible for a period of two years, which may be extended by a re-appointment of a maximum of two years. The reasons for re-appointment of a member of the Supervisory Board after an eight-year term must be included in the report of the Supervisory Board.

Since 2022, a mandatory gender quota applies under Dutch law requiring supervisory boards to be composed of at least one-third men and one-third women. The Supervisory Board meets this target for the financial year 2024. The gender quota needs to be observed in case of a new appointment of a member of the Supervisory Board and a re-appointment of an acting member of the Supervisory Board after an eight-year term. Any new appointment or re-appointment after an eight-year term resulting in the composition of the Supervisory Board not meeting this gender quota, will be null and void. An appointment or re-appointment that does not contribute to the gender balance will only be allowed under certain exceptional circumstances.

Composition

The composition of the Supervisory Board follows the same board profile that applies to the Board of Management, see paragraph 11.2 above.There are no formal representatives of employees and other workers at the Board of Management or Supervisory Board, see paragraph 11.2 above.

The composition of the Supervisory Board shall also be in accordance with the best practice provisions on independence of the Dutch Corporate Governance Code as well as Dutch law restrictions on the overall number of supervisory positions that a member of the Supervisory Board may hold. Each member shall be capable of assessing the broad outline of the overall management of the company.

The size of the Supervisory Board may vary over time, as considered appropriate to support its profile. Until May 14, 2024, the Supervisory Board consisted of seven independent members. Since that date, the Supervisory Board consists of six independent members (non-executives): Gerard van de Aast (Chair), Bram Schot (Vice Chair), Sophie Bechu, Jeroen Drost, Pamela Knapp and Rita Lane. [GOV-1_02] The current female to male ratio of the Supervisory Board of Management is therefore 3:3. [GOV-1_05] [GOV-1_06]

11.4 Supervisory Board Committees

In 2024, the Supervisory Board had four committees: The Audit Committee, the Corporate Governance and Nomination & Selection Committee, the Remuneration Committee and the Digital Committee. Each of the committees has a preparatory and/or advisory role to the Supervisory Board. They report their findings to the full Supervisory Board, which is ultimately responsible for all decision-making. Information on the work and composition of the committees during 2024 is set out in chapter 9, Supervisory Board report.

Each committee has a charter describing its role, responsibilities and functioning. These charters are published on the company's website. The responsibilities of each Committee are described in more detail below.

Audit Committee

The Audit Committee assists the Supervisory Board in fulfilling its oversight responsibilities for the integrity and quality of the company's financial and sustainability reporting, the effectiveness of the design and operation of the internal risk management and control systems, the internal and external audit process, the internal and external auditor's qualifications, its independence and its performance, as well as the company's process for monitoring compliance with laws and regulations and the Integrity code. It

reviews the company's annual and interim financial statements (including sustainability information) prior to publication and periodically discusses the company's key risks. It maintains contact with and supervises the external auditor and prepares the nomination of an external auditor for appointment by the General Meeting.

The Audit Committee meets at least once before the publication of the quarterly and annual accounts of the company.

Corporate Governance and Nomination & Selection Committee

The Corporate Governance and Nomination & Selection Committee:

- Advises the Supervisory Board on the selection and appointment of members of the Supervisory Board and the members of the Board of Management;
- Prepares the selection criteria and appointment procedures for members of the Supervisory Board and the members of the Board of Management and proposing the profile for the Supervisory Board;
- Supervises the policy on selection criteria, and is involved in the selection and appointment of the company's leadership team, appointments of which are subject to the Supervisory Board's approval;
- Periodically assesses the size and composition of the Board of Management and the Supervisory Board, and the functioning of the individual members, and proposes on appointments and re-appointments;
- Leads the performance evaluation of the Board of Management and Supervisory Board;
- Reviews the corporate governance of the company and can make recommendations to the Supervisory Board relating to the corporate governance of the company at least once a year.

The Corporate Governance and Nomination & Selection Committee meets at least twice every year.

Remuneration Committee

The Remuneration Committee:

- Reviews and prepares proposals for the Supervisory Board on the remuneration policies for the Board of Management and Supervisory Board;
- Reviews and prepares proposals for the Supervisory Board on the compensation levels and individual remuneration of the members of the Board of Management and certain senior executives designated by the Supervisory Board; and
- Reviews and prepares proposals for the Supervisory Board concerning the objectives for the variable remuneration of members of the Board of Management, and reviews the performance of members of the Board of Management against these objectives.

The Remuneration Committee prepares an annual remuneration report, which is included in chapter 10, Remuneration report.

The Remuneration Committee meets at least twice per year.

Digital Committee

The Digital Committee:

- Is responsible for reviewing the company's digital strategy, roadmap, resourcing and any changes thereto;
- Assists the Supervisory Board in supervising the company's policy on digital strategies, tools and operations;
- Reviews the company's digital objectives and performance, periodically assesses the effectiveness and results of the digital initiatives as well as management skills, capabilities and training;
- Reviews the governance for deciding on digital prioritization and spending within the company at least once a year.

The Digital Committee meets at least four times a year.

11.5 Other governance matters related to the Board of Management and Supervisory Board

Diversity

Signify believes that a diverse workforce and an inclusive working environment are essential to a thriving business and long-term value creation.

In view hereof, Signify aims that the Board of Management and the Supervisory Board comprise members who bring a diversity of skills and expertise relevant for achieving the company's strategic and business objectives, different views and perspectives as well as different backgrounds: nationality, educational, working experience or otherwise. For the Supervisory Board members, and in line with the Dutch law requirement, Signify aims that at least one-third are men and at least one-third are women. For the Board of Management, Signify aims at having at least one man and at least one woman for a board with three members, and at least two men and two women for a board with five members. [GOV-1_05]

Remuneration

The remuneration of the individual members of the Board of Management is determined by the Supervisory Board based on the remuneration policy adopted by the General Meeting. The remuneration of the individual members of the Supervisory Board, as well as the additional remuneration for its Chair and the members of its committees, is determined by the General Meeting.

Pursuant to Dutch law, the remuneration policies must be adopted by the AGM at least every four years. The resolution of the general meeting to adopt the remuneration policy requires a 75% majority of the votes cast, unless the Articles of Association explicitly provide otherwise, which Signify's Articles of Association do not. The remuneration report relating to the previous

financial year must be submitted to the AGM on an annual basis for an advisory vote.

The current remuneration policies for Board of Management and the Supervisory Board were adopted by the AGM in 2024. The composition of the remuneration of the members of the Board of Management and the members of the Supervisory Board and the remuneration policies are described in chapter 10, Remuneration report.

Conflicts of interest

Members of the Board of Management shall not participate in the discussions and decision-making process on a subject or transaction that they have a direct or indirect personal conflict of interest or have a conflict of interest within the meaning of the Dutch Corporate Governance Code. Relevant matters relating to conflicts of interests, if any, must be approved by the Supervisory Board and shall be mentioned in the Annual Report for the financial year in question.

The rules for conflict of interest applicable to the members of the Board of Management also apply to the members of the Supervisory Board. No conflict of interest as referred to in this section occurred during 2024.

Outside positions

Pursuant to Dutch law, a person cannot be appointed as a managing or executive director of a large Dutch company if he or she already holds a supervisory position at more than two other large Dutch companies or if he or she is the chair of the supervisory board or one-tier board of another large Dutch company. Also, a person cannot be appointed as a supervisory director or non-executive director of a large Dutch company if he or she already holds a supervisory position at five or more other large Dutch companies, whereby the position of chair of the supervisory board or one-tier board of another large Dutch company counts twice.

The acceptance by a member of the Board of Management of a position as a member of a supervisory board or a position of non-executive director in a one-tier board at another company requires the approval of the Supervisory Board. The Chair of the Supervisory Board is required to be notified of other important positions (to be) held by a member of the Board of Management.

The Supervisory Board member must inform the Chair of the Supervisory Board before accepting a position outside the company.

All members of the Board of Management and the Supervisory Board complied with the restriction as set out above for the financial year 2024.

11.6 General Meeting of Shareholders

The main rights of the General Meeting are to:

- Appoint, suspend and dismiss members of the Board of Management and the Supervisory Board;
- Adopt the remuneration policy and approve equity-based incentive plans for members of the Board of Management and adopt the remuneration of the members of the Supervisory Board;
- Adopt the annual accounts;
- Declare dividends;
- Discharge the members of the Board of Management and the Supervisory Board from liability in respect of the performance of their respective duties in the previous financial year;
- Appoint the external auditor as required by Dutch law;
- Adopt amendments to the Articles of Association and proposals to dissolve or liquidate the company;
- Issue shares or rights to shares, to restrict or exclude preemptive rights of shareholders and to repurchase or cancel outstanding shares; and
- Approve other important matters, such as major acquisitions or the sale of a substantial part of the company, as required by law.

The AGM is held within six months after the end of each financial year to discuss the Annual Report and decide on the adoption of the financial statements and dividend proposal as well as the discharge of the members of the Board of Management and the Supervisory Board.

The AGM can be called by the Board of Management or the Supervisory Board. The Board of Management is entitled to determine the record date in accordance with Dutch law. The agenda, explanatory notes thereto and the procedure for attendance are published on the company's website. Holders of ordinary shares in the aggregate representing at least 3% of the total issued share capital may submit proposals for the AGM agenda. Such proposals must be made in writing at least 60 days before the AGM to the Board of Management. Any written request must comply with the procedure stipulated by the Board of Management, which is published on the company's website.

Each ordinary share confers the right to cast one vote in the General Meeting. There are no special statutory rights attached to the shares of the company and no restrictions on the voting rights of the company's shares exist. Subject to certain exceptions provided by Dutch law or the Articles of Association, resolutions of the General Meeting are passed by an absolute majority of votes cast. A resolution to amend the Articles of Association requires a simple majority of the votes cast if the resolution is adopted on a proposal of the Board of Management. Otherwise, such resolution requires a majority of at least three-fourths of the votes cast provided that the majority represents more than half of the issued share capital. Pursuant to Dutch law, no votes may be cast at a General Meeting in respect of shares which are held by the company.

Share capital and repurchase and issue of (rights to) shares

The authorized share capital of the company amounts to EUR 6 million, divided into 300 million ordinary shares with a nominal value of one eurocent each and 300 million preference shares, also with a nominal value of one eurocent each. On December 31, 2024, the issued share capital amounted to EUR 1.28 million, divided into 128,344,238 ordinary shares and no preference shares. All shares are fully paid up. The shares are in

registered form. There are currently no limitations either under Dutch law or the company's Articles of Association, as to the transfer of ordinary shares in the share capital of the company.

The Board of Management, to the extent authorized by the General Meeting for a specific period, may resolve to issue or repurchase shares, subject to the approval of the Supervisory Board. The Board of Management may limit or exclude preemptive rights if designated to do so by the General Meeting.

At the AGM held on May 14, 2024, the General Meeting resolved to authorize the Board of Management for a period of 18 months, effective as of May 14, 2024, to issue shares or grant rights to acquire ordinary shares as well as to restrict or exclude the preemptive rights accruing to shareholders, in each case up to a maximum of 10% of the issued share capital as at May 14, 2024, and subject to approval from the Supervisory Board. At the same time, the Board of Management was authorized to acquire ordinary shares on the stock exchange or otherwise, subject to the approval of the Supervisory Board, at a price between the nominal value of the ordinary shares and 110% of the market price of the ordinary shares on Euronext Amsterdam, provided that the maximum number of ordinary shares the company may acquire and hold does not exceed 10% of the issued share capital as at May 14, 2024, plus an additional 10% of the issued capital as at that same date in connection with the execution of share repurchases for capital reduction purposes.

11.7 Stichting Continuïteit Signify

Stichting Continuïteit Signify, a foundation ('stichting') incorporated under Dutch law, has been granted a call option right to acquire preference shares in the share capital of the company. The possibility of issuing preference shares in the share capital of the company is a defensive measure. The foundation may resolve to exercise the call option at its sole discretion without the consent of the company. On the exercise of the call option, the foundation is entitled to acquire, and the company shall have the unconditional obligation to issue, preference shares up to a maximum corresponding with 100% of the issued and outstanding share capital of the company. This shall exclude the preference shares as issued and outstanding immediately prior to the exercise of the call option, less one preference share, from which maximum any preference shares already placed with the foundation at the time of the exercise of the call option must be deducted.

The call option can be exercised by the foundation in order to, for example:

- Prevent, slow down or otherwise complicate an unsolicited takeover bid for and an unsolicited acquisition of shares by means of an acquisition at the stock market or otherwise;
- Prevent and countervail concentration of voting rights in the General Meeting; and/or
- Resist unwanted influence by and pressure from shareholders to amend the strategy of the company.

If the foundation exercises the call option, the company issues such number of preference shares as for which the foundation exercised its call option. No preference shares had been issued as of December 31, 2024.

The foundation's objects are to further the interests of Signify N.V., the enterprises maintained by the company and the companies affiliated with the company in a group. The foundation will act in such a way that the interests of the company and of those enterprises are optimally safeguarded and that influences which could affect the independence, continuity or identity of the company, the enterprise maintained by the company and the companies affiliated with the company in a group in conflict with those interests are deterred to the best of the foundation's ability.

The foundation has the right to file a petition with the Enterprise Chamber of the Amsterdam Court of Appeal to commence an inquiry procedure within the meaning of section 2:344 Dutch Civil Code.

As of December 31, 2024, the board of the foundation was composed of the following independent members: Jos Streppel (Chair), Sietze Hepkema and Jan Willem Baud.

Furthermore, it should be noted that also in the event of (an attempt at) a hostile takeover or other attempt to obtain (de facto) control of the company, the Board of Management and the Supervisory Board are authorized to exercise in the interests of Signify all powers vested in them.

11.8 Change of control

The company is not a party to any material agreement that takes effect, alters or terminates upon a change of control of the company following a take-over bid as referred to in section 5:70 of the Dutch Financial Markets Supervision Act, other than the credit agreement entered into with a syndicate of financial institutions which established term loans and a revolving credit facility, certain bi-lateral credit agreements that have been entered into to refinance term loans, the Eurobonds issued by the company in 2020, certain credit agreements entered into to refinance such Eurobonds and the Trade Mark License Agreement entered into with Koninklijke Philips N.V. These credit agreements include a change of control provision which allows the lenders to cancel the commitment and declare any outstanding amounts under the agreement, immediately due and payable whereupon such amounts will become immediately due and payable. The provisions applicable to all Eurobonds issued by the company in 2020 contain a "Change of Control Put Event". This means that if the company experienced such an event with respect to such bonds, the company might be required to redeem or purchase the bonds at its principal amount, plus accrued and unpaid interest, if any.

11.9 External auditor

Under Dutch law, the external auditor of the company is appointed by the General Meeting. In accordance with the Dutch Corporate Governance Code and Regulation (EU) No. 537/2014, the Supervisory Board selects and nominates an external auditor for appointment, upon advice by the Audit Committee. The Supervisory Board and the Audit Committee assess the functioning of the external auditor, taking the observations from the Board of Management into account. Ernst & Young Accountants LLP (EY) was first appointed as external auditor of the company on May 13, 2016, for the financial years 2016 through 2019. On May 16, 2023, the General Meeting re-appointed EY as external auditor of the company for the financial years 2023 through 2025. In 2024, EY changed its legal form in the Netherlands from LLP to B.V. (a Dutch private company with limited liability)

At the AGM held on May 14, 2024, the General Meeting appointed PricewaterhouseCoopers as external auditor of the company for the financial years 2026 through 2028.

The services provided by the external auditor are pre-approved by the Audit Committee on the basis of the annual audit services engagement agreed with the external auditor. Unless general pre-approval has been given at the beginning of the year, all proposed services require such specific pre-approval.

In principle, the external auditor attends all meetings of the Audit Committee. The findings of the external auditor, the audit approach and the risk analysis are also discussed at these meetings. The external auditor attends the meeting of the Supervisory Board at which the report of the external auditor with respect to the audit of the annual accounts is discussed, and at which the annual accounts are approved. The external auditor may also attend the Annual General Meeting to elaborate on its audit and auditor's report and is available for questions.

Auditor independence

The Audit Committee evaluates at least annually the external auditor's independence. The lead auditor in charge of the Signify account is changed every five years; such change took place as of the start of the financial year 2021. Furthermore, EU law requires the rotation of the external audit firm after the firm has completed the statutory audit of the company for a period of 10 consecutive years.

Prohibition on non-audit services

The Audit Committee reviews the proposed audit scope, approach and fees as well as services that the external auditor provides to the company. Dutch law requires the separation of audit and non-audit services, meaning the company's external auditor is not allowed to provide prohibited non-audit services.

11.10 Dutch Corporate Governance Code

The company fully endorses the underlying principles of the Dutch Corporate Governance Code, and is committed to adhering to the best practices of the Code as much as possible.

The company fully complies with the Code and applies all its principles and best practice provisions that relate to the Board of Management or the Supervisory Board.

12 Investor relations

12.1 Shareholder engagement

Signify attaches great value to maintaining an open dialog with investors and equity analysts in order to provide transparency and receive valuable feedback. The company conducts extensive investor outreach throughout the year, involving the Investor Relations department and members of the Board of Management, to ensure that the topics that matter most to shareholders can be addressed effectively.

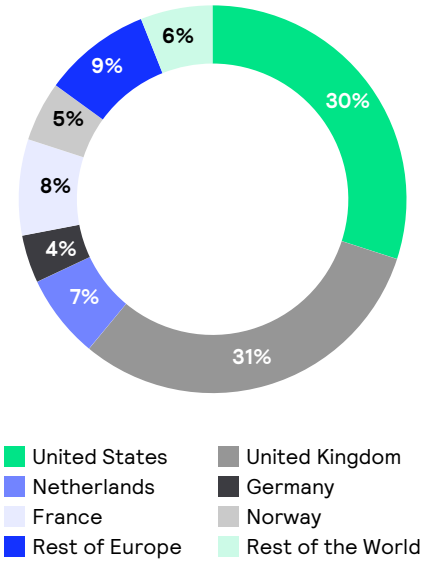
In 2024, Signify reached over 170 unique investment institutions through its Investor Relations activities and covered more than 82% of its active shareholder base.

Signify has an active investor relations approach aimed at supporting the company's long-term ambitions by keeping existing and potential shareholders well-informed about its strategy and the latest operational and financial developments. Signify publishes its financial results on a quarterly basis. In addition, the company also organizes earnings calls for research analysts and institutional investors to discuss these results. These earnings calls can be accessed and replayed on Signify's Investor Relations website. The Supervisory Board receives regular updates on share price developments, notable changes in Signify's shareholder base, feedback from investors and equity analysts, giving them a clear understanding of shareholders' views and other relevant developments.

12.2 Shareholder base

Signify has a broad base of international shareholders, as shown in the chart below. The information is based on an independent shareholder identification analysis performed in December 2024.

Geographical distribution of shares [1]



[1] Excluding treasury shares, prime brokerage and retail investors.

The Dutch Financial Markets Supervision Act requires institutions and individuals holding a (potential) capital and/or voting interest of 3% or more in Signify to disclose such to the Netherlands Authority for the Financial Markets (AFM). The AFM processes these disclosures in its publicly available register, which can be found at www.afm.nl. The table below includes the total interests of 3% or more registered at the AFM on December 31, 2024, and the related actual interests.

Signify shareholders

	% Actual interest [1]	Total % registered [2]
Silchester International Investors LLP	8.0%	8.0%
BlackRock Inc.	3.3%	4.0%
T. Rowe Price Group, Inc.	3.0%	3.0%
Dimensional Fund Advisors LP	3.0%	3.0%
DWS Investment GmbH	2.9%	3.0%
Pictet Asset Management S.A.	3.0%	3.0%
Jupiter Asset Management	3.0%	3.0%

[1] The actual interest reflects the % registered interest, excluding potential interests, such as options, futures, forward-rate agreements and other derivatives contracts.
[2] The total % registered includes the actual and potential interests such as options, futures, swaps, forward-rate agreements and other derivatives contracts.

Source: AFM

12.3 Annual General Meeting of Shareholders

The 2025 Annual General Meeting of Shareholders will be held on April 25,2025. The agenda and the explanatory notes to the agenda will be published on the company's website. The record date for the 2025 Annual General Meeting of Shareholders is March 28, 2025, after processing all settlements of that date. People registered as shareholders in the designated register on that date, and who have registered for the meeting, will be entitled to attend and vote in the meeting.

12.4 Capital allocation

Capital allocation policy

Signify's capital allocation policy is:

- To maintain a robust capital structure and maintain an investment grade credit rating;
- To pay an increasing annual cash dividend per share year on year;
- To continue to invest in organic and inorganic growth opportunities in line with its strategic priorities; and
- To provide additional capital return to shareholders with residual available cash

Dividend policy

Signify's dividend policy is to pay an increasing annual cash dividend per share year on year. The payment of dividends, if any, and the amounts and timing thereof depend on several factors, including future sales, profits, financial conditions, general economic and business conditions and prospects. Other factors that the Board of Management may deem relevant, as well as other legal and regulatory requirements, might also impact the amount, timing and payment of future dividends. These might be beyond the control of the company.

Proposed dividend

The company proposes a dividend of EUR 1.56 per share, in cash, from the net income for full-year 2024. This is in line with its dividend policy of paying an increasing cash dividend per share year on year.

The dividend payment is subject to approval by the Annual General Meeting of Shareholders on April 25, 2025. Further details will be provided in the agenda for the AGM. Dividend in cash is, in principle, subject to 15% Dutch dividend withholding tax, which will be deducted from the dividend in cash paid to shareholders.

Dividend dates

Ex-dividend date	April 29, 2025
Dividend record date	April 30, 2025
Dividend payment date	May 7, 2025

Share repurchases for LTI hedging

During 2024, Signify repurchased a total of 513,800 shares for a total consideration of EUR 14 million. These shares are used to cover obligations arising from its long-term incentive performance share plan and other employee share plans.

450,000 of these shares were repurchased in the open market for a total consideration of EUR 12 million. These repurchases took place in the period from April to May 2024.

12.5 Debt info

Term loan and revolving credit facility

In January 2024, the Company received the remainder EUR 178 million of the term loan agreement entered in December 2023. In October 2024, Signify entered into new term loan agreements consisting of EUR 325 million with maturity in October 2025.

In October and November 2024, the company repaid in full its USD 225 million and EUR 280 million term loans with original maturity dates in January 2025 and November 2024 respectively.

As of December 31, 2024, the Company had outstanding EUR 400 million long-term loans maturing in December 2026, bearing interest at a variable rate based on EURIBOR plus a fixed margin of 1.30% and EUR 325 million short-term loans maturing in October 2025,

bearing interest at a variable rate based on EURIBOR plus a fixed margin of 0.70%.

As of December 31, 2024 the Company had an undrawn revolving credit facility (RCF) of EUR 500 million which is maturing in January 2027.

The term loans and RCF agreement include a financial covenant providing that Signify maintains a net leverage ratio of no greater than 3.5x. The net leverage ratio may temporarily increase to 4.0x within 12 months of the closing of material acquisitions. The covenant does not apply if Signify has at least one investment grade rating, which is currently the case, as Signify has two investment grade ratings.

Eurobonds

In May 2024, Signify repaid in full EUR 675 million of fixed rate notes due in May 2024 with an annual coupon of 2.000%. As of December 31, 2024, Signify had outstanding EUR 600 million of fixed rate notes due in May 2027 with an annual coupon of 2.375%.

Other debt

Other debt includes short-term borrowings which Signify repays ultimately within one year. Borrowings which are drawn and repaid within the same quarter, with a maturity of less than three months, are reported on a net basis in the movement of other debt. More information about Signify's debt position can be found at https://www.signify.com/global/our-company/investors/shareholder-info/debt-info.

12.6 Share performance

Signify's share price underperformed the AEX index, the S&P capital goods index and the DJ Europe (excl. UK) technology index throughout most of 2024. In the second quarter of the year, Signify's share price showed signs of recovery, mainly narrowing the gap with the AEX index. On a full-year basis, Signify's share price underperformed all three indices.

On a full-year basis, Signify's share price declined by 29%, while the DJ Europe (excl. UK) technology index increased by 7%, the S&P capital goods index by 14% and the AEX index by 12%.

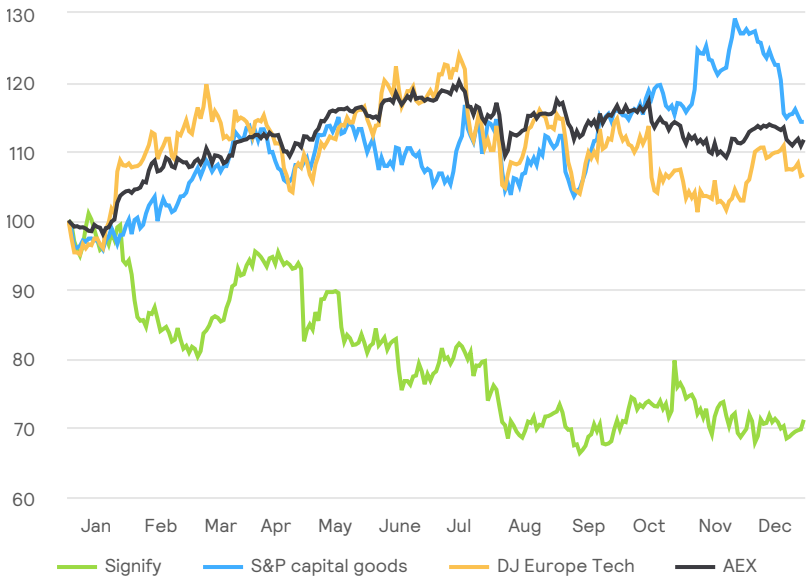
The market capitalization at year-end 2024 was EUR 2.7 million and Signify's free float was 98%.

12.7 Financial calendar

Financial calendar 2025

Report/Activity	Date
Q1 2025 financial report	April 25
Annual General Meeting of Shareholders 2025	April 25
Q2 and first-half 2025 financial report	July 25
Q3 2025 financial report	October 24

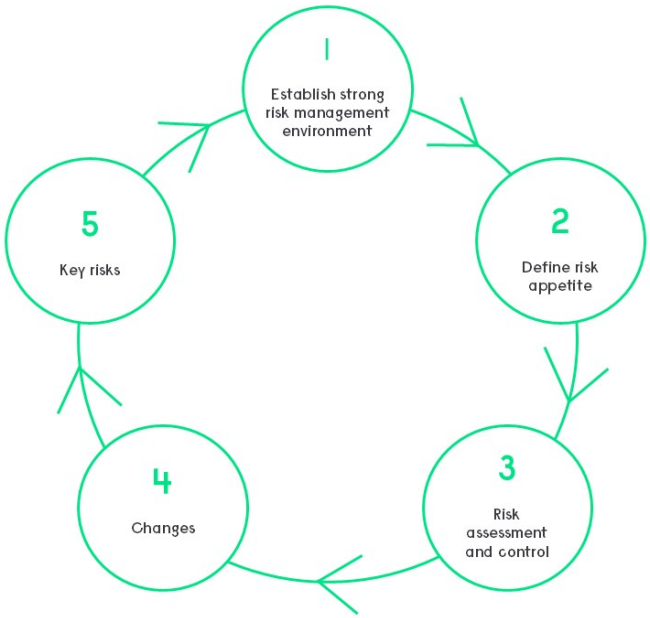
Share price development (indexed)



13 Risk factors and risk management

Introduction

At Signify, we believe taking risks is an inherent part of entrepreneurial behavior. By deploying a structured risk management process, management can take risks in a controlled manner. The company's risk management and controls are designed to provide reasonable assurance that strategic and financial business objectives are met. This is done by integrating management control into the daily operations, by ensuring compliance with legal requirements and by safeguarding the integrity of the company's financial reporting and its related disclosures. The components of our risk management process are listed below.



13.1 Establish a strong risk management environment

Signify's risk management environment is embedded in the corporate governance, the business control framework and the Integrity code.

Corporate governance

Corporate governance is the system by which a company is directed and controlled. Good corporate governance derives from, among other things, solid internal controls and high ethical standards.

The Board of Management is responsible for managing the risks associated with the company's activities and for defining the company's risk appetite. The Board of Management is assisted by the company's leadership team, which participates on a quarterly basis in audit risk and control meetings to identify critical risks and to review progress on the implementation of risk responses. The Audit Committee of the Supervisory Board provides oversight for the system of internal business controls and risk management. Internal and external audits are reported to and discussed by the Audit Committee on a quarterly basis and management self-assessment is reported on a yearly basis. An in-depth description of the company's corporate governance structure can be found in chapter 11, Corporate governance.

Business Control Framework

The company's Business Control Framework (BCF) sets the standard for risk management and business controls in the company. The objectives of the BCF are to maintain (i) integrated management control of the company's operations in order to ensure the integrity of the financial reporting and related disclosure, and (ii) compliance with applicable laws and regulations. The company has designed its BCF based on the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The company regularly evaluates and improves its BCF to align with business dynamics and good practices.

Integrity code

Acting with integrity is the cornerstone for the success of our business and for achieving our purpose. It is integral to the values that define us as a company. Acting with integrity means making the right choices when faced with ethical dilemmas, and holding ourselves and each other to high standards of behavior.

The Integrity code has been approved and adopted by the Board of Management. It applies to all employees of Signify N.V. and its controlled subsidiaries. The Integrity code formulates minimum standards of behavior. The company has underlying policies that form an integral part of the Integrity code.

To increase the level of awareness and to create global engagement, the company has established a network of Compliance Officers in countries where the company has a presence, on each significant site, and at Business and Functional level. The activities

and responsibilities of this network are focused on providing expertise and support to managers and employees on Integrity code-related matters. Furthermore, the Signify central privacy office safeguards the governance of personal data together with privacy contact points across the businesses and functions.

The Integrity code is supported by mechanisms that ensure standardized reporting, escalation and investigation of concerns. These mechanisms are based on the Integrity code Reporting Policy that urges employees and third parties to report any concerns they may have regarding business conduct in relation to the Integrity code, either through a Compliance Officer or through the Signify Ethics line. The Signify Ethics line enables employees and third parties to report a concern either by telephone or online via a web intake form. All concerns raised are consistently registered in a single database and are investigated in accordance with standardized investigation procedures. An overview of the reporting activities for 2024 is given in chapter 5, Sustainability statements, section 5.6, ESRS reference.

13.2 Define risk appetite

Risk management in Signify focuses on the following risk categories: strategic, operational, compliance and financial risks. The Board of Management has determined the risk appetite and seeks to manage risk within these boundaries. The risk appetite is different for each of the risk categories:

Strategic risks

Strategic risks include economic and political developments and the effects of actions taken to anticipate and respond to market circumstances. The company has a medium strategic risk appetite and is prepared to take some reasonable strategic risks, balancing the need to capture return from opportunities and management of the risks.

The company's key strategic risks are discussed in section 13.5 and include technological change, competition, global political and economic instability, digitalization and concentration risk.

Operational risks

Operational risks include adverse unexpected developments resulting from internal processes, people and systems, or from external events that are linked to the running of each business. The company has a moderate operational risk appetite and aims to minimize downside risks to maintain the high quality of its products, systems and services, reliable IT systems and sustainability commitments.

The company's key operational risks are discussed in section 13.5 and include supply disruptions, innovation, cyber-attacks and security breaches, new organizational capabilities, and climate change.

Compliance risks

These risks cover unanticipated failures to implement, or comply with, appropriate laws, regulations, policies and procedures. The company is, due to its global footprint, exposed to risk of fraud and other misconduct in violation of the integrity code and/or applicable laws and regulations, governmental investigation and legal proceedings in relation thereto.

The company has a low compliance risk appetite. The company is committed to full compliance to relevant laws, regulations and its Integrity code and has a zero tolerance policy towards noncompliance in these areas

Financial risk

The company faces financial risks outside its control related to treasury, accounting and reporting, pensions, and tax. Here, the risk appetite is low to moderate. Therefore, the company aims to minimize the impact of financial risk, and it follows a conservative risk management approach in these areas. Furthermore, the company is committed to transparent and truthful accounting and reporting to allow users of the financial statements to take decisions considering these risks.

13.3 Risk assessment and control

In order to provide a comprehensive view of the company's business strategy and activities, risks and opportunities are identified in a structured way, combining elements of top-down and bottom-up approaches.

Strategic risk

The company leadership team identifies the key risks as part of its strategic review process. In a subsequent workshop, the leadership team ranks the risks based on impact, likelihood, risk criticality and control effectiveness. As part of the strategic review cycle, initiatives are defined to mitigate the risks. Owners are assigned for each of the strategic initiatives, and they are then accountable for ensuring adequate risk mitigation and for monitoring the implementation of mitigation measures. Each quarter, the key risks are discussed during the audit and risk committee meeting internally with key leaders. Reported risks and opportunities are analyzed for potential cumulative effects and are aggregated at Businesses and company level.

Operational risk

Risks are reported on a regular basis as part of the business performance reviews. In addition, on an annual basis, the top risks are identified by company leadership. Relevant risks, including those associated with business opportunities, are prioritized in terms of potential impact and likelihood, considering quantitative and/or qualitative aspects, and are reviewed together with the Board of Management. On a quarterly basis, risks and controls are reviewed with the Businesses and specific Functions in the audit risk committee.

Compliance risk

The Integrity Committee is the ultimate body within Signify to administer the organization's Integrity Code Legal Compliance Program. It does so by maintaining oversight of the development and implementation of the Integrity code, including the monitoring of its effectiveness. The Integrity Committee is chaired by the Chief Legal Officer. Its members include the Chief Executive Officer, Chief Financial Officer, Chief HR Officer, Head of Internal Audit and Head of Legal Compliance.

With an annual Integrity code self-assessment process forming part of the internal controls over financial reporting (ICS), compliance to the Integrity code forms part of management's ICS monitoring process. Management of each business unit signs off on controls relating to compliance with the Integrity code, with this confirmation forming part of the annual certification statement on Business Controls. Non-compliance issues are highlighted and, if significant, they are reported to the Board of Management through the Certification Statement process.

Employees are requested to state their commitment to the Integrity code after having completed e-learnings. In 2024, employees were required to complete one or more e-learnings on the Integrity code and related legal compliance domains. Specific target groups were required to participate in recurring (virtual) classroom training. In addition, each year, Finance and Procurement employees are asked to sign off on the Financial and the Procurement Codes of Ethics, respectively. All executives are asked to sign off on the Integrity code annually to confirm their awareness of and compliance with the code. Violations of the Integrity code will result in disciplinary action, up to and including dismissal.

Financial risk

The company has implemented a global standard for ICS. ICS, together with the established accounting procedures, are designed to provide reasonable assurance that assets are safeguarded, that the books and records properly reflect transactions necessary to permit preparation of financial statements, that policies and procedures are carried out by qualified personnel, and that published financial statements are properly prepared and do not contain any material misstatements.

Internal controls are an inherent part of the processes in our company, where the responsibility for executing these internal controls is with the persons that carry out these processes. The design and maintenance of the global standard for internal controls is with the (global) business process owners and the dedicated ICS team.

An ICS monitoring process exists for all material reporting units, whereby business process owners engaged in the key financial processes perform self-assessments on several key controls, document the results, and take corrective action where necessary. ICS supports business and functional management in a periodic cycle of assessment and monitoring of the control environment.

On an annual basis, management's accountability for business controls is recorded through the formal issuance of a Certification Statement on Business Controls and a Letter of Representation by Businesses, reporting units and Functional management to the Board of Management. Any deficiencies noted in the design and operating effectiveness of controls over financial reporting, which were not completely remediated, are evaluated at year end by the Board of Management. The Board of Management's statement, including its conclusions regarding the effectiveness of internal controls over financial reporting, can be found in chapter 14, Statement of the Board of Management.

The global tax strategy and policy are aligned with our business and sustainability strategies and are published on the company's website, as part of our annual Signify Tax Report. The Board of Management, enabling functions, and Businesses are advised on tax matters by Group tax to ensure both the needs of the business and of the tax function are balanced. The company also participates in national and international forums of experts to represent its interests. In addition, the company has corporate requirements for the management of the company's legal entities in line with tax legislation. Also refer to section 5.4, Responsible tax policy.

For further details on financial risks refer to chapter 15, Consolidated financial statements, note 9, Income taxes, note 25, Post-employment benefits and note 28, Financial risk management.

13.4 Changes in 2024

In 2024, the business controls were aligned with the new business structure and a new integrated internal control platform was implemented.

13.5 Key risks

The key risks to achieving Signify's targets, the potential impact of each risk, the mitigation strategies, and actions deployed are described in the following table. These risks can, separately or in combination, have a material adverse effect on Signify's business, strategy, financial condition, results from operations, cash flow, reputation, or prospects.

Risk	Risk description	Mitigation actions
Market adoption of new technologies	The transition to connected LED lighting is characterized by the increasing importance of digital capabilities and technology. At present, a relatively small part of the worldwide installed base of light points is connected. A cornerstone of Signify's strategy is to focus on and invest in its connected lighting offerings, such as its Interact offerings for the professional market and Hue, WiZ smart lighting offerings for the consumer market. Signify also aims to develop new business models, in particular through value-added service offerings. The risk is that the extent and speed of adoption of connected lighting systems and services does not develop as anticipated, or that Signify is unable to successfully implement its strategy in connected lighting.	Signify is actively developing and investing in technology platforms and software applications to bring (more advanced) connected lighting systems to the market. Part of this strategy is to strongly focus on the interoperability of its applications and to incorporate different connectivity technologies in its connected lighting portfolio, thereby addressing different needs in the market. Additionally, Signify plays a leading role in developing the market for connected lighting systems, in building awareness of the benefits of connected lighting, and in forging partnerships and alliances. Finally, in order to capture this new value opportunity, Signify's systems and product teams are developing innovative services and flexible offers meeting differentiated customer needs from basic to advanced and responding to different regional requirements around connected lighting. The market adoption of connected technologies is captured through quarterly market analysis.
Competition	The LED lighting market has attracted many new competitors (particularly from Asia) with low-priced offerings and is at present highly competitive. This has led to increased commoditization of offerings as well as price pressure on LED products. This might impact revenues and profitability in particular, if Signify fails to manage costs. In the area of connected lighting, the risk is that non-lighting players with broad technology platforms might enter and disrupt the lighting market.	To counter full category commoditization, Signify's strategy includes the creation of tiered offerings (e.g. B-brand and private label), and bringing renewed innovation into the commoditized LED segment (A-class LED range). Further, the company is strengthening its digital (sales) capabilities and is running saving initiatives to keep its cost base competitive. Also, Signify can make use of the Philips brand, which has a strong global reputation and brand preference to drive sales. Finally, in the connected lighting segment, the company manages to maintain a leadership position by providing a continuous stream of innovations to the market, both in hardware and software. In general, Signify has a global sales and distribution network which is difficult for any competitor to replicate. This network allows the company to quickly roll out innovative products and services on a global scale.

Risk	Risk description	Mitigation actions
Global political and economic instability	There continues to be significant instability in both the global political and economic landscape. Polarization and trade protectionism as well as political changes might disrupt our operations and, ultimately, our sales, profit and cash flow, as Signify has commercial activities and operations in almost every country. Adverse economic and political conditions might result in lower customer demand. In particular, the continuing Russia-Ukraine war, the conflict in the Middle East, high interest rates with the resulting high level of inflation, and the economic downturn in China and certain countries in Europe have had an adverse effect on consumer and customer spending, and hence on the company's sales and profitability in 2024. Looking forward, in addition to existing uncertainty and volatility remain regarding adverse economic conditions, potential impact of higher tariffs in particular on imports into US from countries such as China, Canada and Mexico, can impact the general lighting market.	At the macro level, Signify actively engages in global forums focused on the benefits of globalization. Signify is also committed to highly credible industry organizations globally to support the stabilization of global trade. In order to minimize the impact of instability on its business, Signify closely follows and reviews (geo)political and economic developments and takes these into account in both its short- and medium-term operational planning. To mitigate potential supply chain inefficiencies and/or tariff impacts arising from geopolitical tensions and trade protectionism, Signify leverages its global (manufacturing) footprint and adjusts its sourcing base when needed. Inflation in Commodity and Energy prices is offset through a combination of cost savings and price increases.
Supply disruption	Geopolitical tensions and rising protectionism are leading to higher import duties, trade restrictions, and local manufacturing requirements. These factors may impact the cost structure of Signify's current value stream and may cause cross-regional supply disruptions. Signify depends on external suppliers and, to a large extent, on the production of components and LED products in Asian countries. The risk of this high dependency is that suppliers are not able to deliver (raw) materials, components or services in a timely manner for Signify to meet customer demand. Next to this, the production and shipping of products and components could be interrupted by conflicts, natural disasters, such as earthquakes, typhoons and floods caused by climate change, or pandemic diseases. Volumes for conventional lighting continue to decline, posing challenges for Signify to remain an attractive customer for related suppliers. Vendors may decide to close their operations if volumes become too low. Finally, disruption of the global supply chain usually leads to increases in logistic costs, which in turn need to be offset through additional cost savings or additional pricing.	Signify has a program in place to mitigate the impact of trade limitations and tariffs by nearshoring and establishing alternative supplier locations in less affected countries. Regular risk assessments are carried out at individual plant level, including the risks related to natural catastrophes and water scarcity. These assessments are also performed at locations of business-critical suppliers and of strategic inventories. Signify requires its sites to have robust business continuity plans for any large-scale events that can severely impact the business. These plans include sourcing from alternative suppliers, nearshoring, and increasing strategic inventories. Cost inflation due to the shortage of components, containers or labor is offset through a combination of cost savings and market price increases. The level of pricing moves is benchmarked versus key competitors. Signify has long-term contracts with freight forwarders to secure sufficient capacity and flexibility at competitive prices. A dedicated control tower monitors all shipping lanes, enabling quick responses to any significant delays.

Risk	Risk description	Mitigation actions
Innovation	The high speed of innovation and the increasing importance of new technologies in lighting, the Internet of Things (IoT) and artificial intelligence (AI), requires Signify to spend considerable resources on developing new products and solutions. It also requires developing different capabilities and competences to commercialize its innovations successfully some of which are enabled by generative AI. In particular, in the fast-changing market in which the company operates, it must continuously address the needs of local customers and introduce locally relevant new products and solutions ahead of competition. Failure to bring new products and solutions to the markets in a timely fashion and to commercialize its innovations successfully would lead to the expected benefits of these investments not being delivered and, hence, this would be detrimental to both the top and bottom line of the company.	Signify invests significantly in its R&D activities. It has dedicated R&D activities to support its businesses in developing and realizing near-term innovation roadmaps, and to develop longer-term innovations with a focus on areas such as connected lighting systems, software and digital applications. Signify adapted its business structure to enable a stronger customer focus and enhanced specialization to further increase execution speed. Finally, dedicated go-to-market channels and tailored marketing approaches are in place with the aim of successfully introducing new offerings commercially. The return on innovation investments is reviewed on a quarterly basis, including speed to market, efficiency of investment and sales development versus plan.
Cyber-attacks and security breaches	As Signify becomes more digitalized, more devices and systems are connected online. This increases cyber security risk across enterprise IT, Operational Technology (OT) and our products and solutions that are delivered with IoT capabilities and accompanying (cloud-based) software applications. Should a successful cyber-attack materialize, the processes, services and systems that allow the organization to continue to operate could be impacted resulting in operational disruption, with or without ransom demands. Further, a cyber-attack could cause a data breach where sensitive, protected, personal or confidential data held by Signify are leaked or stolen. The use of AI introduces new risks such as adversarial attacks where malicious inputs mislead algorithms, and insider threats where employees or third parties may compromise security or can cause severe disruptions. Finally, cyber risk extends to the 3rd parties that Signify does business with.	Cyber risk is reviewed by the Board of Management and the Supervisory Board on a periodic basis. A dedicated cyber security team scans external developments, identifies inherent risks, and proposes plans to limit residual risk as much as possible. The Security Board aligns on the level of acceptable residual risk. Each year mandatory security and data protection & privacy awareness trainings are conducted. A security improvement roadmap has been created and progress is monitored by the Security Board and Supervisory Board. Third party risk is assessed as part of this. Resilience, exploration, and integration of new technologies are key focus areas. Security measures are in place to detect attackers and to minimize the risk of them causing damage to systems and gaining access to critical data, systems and services. Business continuity plans are in place in the event of non-availability of IT systems and manufacturing sites. These business continuity plans are tested periodically. Additionally, there is a security operations team that is supported by a managed security service provider for 24x7 vigilance of security events. This team is focused on security incident management and supports security incident monitoring and response within specified Service Level Agreements (SLA). Specifically in regard to its products and software applications, Signify develops them in-house and secures the ecosystem in conformity with security standards and best practices (ISA/IEC62443, ISO2700x, NIST).

Risk	Risk description	Mitigation actions
Digitalization	It is a strategic priority for Signify to digitalize its customer interfaces, its processes, and its offers. As such, digitalization is a key opportunity to provide higher customer service levels, more attractive customer offers, and to continue optimizing productivity through more efficient workflows.Signify needs to take proactive measures to use both traditional and generative AI for building long term competitive advantage. Failure to keep up with ongoing digitalization and to adapt to new technologies will lead to a gradual loss of both market share and earnings.	Over the past years, the company has stepped up its investment in digitalization. Signify has established a Digitalization roadmap for customer interfaces, processes and offers, that is aligned to its business strategy. Signify is developing a comprehensive AI strategy and robust governance to pursue a roadmap of impactful AI use cases. Upgrading the underlying IT architecture, re-skilling its employees, and improving the overall data governance, have been identified as key enablers. Several key programs have been initiated, under the leadership of Chief Digital and Information Officer, in the areas of technology foundation, skills up-grading, enhancement in go-to-market and e-commerce capabilities. Progress against the established roadmap and the key programs is closely followed-up by the Digital Committee, a sub-committee of the Supervisory Board.
New organizational capabilities and Talent development	Signify needs to build the capabilities and culture required to transform its business and deliver on its strategy, including the ambition to grow its connected lighting business and grow in new areas such as agricultural, solar and 3D printing. New capabilities are particularly relevant in the areas of digital, software development, marketing and consultative selling. Next to this, bringing advanced connected lighting offerings to the market requires highly specialized (technical) personnel. Failure to successfully develop these new and different capabilities may have a significant impact on the company achieving its long-term strategic goals.	Signify invests in the professional development of its employees through learning initiatives as well as through dedicated talent management programs that identify top talents early in their career. In addition, actions were launched to upscale commercial skills and capabilities in cooperation with the Learning@Signify Academy. Next, talent acquisition programs are in place to attract new employees with a specific focus on those (technical) areas where the company sees capability needs that cannot be developed internally. Finally, through M&A projects of various sizes, new capabilities are brought to the company, with retention programs being part of the due diligence and acquisition approval process.

Risk	Risk description	Mitigation actions
Climate change	Climate change presents both opportunities and risks for Signify.The transition to a low-carbon economy is essential to mitigate climate change. However, poses potential financial risks for Signify related to the cost of transitioning our own operations and our supply chain. Transition costs may require investments in new technologies, compliance with evolving climate policies, and adapting to changing market demands. Transition costs in our own operations arise from the investments required to transition to cleaner technologies, invest in renewable energy and energy efficiency opportunities. Transitioning to more sustainable operations may disrupt supply chains, leading to increased costs for sourcing of raw materials, retooling of production lines, and adopting circular economy models. The move to more circular product models has the potential to increase costs due to the cost of sustainable materials, reduced availability or potential disruptions in material availability. A circular economy relies on the availability and pricing of secondary raw materials. If prices for recycled or reused materials are volatile, it could destabilize business models and make circular practices financially unviable in certain cases. The transition to newer technologies, specifically, the decrease in our conventional products, could displace those workers, requiring investment in workforce retraining and development. If workforce adaptation involves workforce restructuring, severance costs can further impact financial performance.	As part of its Brighter Lives, Better World 2025 sustainability program, Signify is taking measures to manage climate risks and adapt its businesses. In 2024, Signify launched its net zero aligned Climate Transition Plan which accounts for the expected investments required across our full value chain to carry out the necessary transformation to meet our net zero emissions target and mitigate climate risks. Signify's climate transition plan presents a clear roadmap for decarbonization, including measurable targets and timelines. Signify continues to invest in Sustainable Innovation (R&D), ensuring that new products are designed to meet the requirements of its sustainable design procedure. In this way, Signify ensures new products become more sustainable-focused on reducing energy use and incorporating circular design principles. Signify's lighting for circularity initiative is driving the development of products that can be remanufactured, refurbished, reused or recycled to optimize resource utilization and reduce emissions. As part of our procurement processes, the cost and availability of raw materials is being monitored and supply base continuity planning is in place. To mitigate virgin material use, alternative sustainable materials are considered and used, when possible, in alignment with our circularity principles and procurement guidelines. Signify encourages its suppliers to adopt greener practices and reduce their own emissions and ensures that the environmental impact of its products is being minimized. Signify supports its workforce to ensure a just transition by providing training, development programs and additional certifications. When possible, we transfer employees within Signify and offer support in helping them find new jobs externally. We are focused on creating a fair and inclusive workplace and reducing attrition. Signify actively collaborates with governments, NGOs, and other organizations to promote sustainability and climate change mitigation activities. It advocates for policies that support the adoption of energy-efficient technologies, renewable energy, and the transition to a low-carbon economy.

Risk	Risk description	Mitigation actions
Concentration risk	With the acquisition of US-based Cooper Lighting (2020) and Fluence (2022), Signify's overall risk profile changed. As a result, Signify is more exposed to developments in the professional lighting market, and in particular, in the North American market. Therefore, developments in those markets are expected to have a bigger impact on the company's results, operations and prospects. More importantly, in case of negative developments in North America, it might have a reduced ability for offsets through its other business activities and markets in which it is active.	The increased importance of the US is recognized and taken into consideration in the annual strategic planning process and risk assessment. Resources are allocated in line with both the size of the business and the future growth potential. Not only is the company focused on getting the right talent to drive the success of the US business, but also the businesses and functions are expected to spend a significant amount of time and energy on ensuring a successful US business. Finally, in order to address both the importance of the US business and the higher risk of global disruption, dedicated support plans have been and are being worked out for the US.

14 Statement of the Board of Management

The Board of Management has prepared this Annual Report in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU), the statutory provisions of Part 9, Book 2 of the Dutch Civil Code and additional Dutch disclosure requirements for annual reports.

To the best of our knowledge:

- The Consolidated financial statements and Signify N.V. financial statements included in this Annual Report give a true and fair view of the assets, liabilities, financial position and profit or loss of Signify N.V. and its consolidated undertakings;
- Based on the current state of affairs and the company's strategic plan, which forecasts among others the company's future cash flows, it is justified that the financial reporting has been prepared on a going concern basis;
- The management report included in this Annual Report gives a true and fair view concerning the position on the balance sheet date and the development and performance of the business of Signify N.V. and the undertakings included in the consolidation taken as a whole during the financial year;
- The management report included in this Annual Report describes the principal risks and uncertainties that the company faces, and those that are relevant to the expectation of the company's continuity for the period of 12 months after the date of publication of this Annual Report;
- The management report is prepared in accordance with the European Sustainability Reporting Standards (ESRS) pursuant to the EU Corporate Sustainability Reporting Directive (CSRD) 2022/2464/EU and with the specifications adopted pursuant to the EU Taxonomy Regulation.

The Board of Management is responsible for the establishment and adequate functioning of a system of governance, risk management and internal controls in the company. It reports on and is accountable for internal risk management and control systems to the Supervisory Board and its Audit Committee. The company has implemented a risk management and internal control system designed to provide reasonable assurance that strategic objectives are met by creating focus, integrating management control over the company's operations, ensuring compliance with applicable laws and regulations and by safeguarding its assets and the reliability of its financial reporting and its disclosures.

The company has designed its internal control system based on the Internal Control-Integrated Framework (2013) established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The company's risk management approach is embedded in its periodic business planning and review cycle and forms an integral part of business management. On the basis of risk assessments, management determines the risks and appropriate responses related to the achievement of business objectives and critical business processes. Risk factors and the risk management approach are described in more detail in chapter 13, Risk factors and risk management. Audit results, relevant investigative activities as well as significant changes and improvements in the company's risk management and internal control system are discussed with the Audit Committee and the Supervisory Board.

With respect to financial reporting, a structured self-assessment and monitoring process is used company-wide to assess, document, review and monitor compliance with internal control over financial reporting. Internal representations received from management, regular management reviews, reviews of the design and effectiveness of internal controls and reviews in company and Division, Market and Function Audit Committees, are integral parts of the company's risk management approach.On the basis of the above, we confirm that:

- The management report provides sufficient insights into failings, if any, in the effectiveness of the internal risk management and control systems in relation to the material risks associated with the strategy and activities of the company and its consolidated undertakings; and
- The internal risk management and control systems provide a reasonable level of assurance that the financial reporting and tax included in this Annual Report does not contain any errors of material importance.

It should be noted that the above does not imply that these systems and procedures provide certainty as to the realization of operational and financial business objectives, nor can they prevent all misstatements, inaccuracies, errors, fraud and non-compliance with rules and regulations.

February 25, 2025.

Board of Management and CFO
Eric Rondolat
Harshavardhan Chitale
Željko Kosanović (CFO)

Corporate statements

Table of contents

Corporate statements

15 Consolidated financial statements 171
15.1 Consolidated statement of income 172
15.2 Consolidated statement of comprehensive income 173
15.3 Consolidated statement of financial position 174
15.4 Consolidated statement of cash flows 176
15.5 Consolidated statement of changes in equity 178
15.6 Notes to the Consolidated financial statements 179
1 Basis of preparation 179
2 Material accounting policies 181
3 Information by segment and main country 190
4 Income from operations 191
5 Employee benefit expenses 191
6 Depreciation, amortization and impairment 192
7 Other business income and expenses 192
8 Financial income and expenses 192
9 Income taxes 192
10 Earnings per share 195
11 Acquisitions and divestments 195
12 Interests in entities 196
13 Property, plant and equipment 197
14 Leases 198
15 Intangible assets 198
16 Objectives, policies and processes for managing capital 200
17 Inventories 200
18 Trade and other receivables 200
19 Trade and other payables 201
20 Other assets 201
21 Other liabilities 201
22 Equity 201
23 Debt 202
24 Provisions 204
25 Post-employment benefits 205
26 Share-based compensation 208
27 Information on remuneration 209
28 Financial risk management 210
29 Events after the balance sheet date 214
16 Signify N.V. financial statements 215
16.1 Statement of income 216
16.2 Statement of financial position before appropriation of results 217
16.3 Statement of changes in equity 218
16.4 Notes to the Company financial statements 219
A Statement of income 219
B Audit fees 219
C Financial assets 219
D Shareholders' equity 220
E Debt 221
F Employees 221
G Contingent liabilities not appearing in the balance sheet 221
H Events after the balance sheet date 222
17 Combined independent auditor's report 223
18 Reconciliation of non-IFRS financial measures 236
19 Definitions and abbreviations 240
20 Forward-looking statements and other information 243

15 Consolidated financial statements

Introduction

The audited Consolidated financial statements including the notes thereon have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code.

All standards and interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee effective 2024 have been endorsed by the EU; consequently, the accounting policies applied by Signify also comply with IFRS as issued by the IASB.

The following chapters of this Annual Report:
- 3, Creating LT value
- 4, Sustainability statements
- 5, Corporate performance
- 7, Board of Management
- 8, Supervisory Board
- 9, Supervisory Board report, subsection 9.3.2, Corporate Governance and Nomination & Selection Committee
- 11, Corporate governance
- 12, Investor Relations, section 12.2, Shareholder base, section 12.4, Capital allocation
- 13, Risk factors and risk management
- 14, Statement of the Board of Management
- 18, Reconciliation of non-IFRS financial measures
- 19, Definitions and abbreviations
- 20, Forward-looking statements and other information

form the management report within the meaning of section 2:391 of the Dutch Civil Code.

For "Additional information" within the meaning of section 2:392 of the Dutch Civil Code, refer to section 11.1, Signify organization and chapter 17, Combined independent auditor's report.

EY Accountants B.V. has issued an independent auditor's report on the Consolidated financial statements and the Company financial statements, in accordance with Dutch law, including the Dutch standards on auditing, of Signify N.V., which is set out in chapter 18, Combined independent auditor's report.

15.1 Consolidated statement of income

Consolidated statement of income
in millions of EUR unless otherwise stated
For the years ended December 31

	Note	2023	2024
Sales	3	6,704	6,143
Cost of sales		(4,146)	(3,701)
Gross margin		**2,558**	**2,442**
Selling, general and administrative expenses		(1,882)	(1,736)
Research and development expenses		(308)	(266)
Impairment of goodwill	15	–	–
Other business income	7	24	41
Other business expenses	7	(23)	(3)
Income from operations	4	**369**	**477**
Financial income	8	32	42
Financial expenses	8	(134)	(124)
Results from investments in associates		–	(1)
Income before taxes		**268**	**394**
Income tax expense	9	(53)	(60)
Net income		**215**	**334**
Attribution of net income for the period:			
Net income (loss) attributable to shareholders of Signify N.V.		203	328
Net income (loss) attributable to non-controlling interests		12	6
Earnings per common share attributable to shareholders	10		
Weighted average number of ordinary shares outstanding used for calculation (in thousands):			
• Basic		125,951	126,222
• Diluted		127,338	127,536
Net income attributable to shareholders per ordinary share in EUR:			
• Basic		1.61	2.60
• Diluted		1.59	2.57

The accompanying notes are an integral part of these consolidated financial statements.

15.2 Consolidated statement of comprehensive income

Consolidated statement of comprehensive income in millions of EUR
For the years ended December 31

	2023	2024
Net income	**215**	**334**
Pensions and other post-employment plans:		
• Remeasurements	(14)	11
• Income tax effect on remeasurements	2	(3)
Total of items that will not be reclassified to the Income statement	**(12)**	**8**
Currency translation differences:		
• Net current period change, before tax	(143)	181
• Income tax effect	–	–
Net investment hedge:		
• Net current period change, before tax	(3)	–
• Income tax effect	1	–
Cash flow hedges:		
• Net current period change, before tax	25	8
• Income tax effect	(6)	(2)
Total of items that are or may be reclassified to the Income statement	**(126)**	**187**
Other comprehensive income	**(138)**	**196**
Total comprehensive income	**77**	**529**
Total comprehensive income attributable to:		
• Shareholders of Signify N.V.	71	518
• Non-controlling interests	6	11

The accompanying notes are an integral part of these consolidated financial statements.

15.3 Consolidated statement of financial position

Consolidated statement of financial position in millions of EUR
As at December 31

	Note	2023	2024
Non-current assets			
Property, plant and equipment	13	633	568
Goodwill	15	2,755	2,903
Intangible assets, other than goodwill	15	641	608
Investments in associates	12	12	7
Financial assets	28	91	38
Deferred tax assets	9	402	391
Other assets	20	32	26
Total non-current assets		**4,566**	**4,541**
Current assets			
Inventories	17	1,050	1,035
Financial assets	28	2	–
Other assets	20	147	147
Derivative financial assets	28	14	17
Income tax receivable	9	54	52
Trade and other receivables	18	1,012	1,066
Cash and cash equivalents	28	1,158	633
Assets classified as held for sale		–	13
Total current assets		**3,438**	**2,964**
Total assets		**8,004**	**7,505**

15.3 Consolidated statement of financial position (continued)

		2023	2024
Equity			
Shareholders' equity	22	2,817	3,162
Non-controlling interests	12	129	105
Total equity		**2,947**	**3,267**
Non-current liabilities			
Debt	23	1,192	1,137
Post-employment benefits	25	322	255
Provisions	24	263	192
Deferred tax liabilities	9	20	17
Income tax payable	9	79	68
Other liabilities	21	154	145
Total non-current liabilities		**2,030**	**1,815**
Current liabilities			
Debt, including bank overdrafts	23	1,038	416
Derivative financial liabilities	28	17	11
Income tax payable	9	20	19
Trade and other payables	19	1,539	1,588
Provisions	24	206	192
Other liabilities	21	206	196
Liabilities from assets classified as held for sale		–	–
Total current liabilities		**3,027**	**2,423**
Total liabilities and total equity		**8,004**	**7,505**

The accompanying notes are an integral part of these consolidated financial statements.

15.4 Consolidated statement of cash flows

Consolidated statement of cash flows in millions of EUR
For the years ended December 31

	Note	2023	2024
Cash flows from operating activities			
Net income		215	334
Adjustments to reconcile net income to net cash provided by operating activities:		705	541
• Depreciation, amortization and impairment of non-financial assets	6	274	255
• Result on sale of assets	7	6	(18)
• Net interest expense on debt, borrowings and other liabilities	8	43	42
• Income tax expense	9	53	60
• Additions to (releases of) provisions	24	243	120
• Additions to (releases of) post-employment benefits	25	23	21
• Other items		64	61
Changes in working capital:		87	48
• Changes in trade and other receivables	18	50	3
• Changes in inventories	17	267	35
• Changes in trade and other payables	19	(272)	28
• Changes in other current assets and liabilities		42	(17)
Changes in other non-current assets and liabilities		3	(1)
Utilizations of provisions	24	(153)	(215)
Utilizations of post-employment benefits	25	(38)	(73)
Net interest and financing costs paid		(41)	(53)
Income taxes paid		(81)	(66)
Net cash provided by (used for) operating activities		**696**	**514**
Cash flows from investing activities			
Net capital expenditures:		(110)	(77)
• Additions of intangible assets	15	(67)	(48)
• Capital expenditures on property, plant and equipment	13	(51)	(51)
• Proceeds from disposal of property, plant and equipment		8	22
Net proceeds from (cash used for) derivatives and other financial assets		7	(4)
Purchases of businesses, net of cash acquired	11	(13)	8
Proceeds from sale of businesses, net of cash disposed of		–	–
Net cash provided by (used for) investing activities		**(115)**	**(72)**

15.4 Consolidated statement of cash flows (continued)

	Note	2023	2024
Cash flows from financing activities			
Dividend paid		(210)	(221)
Proceeds from issuance of debt	23	233	513
Repayment of debt	23	(83)	(1,238)
Transactions with minority shareholders		–	(11)
Purchase of treasury shares		(7)	(14)
Net cash provided by (used for) financing activities		**(67)**	**(970)**
Net cash flows		**514**	**(527)**
Effect of changes in exchange rates on cash and cash equivalents and bank overdrafts		(31)	2
Cash and cash equivalents and bank overdrafts at the beginning of the period		676	1,158
Cash and cash equivalents and bank overdrafts at the end of the period	28	**1,158**	**633**

The accompanying notes are an integral part of these consolidated financial statements.

15.5 Consolidated statement of changes in equity

Consolidated statement of changes in equity
in millions of EUR

	Share capital	Share premium	Retained earnings	Currency translation differences	Cash flow hedges	Treasury shares	Total share-holders' equity	Non-controlling interests	Equity
Balance as at January 1, 2023	**1**	**2,139**	**864**	**67**	**(20)**	**(131)**	**2,920**	**145**	**3,065**
Net Income	–	–	203	–	–	–	203	12	215
Other comprehensive income (loss)	–	–	(12)	(139)	19	–	(132)	(7)	(138)
Total comprehensive income (loss)	**–**	**–**	**191**	**(139)**	**19**	**–**	**71**	**6**	**77**
Movement in non-controlling interests	–	–	–	–	–	–	–	–	–
Dividend distributed	–	–	(189)	–	–	–	(189)	(21)	(211)
Purchase of treasury shares	–	–	–	–	–	(7)	(7)	–	(7)
Delivery of treasury shares	–	(35)	(22)	–	–	57	–	–	–
Share-based compensation plans	–	17	–	–	–	–	17	–	17
Hyperinflation adjustment	–	–	6	–	–	–	6	–	6
Balance as at December 31, 2023	**1**	**2,120**	**851**	**(72)**	**(1)**	**(82)**	**2,817**	**129**	**2,947**
Balance as at January 1, 2024	**1**	**2,120**	**851**	**(72)**	**(1)**	**(82)**	**2,817**	**129**	**2,947**
Net Income	–	–	328	–	–	–	328	6	334
Other comprehensive income (loss)	–	–	8	176	6	–	191	5	196
Total comprehensive income (loss)	**–**	**–**	**336**	**176**	**6**	**–**	**518**	**11**	**529**
Movement in non-controlling interests	–	–	–	–	–	–	–	(11)	(11)
Dividend distributed	–	–	(196)	–	–	–	(196)	(24)	(220)
Purchase of treasury shares	–	–	–	–	–	(14)	(14)	–	(14)
Delivery of treasury shares	–	(9)	(7)	–	–	17	–	–	–
Share-based compensation plans	–	31	–	–	–	–	31	–	31
Hyperinflation adjustment	–	–	4	–	–	–	4	–	4
Balance as at December 31, 2024	**1**	**2,142**	**988**	**104**	**4**	**(78)**	**3,162**	**105**	**3,267**

The accompanying notes are an integral part of these consolidated financial statements.

15.6 Notes to the Consolidated financial statements

In millions of EUR unless otherwise stated

1 Basis of preparation

Signify N.V. is a public company with limited liability incorporated under the laws of the Netherlands and listed on Euronext Amsterdam under the symbol "LIGHT".

As used herein, the term Signify is used for Signify N.V. ('the Company') and its subsidiaries.

Basis of preparation

The Consolidated financial statements as at December 31, 2024, have been prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) and with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code. The Consolidated financial statements are prepared by the Board of Management of the Company and authorized for issue on February 25, 2025, and will be submitted for adoption to the Annual General Meeting of Shareholders on April 25, 2025. The Consolidated financial statements have been prepared on a going concern basis.

Basis of measurement

The Consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments, including derivatives (measured at fair value), assets held for sale (measured at the lower of carrying amount and its fair value less costs to sell), and defined-benefit pension plans (plan assets are measured at fair value).

Functional and presentation currency

The Consolidated financial statements are presented in euros (EUR), which is the functional and presentation currency of Signify N.V. All amounts are presented in EUR million and have been rounded to the nearest EUR million, unless otherwise stated. Due to rounding, amounts may not add up to totals provided.

Critical accounting judgments and key sources of estimation uncertainty

The preparation of the Consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates inherently contain a degree of uncertainty. Actual results may differ from these estimates.

These estimates and judgments are evaluated on an ongoing basis and are based on historical experience, current and expected future outcomes, third-party evaluations and various other assumptions that are considered reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities, as well as identifying and assessing the accounting treatment with respect to commitments and

contingencies. Signify revises material estimates if changes occur in the circumstances or if there is new information/experience on which an estimate was or can be based.

The areas where the most significant judgments and estimates are made are goodwill, deferred tax asset recoverability, non-current income tax payables, revenue recognition, impairments, provisions, insurance cover asset recoverability, employee benefit obligations, inventory valuation and obsolescence provision, fair value of derivatives and other financial instruments. For further discussion on these significant judgments and estimates, reference is made to the respective accounting policies and notes within these Consolidated financial statements that relate to the above topics.

New operating model

As announced on December 1, 2023, Signify has adapted its organization structure along four verticalized businesses with full profit and loss responsibility: Professional, Consumer, OEM and Conventional. The new organizational structure became effective on April 1, 2024 following completion of proceedings with Signify's social partners.

In line with this change, effective Q1 2024, Signify's reportable segments are Professional, Consumer, OEM and Conventional:

- The Professional business will offer LED lamps, luminaries, connected lighting systems and services to customers in the professional segment;
- The Consumer business will offer LED lamps, luminaries, and connected products, including Philips Hue and WiZ, to customers in the consumer segment;
- The OEM business will offer lighting components to the industry;
- The Conventional business will offer special lighting, digital projection, and lamp electronics.

The reportable segments are based on customer type (Professional, Consumer, OEM), except for Conventional, which is dedicated to conventional lighting technologies.

The Consumer and Professional reportable segments include operating segments, organized based on geography, which are aggregated to form the reportable segments. The aggregated operating segments are similar in respect of the nature of products, production processes, customer and distribution method. In addition, long term gross margins relative to sales are expected at a similar level.

Following the implementation of the new structure, each of these four businesses will be fully responsible for its end-to-end processes including offer development, manufacturing, sales and marketing. As a result, part of the central costs have been reallocated to the four vertically integrated businesses. "Other" represents amounts not allocated to the operating segments and mainly includes costs related to ventures, exploratory research and audits.

Prior period comparative figures have been restated in line with the updated reportable segments and reallocation of central costs. Refer to note 3, Information by segment and main country for restated comparative figures.

Goodwill is allocated to cash-generating units, which represent the lowest level at which the goodwill is monitored internally for impairment review. Previously, the cash-generating units for goodwill were the three Divisions. As a result of the organizational changes, the cash-generating units for goodwill have also been updated to correspond to the new operating segments. Refer to note 15, Intangible assets for further disclosure on goodwill.

Climate-related matters

The impact of climate change generates opportunities as well as challenges for Signify's existing and future lighting products and solutions portfolio. Sustainability is an integral part of Signify's strategy. Its pillar, Growth for Sustainability, aims to address global challenges by focusing on sustainable growth areas, based on low-carbon technological innovation: Climate action, Circular economy, Food availability, Safety & security, and Health & well-being. Through its global leadership in energy-efficient lighting, Signify's portfolio is uniquely positioned to mitigate risks and capture opportunities related to climate change.

Signify continuously monitors risks and opportunities related to climate change. On June 18, 2024, Signify released the Signify Climate Transition Plan to reduce greenhouse gas (GHG) emissions by 90% across its entire value chain against a 2019 baseline and reach net-zero by 2040. The plan builds on Signify's long-established leadership in transforming the lighting industry. Signify did not identify any significant impacts resulting from the commitments made in this respect in the valuation of its property, plant and equipment and intangible assets (including goodwill) and did not identify any material additional provisions for environmental liabilities and risks beyond the ones already provided for.

Professional and Consumer

The Professional and Consumer businesses benefit from the phasing out of conventional lighting and the move to more energy-efficient LED and connected lighting. Stimulus packages, such as the EU Green Deal and the US stimulus package, are pushing for the use of more sustainable technologies. This creates a multi-year opportunity for Signify, as its product portfolio is well-positioned to capture growth from this drive for sustainability.

Conventional

The conventional lamps market is expected to continue to decline in the coming years due to the ongoing adoption of LED lighting technologies and regulatory changes. While the overall conventional market continues to decline, Conventional's focus is on further increasing its leading market share in key segments and markets. The specialty lighting products see a much slower conversion rate to LED. The division continues to proactively manage its manufacturing footprint and reduce operational costs to optimize free cash flow.

Developments on climate-related matters were considered in preparing the Consolidated financial statements. Specifically, the key assumptions used in the annual goodwill impairment test for Conventional have taken into account external market assumptions, including potential phase out of products due to market conditions and legislation likely to be ratified. In the 2024 annual goodwill test, the estimated recoverable amount of Conventional exceeded its carrying value, therefore no impairment loss was recognized. For further details, refer to note 15, Intangible assets. In addition, Property, Plant and Equipment of Conventional were reviewed for impairment triggering events. Where applicable, assets were impaired to their recoverable amounts, and useful lives were adjusted accordingly.

Macroeconomic environment

The current macroeconomic environment poses risks and uncertainties which are closely monitored by Signify. Such risks, uncertainties and other important factors include but are not limited to adverse economic and geopolitical developments, supply chain disruptions, cost inflation and the potential impact of trade tariffs.

Goodwill

The annual impairment test performed in the fourth quarter did not result in an impairment loss being recognized. The key assumptions of the goodwill impairment test include sales growth rates, EBITA and the rates used for discounting the projected cash flows. All key assumptions were updated to reflect management's current best estimates. For further details, refer to note 15, Intangible assets.

Intangible assets, other than goodwill

Signify monitors changes in the economic environment which could indicate that the carrying amount of the asset may not be recoverable, and performs an impairment test when an impairment trigger is identified. No material impairment was identified based on the procedures performed.

Assumptions for post-employment benefits

Macroeconomic developments impacted underlying assumptions of post-employment liabilities such as interest rates and investment performance. Signify performed an updated quantification of the net defined benefit liability as at December 31, 2024, based on the most recent assumptions. Details of the underlying assumptions used can be found in note 25, Post-employment benefits.

Deferred taxes

In the context of macroeconomic developments, Signify has also assessed whether it is still probable that deferred tax assets recognized on the balance sheet will be realized. No material derecognition as a result of this assessment was recorded.

Changes in accounting policy

New and amended standards adopted

Signify has applied the following amendments for the first time to its annual reporting period commencing January 1, 2024:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 and IFRS 7: Disclosures: Supplier Finance Arrangements.

Signify changed its accounting policies in accordance with the amendments listed above. The changes did not have any significant impact on the amounts recognized in the prior period and current period.

New and amended standards not yet adopted

Several new standards or amendments to existing standards that are mandatory for reporting periods commencing on or after January 1, 2025, have been published. These standards have not been adopted early by Signify. The new standards or amendments are not expected to have a material impact on Signify in the current or future reporting periods and on foreseeable future transactions. IFRS 18, Presentation and Disclosure in Financial Statements, was issued in April 2024, replacing IAS 1, Presentation of Financial Statements. The standard will be effective on 1 January 2027. Signify is in the process of reviewing the impact of this new standard.

2 Material accounting policies

General

The accounting policies set out below have been consistently applied by Signify to all periods presented in these Consolidated financial statements.

Basis of consolidation

The Consolidated financial statements comprise the financial statements of Signify N.V. and all subsidiaries it controls (i.e. when it is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee). The existence and effect of potential voting rights are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. All intercompany balances and transactions have been eliminated in the Consolidated financial statements.

Business combinations

Business combinations are accounted for using the acquisition method. Under the acquisition method, the identifiable assets acquired, liabilities assumed and any non-controlling interest in

the acquiree are recognized at the acquisition date, which is the date on which control is transferred to Signify. Signify measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognized amount of any non-controlling interest in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred. Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Foreign currency translation

Items included in the financial statements of each of the Signify entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation when items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Consolidated statement of income, except when deferred in Other comprehensive income as qualifying cash flow hedges. The exchange differences are presented as part of Cost of sales, except for tax items and Financial income and expenses, which are recognized in the same line item as they relate to.

Upon consolidation, the assets and liabilities of non-euro entities, including goodwill and fair value adjustments at the time of the acquisition, are translated into euros at the year-end rates of exchange. The items of the statement of income of foreign activities are translated at the rates which are approximating the rates at the dates of transactions. The resulting translation differences of the net investments in foreign operations are recognized in Other comprehensive income.

Revenue recognition

Sale of goods

Revenue from the sale of goods is recognized at the point in time when the customer obtains control over the goods. For standard sale of products, control generally passes to the customer when the product is delivered and accepted, depending on the delivery conditions and incoterms. For products for which a right to return exists during a defined period, revenue is recognized by considering the historical pattern of actual returns. Return policies are typically based on customary return arrangements in local markets.

Sale of services

Signify accounts for cloud-enabled services, extended warranties and lifecycle services as separate performance obligations. Control over these services is transferred over time and revenue is recognized, in most cases, on a straight-line basis over the duration of the service period.

Transaction price

The transaction price is the amount of consideration to which Signify expects to be entitled in exchange for transferring promised goods or services to a customer. The transaction price excludes amounts collected on behalf of third parties, such as sales taxes.

For contracts with multiple performance obligations, the total consideration of the contract is allocated to all distinct performance obligations in the contract based on their stand-alone selling prices. Stand-alone selling prices are determined based on other stand-alone sales transactions that are directly observable, when possible. If no direct observable prices are available, the stand-alone selling price is normally based on the expected cost plus a margin approach.

The transaction price may be variable due to discounts, rebates or similar arrangements. Revenue is only recognized for the part of the consideration for which it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Judgment is required in determining the probability and level of discounts and rebates that will be granted. The estimate is updated throughout the term of the contract.

Signify does not adjust the transaction price for the effects of significant financing component if, at contract inception, it is expected that the period between customer payment and the transfer of goods or services is one year or less. This applies to most sales transactions.

Other

Payments made to customers for distinct goods or services are excluded from revenue recognized and recorded as part of Selling, general and administrative expenses.

Signify may incur costs for obtaining a contract, including payments made to agents that depend on winning the contract. Signify applies the practical expedient from IFRS 15, allowing the incremental costs of obtaining a contract to be expensed if the associated amortization period is 12 months or less. As a result, no amounts of contract costs are recognized in the balance sheet.

Contract assets and liabilities

Contract assets mostly comprise of unbilled positions, where Signify has, partially or in full, satisfied performance obligations but not yet billed the customer. These are recorded under either Other current assets or Other non-current assets. The contract assets are transferred to receivables when the rights become unconditional, which is mostly when the customer is billed.

Contract liabilities, recorded under Other current liabilities and Other non-current liabilities, consist of customer payments received in advance, for which Signify still needs to satisfy (part of) the performance obligations. Contract liabilities mainly consist of recurring services performance obligations, such as extended warranties, life-cycle services and cloud-enabled services as well as advances for projects.

Income and expenses

Signify applies accrual accounting. This means that expenses are recognized when incurred and Income is recognized when earned, irrespective of the actual cash flows.

Consideration received from customers for shipping and handling is recognized as Sales. Shipping and handling expenses related to sales to third parties are generally recorded as Selling, general and administrative expenses. When shipping and handling are distinct performance obligations, then the related expenses are recorded as Cost of sales.

Advertising and promotion costs and costs related to the brand license fee are included in Selling, general and administrative expenses.

Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of conversion of inventories include direct labor and fixed and variable production overheads, considering the stage of completion and the normal capacity of production facilities. Costs of idle facility and abnormal waste are expensed. The cost of inventories is determined using the first-in, first-out (FIFO) method. Due to price erosion and technological developments, inventory valuation requires forward-looking estimates on future sales levels, future price erosion and related expected gross margin percentages. On each reporting date, management performs an analysis of net realizable values and determines the lower of cost and net realizable value to measure its inventories. The write-down is included in Cost of sales.

Financial instruments

Recognition

A financial asset or liability is recognized when Signify becomes a party to a contract that is a financial instrument. Regular way purchases and sales of financial instruments are accounted for at the trade date. Initial measurement of financial assets and liabilities is at fair value. Dividend income is recognized when declared.

Financial assets arising from insurance contracts are only recognized when it is virtually certain that reimbursement will be received if Signify settles the obligation. Signify recognizes the reimbursement as a separate financial asset.

Classification and measurement

The classification and subsequent measurement of financial assets and liabilities depends on Signify's business model for managing the financial assets and liabilities, the contractual terms of the cash flows and the solely payments of principal and interest (SPPI) test. Signify performs the analysis on an instrument-by-instrument basis. Financial assets and liabilities are classified into one of the following categories:

- Financial assets at amortized cost: The business model for these instruments is to hold them to collect contractual cash flows. This financial asset category mainly consists of Trade and other receivables. After initial recognition these financial assets are measured at amortized cost using the effective interest method, less loss allowance and net of discounts given or agreed to, if the offset requirements are met;
- Financial assets at fair value through profit or loss (FVTPL): The business model for these instruments is to hold them for trading. This financial asset category mainly consists of Signify's participations in Virtual Power Purchase Agreements and other Derivatives;
- Financial assets at fair value through other comprehensive income (FVOCI): The business model for these instruments is to hold them to collect contractual cash flows and to sell them. Fair value gains and losses are subsequently not reclassified to profit or loss following the derecognition of the investment. This category consists of minor equity investments;
- All financial liabilities except for financial liabilities at fair value through profit and loss are classified and subsequently measured at amortized cost. This financial liability category primarily consists of Debt and Trade and other payables. Financial liabilities at fair value through profit or loss mainly consists of Derivatives and Contingent consideration in a business acquisition, to which IFRS 3 applies. Contingent consideration is subsequently measured at fair value with changes recognized in profit or loss.

Netting of financial assets and liabilities

Signify presents financial assets and financial liabilities on a gross basis as separate line items in the Consolidated statement of financial position, unless the offset criteria are met.

The offsetting criteria are met if Signify has a legal right to offset financial assets with financial liabilities and if Signify intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. To meet the requirement, the right of set-off should be available today and not contingent on a future event and it should be legally enforceable for all counterparties in a normal course of business, as well as in the event of default, insolvency or bankruptcy.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired; or
- Signify has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) Signify has transferred substantially all the risks and rewards of the asset, or (b) Signify has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When Signify has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, Signify continues to recognize the transferred asset to the extent of its continuing involvement. In that case, Signify also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that Signify has retained.

Impairment of trade receivables and contract assets

Signify estimates lifetime expected loss allowance for all Trade receivables and Contract assets via calculating the expected credit losses. Trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due whereby the lifetime expected credit loss on the Trade receivables is recognized based on a matrix model calculated per country, which utilizes historical recoverability data and default probability per country.

As soon as individual trade accounts receivable can no longer be collected in a normal course of business and are expected to result in a loss, they are designated as doubtful trade accounts receivable and valued at the expected collectible amounts. They are written off when they are deemed to be uncollectable because of bankruptcy or other form of receivership at the debtors. Any previously recognized expected loss is offset against the carrying amount of such trade receivable and the difference is taken as a loss accounted for within Selling, general and administrative expenses.

Derivatives and hedge accounting

At inception of the hedge relationship, Signify documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. Signify documents its risk management objective and strategy for undertaking its hedge transactions.

For foreign currency forwards, Signify designates the spot component of the change in fair value in cash flow hedge relationships. The spot component is determined with reference to the relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as forward points. It is discounted, where material. Changes in the fair value related to forward points are continuously recognized in the statement of profit or loss.

Translation exposure of foreign-currency equity invested in consolidated entities is generally not hedged. However, if a hedge is entered into, it is accounted for as a net investment hedge. Signify designates the full instrument in the hedge relationship. The result of hedging of the translation risk, using net investment hedges is recognized in the Currency translation differences within equity, as can be seen in the Consolidated statement of comprehensive income if the hedge is effective.

Signify measures all derivative financial instruments at fair value derived from market prices of the instruments or calculated as the present value of the estimated future cash flows based on observable interest yield curves, basis spread and foreign exchange rates. These calculations are tested for reasonableness by comparing the outcome of the internal valuation with the valuation received from the counterparty.

Signify monitors that the economic relationship between the hedged item and hedging instrument and hedge ratio is the same as the one Signify uses for risk management purposes. A prospective effectiveness test is performed to prove that the hedge is effective.

If the hedge ratio for risk management purposes is no longer optimal due to the different timing or amount of the underlying transaction, but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, Signify performs re-balancing of the hedge relationship by adjusting either the volume of the hedging instrument or the volume of the hedged item, so that the hedge ratio aligns with the ratio used for risk management purposes. Gains and losses that were accumulated in equity related to an ineffective portion of hedge, Signify records immediately in the Consolidated statement of income when such ineffectiveness occurs.

The derivatives related to transactions are, for hedge accounting purposes, split into hedges of on-balance-sheet accounts receivable/payable and forecasted sales and purchases. Gains or losses arising from changes in fair value of derivatives are recognized within Cost of sales in the Consolidated statement of income, except for derivatives that are effective and qualify for cash flow hedge accounting which are recorded in Other comprehensive income until the Consolidated statement of income is affected by the variability in cash flows of the designated

hedged item. Changes in the fair value of hedges related to intercompany loans and deposits are recognized within Financial income and expenses in the Consolidated statement of income.

The derivatives used by Signify can be subject to master netting and set-off agreements with financial counterparties. In case of certain termination events, under the terms of these Master Agreements, Signify can terminate the outstanding transactions and aggregate their positive and negative values to arrive at a single net termination sum (or close-out amount). This contractual right is, among others, subject to the following:

- The right may be limited by local law if the counterparty is subject to bankruptcy proceedings;
- The right applies on a bilateral basis.

Supplier financing

The Company classifies financial liabilities that arise from supplier finance arrangement within Trade and other payables in the statement of financial position if they have a similar nature and function to trade payables. This is the case if the supplier finance arrangement is part of the working capital used in the Company's normal operating cycle, the level of security provided is similar to trade payables and the terms of the liabilities that are part of the supply chain finance arrangement are not substantially different from the terms of trade payables that are not part of the arrangement.

Cash flows related to liabilities arising from supplier finance arrangements that are classified in Trade and other payables in the consolidated statement of financial position are included in operating activities in the consolidated statement of cash flows.

Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the Consolidated statement of income except to the extent that it relates to items recognized directly within equity or in Other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially-enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognized, using the balance sheet method, for the expected tax consequences of temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax liabilities for withholding taxes are recognized for subsidiaries in situations where the income is to be paid out as dividend in the foreseeable future and for undistributed earnings of unconsolidated companies to the extent that these withholding taxes are not expected to be refundable or deductible.

Signify has applied the IAS 12 exception to recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Changes in tax rates are reflected in the period when the change has been enacted or substantially enacted by the reporting date.

Deferred tax asset recoverability

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. The evaluation of the recoverability of deferred tax assets requires judgment about the future taxable profitability of the legal entity holding the tax loss carry forward. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in the countries where the deferred tax assets originated and during the periods when the deferred tax assets become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. A lack of future taxable profits or taxable profits below the level of current estimates, may cause deferred tax assets to be impaired.

Uncertain tax positions

The ultimate tax effects of transactions may be uncertain for a considerable period of time, requiring management to estimate the related current and deferred tax treatments. In assessing the uncertainty, Signify considers whether it is probable that a taxation authority will accept or revise the uncertain tax treatment. Income tax payable includes liabilities for uncertain tax positions which are recognized when it is probable that tax will be due. To the extent uncertain tax positions relate to deferred tax assets these are offset against each other. Actual tax assessments in relation to these uncertain tax positions may significantly deviate from estimates.

In determining the amount of current and deferred income tax, Signify takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about

future events. New information may become available that causes Signify to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the income tax expense in the period that such a determination is made.

Provisions

Provisions are recognized if, as a result of a past event, Signify has a present legal or constructive obligation, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of time value of money. The increase in the provision due to passage of time is recognized as interest expense. Significant judgment is required in determining the amount and probability of resources outflow and discount rates used to calculate the present value of this outflow. A liability is recognized if the timing and amount of the settlement can be reliably estimated.

The accounting and presentation for some of Signify's provisions is as follows:

- Restructuring related provisions – The provision for restructuring relates to the estimated costs of programs that are planned and controlled by management that materially change the scope of Signify's business or the manner in which it is conducted. A provision is recognized when Signify has a detailed formal plan for the restructuring and has raised a valid expectation that it will carry out the restructuring by starting to implement the plan, or by announcing the plan's main features to those affected by it;
- Environmental provisions – Measurement of liabilities associated with environmental obligations is based on current legal and constructive requirements. The carrying amount of environmental provisions is regularly reviewed and adjusted for new facts and changes in law;
- Product warranty – A provision for product warranty is recognized at the time of revenue recognition and reflects the estimated costs of replacement and free-of-charge services that will be incurred by Signify with respect to the products. The provision is based on historical warranty data and a weighing of possible outcomes against their associated probabilities;
- Litigation provisions – Liabilities and expected insurance recoveries, if any, are recorded separately. Balances are transferred to Other liabilities when the amount and timing of cash flows are no longer uncertain;
- Onerous contract provisions – Provisions are recognized for a contract if it is onerous. The present obligation under the contract is measured and recognized as a provision. An onerous contract is a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Guarantees

When the potential cash outflow is possible or remote and the risk covered by a guarantee is not a financial risk, Signify applies off-balance sheet treatment to such guarantees. For example, environmental remediation and legal proceedings. When the expectation of the cash outflow becomes probable such guarantees become provisions, see guidance above.

When guarantees are covering credit risk or any other financial risk they are accounted for as financial assets and liabilities.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The useful lives and residual values are evaluated annually. The costs of property, plant and equipment comprise of all directly attributable costs (including the cost of materials and direct labor). Government grants for assets are deducted from the cost of the related asset.

Depreciation of property, plant and equipment, other than freehold land, is calculated using the straight-line method taking into account the residual values and estimated useful lives and is primarily included in Cost of sales. Freehold land is not depreciated. Gains and losses on the sale of property, plant and equipment are included in Other business income. Costs related to repair and maintenance activities are expensed in the period in which they are incurred unless leading to an extension of the original lifetime of capacity.

The expected useful lives in years of property, plant and equipment are as follows:

Building	from 5 to 50
Machinery and installations	from 3 to 20
Other equipment	from 2 to 10
Right-of-use assets	from 2 to 20

Leases

Signify entered into contracts that conveys the right to use the identified asset and as such Signify accounted for these contracts as a lessee.

Right-of-use assets

Signify recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, Signify recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include (in-substance) fixed payments (less any lease incentives), variable lease payments that depend on an index or a rate. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by Signify and payments of penalties for terminating a lease, if the lease term reflects Signify exercising the option to terminate. In calculating the present value of lease payments, Signify uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

Signify applies the short-term lease recognition exemption to its short-term leases for real estate (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Significant judgment in determining the lease term of contracts with renewal options

Signify determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. When determining the lease term, Signify considers all relevant facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. These circumstances include Signify's strategic plans, the industrial footprint of Signify and divisions and the importance of the site to Signify's operations.

Goodwill

The measurement of goodwill at initial recognition is described under the Business combinations accounting policy above. Goodwill is subsequently measured at cost, less accumulated impairment losses.

Intangible assets other than goodwill

The fair value of other intangible assets, which mainly consist of customer relations, brand names and technology-based intangibles acquired through business combinations is determined using a valuation technique that estimates the fair value of an asset based on market participants' expectations of the cash flows associated with that asset over its remaining useful life. Acquired finite-lived intangible assets are amortized using the straight-line method over their estimated useful life. The useful lives are evaluated annually. Intangible assets are initially capitalized at cost, with the exception of intangible assets acquired as part of a business combination that are capitalized at their acquisition-date fair values.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized as an intangible asset when Signify can demonstrate that: the product or process is technically and commercially feasible, the costs can be reliably measured, Signify has sufficient resources and the intention to complete the development.

The development expenditure capitalized comprises all directly attributable costs (including the cost of materials and direct labor). Other development expenditures and expenditures on research activities are recognized in the Consolidated statement of income. Capitalized development expenditure is stated at cost less accumulated amortization and impairment losses. Amortization of capitalized development expenditure is charged to the Consolidated statement of income on a straight- line basis over the estimated useful lives of the intangible assets in Research and development expenses.

Amortization of other intangible assets is reported in Selling, general and administrative expenses for brand names and customer relationships and in Cost of sales for technology-based and other intangible assets.

The expected useful lives in years of intangible assets excluding goodwill are as follows:

Product development	from 2 to 5
Software	from 3 to 10
Technology	from 2 to 20
Customer relations	from 5 to 20
Brand names	from 5 to 20
Other	from 2 to 10

Impairment of goodwill and intangible assets not yet ready for use

Goodwill and intangible assets not yet ready for use are not amortized but tested for impairment annually and whenever impairment indicators require impairment testing. Signify performed and completed annual impairment tests in the last quarter of the financial year. Judgment is required when analyzing impairments triggers and tests of goodwill and intangible assets not yet ready for use. These analyses are based on the estimation of the recoverable amount. The review for impairment is carried out at the level where cash flows occur that are independent of other cash flows.

An impairment loss is recognized in the Consolidated statement of income whenever and to the extent that the carrying amount of a cash-generating unit exceeds the unit's recoverable amount, which is the greater of its value in use and fair value less costs of disposal.

Impairment of property, plant and equipment and finite-lived intangible assets

Property, plant and equipment and finite-lived intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of assets to be held and used is assessed by a comparison of the carrying amount of an asset with the greater of its value in use and fair value less costs of disposal. Value in use is measured as the present value of future cash flows expected to be generated by the asset. If the carrying amount of an asset is deemed not recoverable, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the recoverable amount. The review for impairment is carried out at the level where cash flows occur that are independent of other cash flows.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if and to the extent there has been a change in the estimates used to determine the recoverable amount. The loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Reversals of impairment are recognized in the Consolidated income statement.

Pension and other employee benefits

Defined-benefit plans

Signify's retirement benefit obligation is calculated by an independent actuary, using the projected unit credit method. This calculation is performed separately for each plan by estimating the amount of the benefit that employees have earned in relation to their past services. The measurement date for all defined benefit plans is December 31. For plans with a relatively low defined-benefit obligation, Signify may decide to calculate the defined-benefit obligation with a lower frequency. The liability recognized in the Consolidated statement of financial position is the present value of these benefits at the end of the reporting period (defined-benefit obligation) less the fair value of plan assets. The defined-benefit obligation is determined by discounting the estimated future cash flows using a discount yield curve of high-quality corporate bonds with durations matching the terms of the benefits.

Pension costs in respect of defined benefit post-employment plans primarily represent the increase of the actuarial present value of the obligation for post-employment benefits based on employee service during the year. The increase in the defined-benefit obligation due to the passage of time and the expected return on plan assets, using the same interest rate as for the defined-benefit obligation, are included in the pension costs. Interest on the net defined-benefit obligation is recognized in Financing income and expenses in the Consolidated statement of income.

Past-service costs are recognized immediately in the Personnel costs in the Consolidated statement of income. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity via other comprehensive income in the period in which they arise.

When a plan is changed, settled or when a plan is curtailed, the resulting change in the defined-benefit obligation that relates to past-service or the gain or loss on curtailment is recognized immediately in the Consolidated statement of income. Signify recognizes gains and losses on the settlement of a defined-benefit plan when the settlement occurs.

Signify presents all net defined-benefit post-employment obligations on one line within non-current liabilities on the Consolidated statement of financial position.

Defined-contribution plans

Contributions to defined-contribution plans are recognized in the Consolidated income statement in Personnel expenses as incurred.

Termination benefits

Termination benefits are payable when employment is terminated by Signify before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Signify recognizes termination benefits when they are demonstrably committed to a termination and when they have a detailed formal plan to terminate the employment of current employees without possibility of withdrawal.

Other employee benefits

Signify's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods, such as jubilee entitlements. That benefit is discounted to determine its present value. Remeasurements are recognized in the Consolidated statement of income in the period in which they arise.

Short-term employee benefit obligations are measured on an undiscounted basis. Signify recognizes a liability and an expense for bonuses and incentives based on a formula that takes into consideration the profit attributable to Signify's shareholders after certain adjustments.

Cash and cash equivalents

Cash and cash equivalents include all cash balances and short-term highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash. Bank overdrafts form an integral part of Signify's cash management and often fluctuate from being positive to overdrawn and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Assets held for sale

Signify classifies a non-current asset (or disposal group) as held for sale if the carrying amount is expected to be recovered primarily through sale rather than through continuing use. The asset or disposal group should be available for immediate sale in its present condition, and the sale should be highly probable, evidenced by Signify's commitment to sell the asset or disposal group within one year from classification date. Signify's actions to complete the sale should demonstrate that withdrawal from the plan is unlikely. The assessment of the held for sale criteria requires judgment. Non-current assets held for sale are carried at the lower of carrying amount or fair value less cost to sell. Comparatives in the balance sheet are not changed when a non-current asset is classified as held-for-sale.

Hyperinflationary economies

When the economy of a country in which Signify operates is deemed hyperinflationary and the functional currency of a Signify entity is the currency of that hyperinflationary economy, the financial statements of such entity are adjusted so that they are stated in terms of the measuring unit current at the end of the reporting period. This involves adjustment of historical cost in purchasing power caused by inflation from the date of initial recognition to the balance sheet date. The hyperinflation adjustment is recognized directly in equity. Comparative amounts are not adjusted.

Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity. Dividends are recognized as a liability in the period in which they are declared. The income tax consequences of dividends are recognized when a liability to pay the dividend is recognized.

Treasury shares that are reacquired are recognized at cost, representing the market price on the acquisition date, and deducted from equity until the shares are cancelled or reissued. When reissued, shares are removed from treasury shares on a first-in, first-out (FIFO) basis. When treasury shares are delivered under Signify's share plans, the difference between the market price of the shares delivered and the cost is recorded in retained earnings, the market price is recorded in share premium. Upon cancellation, treasury shares are deducted from the share capital at their nominal value of EUR 0.01 per share and retained earnings for the difference.

Costs including dividend withholding tax in connection with Signify's purchase of treasury shares for capital reduction purposes are recorded in retained earnings.

Share-based compensation expenses

The cost of equity-settled transactions is determined by the fair value at the grant date using an appropriate valuation model.

The grant-date fair value of equity-settled share-based payment awards granted to employees is recognized as personnel expense, with a corresponding increase in equity, over the vesting period of the award. The cumulative expense recognized for equity-settled transactions at each reporting date reflects Signify's best estimate of the number of equity instruments that will ultimately vest.

Service and non-market performance conditions are not considered when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of Signify's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Consolidated statement of cash flows

The Consolidated statement of cash flows is prepared using the indirect method. Cash flows from derivative instruments that are accounted for as cash flow hedges are classified in the same category as the cash flows from the hedged items. Cash flows from other derivative instruments are classified consistent with the nature of the instrument. Cash flows in foreign currencies have been translated into euros using the exchange rate at the date of the cash flow. Borrowings which are repaid within the quarter, with a maturity of less than three months, are reported on a net basis in cash flows from financing activities.

Earnings per share

Signify presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the Net income (loss) attributable to shareholders of Signify N.V. by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprises of restricted shares, conditional shares and performance shares granted to employees.

3 Information by segment and main country

Operating segments are components of Signify's business activities about which separate financial information is available that is evaluated regularly by the chief operating decision maker (the Board of Management of Signify). During the year ended December 31, 2024, the new operating model became effective, which changed our segment reporting. For further disclosure, refer to note 1, Basis of preparation.

The following is an overview of Signify revenues and results by segment. Comparative figures for 2023 have been restated as described in note 1, Basis of preparation. Sales between the segments mainly relate to the supply of goods. The pricing of such transactions is determined on an "arm's length basis".

	Professional [4]	Consumer	OEM	Conventional	Other [5]	Intersegment elimination	Signify
2024							
Sales to external customers	3,933	1,297	437	437	39		6,143
Sales including intersegment	3,938	1,413	541	439	40	(230)	6,143
Depreciation and amortization [1]	(80)	(23)	(10)	(13)	(63)		(189)
Adjusted EBITA	**367**	**144**	**48**	**78**	**(32)**		**606**
Adjusted EBITA as a % of sales	9.3%	11.1%	11.1%	17.9%			9.9%
Restructuring							(74)
Acquisition-related charges							5
Incidental items							7
EBITA [2]							**543**
Amortization [3]							(66)
Income from operations							**477**
Financial income and expenses							(82)
Results from investments in associates							(1)
Income before taxes							**394**
2023							
Sales to external customers	4,254	1,342	457	627	23		6,704
Sales including intersegment	4,260	1,426	583	631	24	(220)	6,704
Depreciation and amortization [1]	(82)	(19)	(10)	(21)	(62)		(193)
Adjusted EBITA	**412**	**120**	**43**	**127**	**(31)**		**670**
Adjusted EBITA as a % of sales	9.7%	8.9%	9.4%	20.3%			10.0%
Restructuring							(167)
Acquisition-related charges							(14)
Incidental items							(40)
EBITA [2]							**449**
Amortization [3]							(80)
Income from operations							**369**
Financial income and expenses							(102)
Results from investments in associates							–
Income before taxes							**268**

1 Excluding amortization and impairments of acquisition-related intangible assets and goodwill.
2 Income from operations excluding amortization and impairments of acquisition-related intangible assets and goodwill ("EBITA").
3 Amortization and impairments of acquisition-related intangible assets and goodwill.
4 Includes Intelligent Lighting Controls since March 1, 2023.
5 Considering the nature of Other, Adjusted EBITA as a % of sales for Other is not meaningful.

Following the implementation of the new organization structure, the key segmental performance measure is Adjusted EBITA. Adjusted EBITA is not a recognized measure of financial performance under IFRS, and represents income from operations excluding amortization and impairments of acquisition-related intangible assets and goodwill, restructuring costs, acquisition-related charges, and other incidental items.

Incidental items of EUR 7 million gain for the year ended December 31, 2024 were mainly related to the one-day FX loss from the devaluation of the Egyptian Pound by the Egyptian government (EUR 10 million, mainly in Professional), environmental provisions for inactive sites and the discounting effect of long-term provisions (EUR 7 million, mainly in Other), gains from the movements in the indemnification positions with Koninklijke Philips N.V. originating from the separation (EUR 9 million, in Other), and gain in real estate transactions (EUR 15 million, in Conventional).

Incidental items of EUR 40 million for the year ended December 31, 2023 were related to results on real estate transactions (EUR 13 million in 'Other'), environmental provisions for inactive sites and the discounting effect of long-term provisions (EUR 16 million, mainly in Conventional), operations in Russia and Ukraine (EUR 3 million, in Professional and Conventional), incidental warranty costs (EUR 5 million, in Professional), one-day FX loss from the devaluation of the Argentine peso by the Argentinian government (EUR 11 million, in Professional and Consumer), gains from movements in the indemnification positions with Koninklijke Philips N.V. originating from the separation (EUR 9 million, in 'Other'), and other insignificant items of EUR 1 million.

Below table presents the sales, tangible and intangible assets of Signify by main countries. Signify has no external customer that represents 10% or more of total sales.

Sales, tangible and intangible assets by main countries:

	Sales[1]		Tangible and intangible assets[1, 2]	
	2023	2024	2023	2024
Netherlands	524	510	596	583
United States	2,212	2,095	2,490	2,590
China	450	381	274	264
Germany	386	347	9	7
Other countries	3,132	2,810	660	635
Total countries	**6,704**	**6,143**	**4,029**	**4,079**

1 Includes Intelligent Lighting Controls since March 1, 2023.
2 Includes goodwill.

4 Income from operations

	Note	2023	2024
Sales	3	6,704	6,143
Cost of materials used [1]		(2,816)	(2,472)
Employee benefit expenses	5	(1,961)	(1,757)
Depreciation and amortization	6	(274)	(255)
Shipping and handling		(369)	(363)
Advertising and promotion		(122)	(135)
Lease related expenses	14	(32)	(30)
Other operational costs		(763)	(691)
Other business income, net	7	1	38
Income from operations		**369**	**477**

1 Cost of materials used includes EUR 20 million (2023: EUR 51 million) of net foreign exchange losses.

Total sales consist primarily of the sales of goods to customers (2024: 97%, 2023: 97%). Remaining sales include revenue from services, and sales- and usage-based royalties. The amount of revenue recognized for the year ended 2024, from performance obligations satisfied (or partially satisfied) in previous periods, amounts to EUR 59 million (2023: EUR 62 million).

Other operational costs contain items which are dissimilar in nature and individually insignificant in amount to disclose separately. These costs contain, among others, sales related expenses, outsourcing services, mainly in IT and HR, third-party workers, utilities and repair and maintenance for fixed assets.

5 Employee benefit expenses

Personnel expenses by nature as included in the Consolidated statement of income:

	Note	2023	2024
Salaries and wages		(1,213)	(1,127)
Social securities		(217)	(197)
Defined contribution plans		(76)	(73)
Cost of termination plans		(154)	(61)
Temporary personnel		(77)	(83)
Share-based compensation	26	(18)	(31)
Other		(205)	(185)
Total		**(1,961)**	**(1,757)**

Other personnel expenses mainly relate to travel expenses, incentives and other personnel related costs. For further details on the cost of termination plans, refer to note 24, Provisions.

The average number of full-time equivalent (FTE) employees is summarized as follows:

In FTEs	2023	2024
Employees	29,612	26,591
Third-party workers	3,478	4,228
Total [1]	**33,090**	**30,819**

[1] 1,819 FTEs work in the Netherlands (2023: 2,082); the remaining FTEs work abroad.

6 Depreciation, amortization and impairment

	Note	2023	2024
Property, plant and equipment	13	(160)	(146)
Software	15	(12)	(14)
Other intangible assets	15	(80)	(66)
Product development	15	(21)	(28)
Total		**(274)**	**(255)**

7 Other business income and expenses

	2023	2024
Disposal of businesses	5	–
Disposal of fixed assets	(11)	18
Other remaining businesses	7	20
Other business income and expenses	**1**	**38**
Total other business income	24	41
Total other business expense	(23)	(3)

In 2024, the result on disposal of fixed assets mainly relates to a sale of a factory in China, in Conventional. In 2023, it mainly relates to an expense recognized regarding a prior year real estate transaction, in Other.

In 2024, the result on other remaining businesses includes EUR 9 million income related to prior years acquisitions and EUR 9 million income (2023: EUR 8 million income) from the movements in the indemnification positions with Koninklijke Philips N.V. originating from the separation.

8 Financial income and expenses

	Note	2023	2024
Interest income		24	38
Change in fair value of financial assets at fair value through profit or loss	28	4	2
Other financial income		4	2
Financial income		**32**	**42**
Interest expense	23	(58)	(71)
Interest on the net defined-benefit obligation	25	(16)	(14)
Interest expense on lease liabilities	14	(9)	(9)
Change in fair value of financial assets at fair value through profit or loss	28	(26)	(14)
Net foreign exchange gains (losses)		(5)	(2)
Monetary gains (losses) [1]		(6)	(4)
Other financial expenses	23	(15)	(11)
Financial expenses		**(134)**	**(124)**
Financial income and expenses		**(102)**	**(82)**

[1] The monetary loss relates to hyperinflation in Turkey.

9 Income taxes

The components of income tax expense were as follows:

	2023	2024
Current tax expense	(51)	(37)
Prior year benefit (expense)	(2)	(15)
Current tax expense	**(53)**	**(52)**

	2023	2024
Origination and reversal of tax losses, tax credits and temporary differences	(2)	5
Change in tax losses, tax credits and temporary differences recognized	(3)	(16)
Tax rate changes	–	–
Prior year benefit (expense)	5	2
Deferred tax benefit (expense)	**–**	**(9)**

Signify's operations are subject to income taxes in various jurisdictions. The statutory income tax rates vary from 9% to 35%, which results in a difference between the weighted average statutory income tax rate and the Netherlands' statutory income tax rate of 25.8% (2023: 25.8%). A reconciliation of the weighted average statutory income tax rate to the effective income tax rate is as follows:

	2023		2024	
Income before taxes	**268**		**394**	
Weighted average statutory income tax rate	(68)	(25)%	(100)	(25)%
Non-deductible expenses	(12)	(5)%	(14)	(5)%
Tax incentives and exempt income	20	7%	22	6%
Deferred tax expense related to (de)recognition of deferred tax assets - net	(3)	(1%)	(16)	(4)%
Changes in the liability for uncertain tax positions	17	6%	62	16%
Prior year tax benefit (expense)	3	1%	(13)	(3%)
Changes in tax rates	–	–%		–%
Other	(11)	(4)%	(2)	(1)%
Income tax expense recognized in Consolidated statements of income	**(53)**	**(20)%**	**(61)**	**(15)%**

The weighted average statutory income tax rate remained stable compared to 2023.

The effective tax rate was 15% in 2024 (2023: 20%), which is lower than the statutory income tax rate of 25.8% in the Netherlands. The difference is primarily due to the impact of changes in the liabilities for uncertain tax positions. This is partly offset by adjustments made to prior year tax expenses and changes to recognition of temporary differences, which mostly represents deferred tax assets not fully recognized in the Netherlands. The decrease of Signify's liability for uncertain tax positions and prior year tax expense is mainly relating to the resolution of tax uncertainties for multiple years in the Netherlands.

Recognized deferred tax assets and liabilities

	Assets	Liabilities	Net
2024			
Intangible assets	177	(49)	128
Property, plant and equipment	11	(33)	(22)
Inventories	45	(1)	44
Other receivables and assets	32	(13)	19
Post-employment benefits	38	(1)	37
Provisions	45	–	45
Other liabilities	64	(15)	49
Deferred tax assets on tax attributes [1]	74	–	74
Total allocations	**486**	**(112)**	**374**
Set-off of deferred tax	(95)	95	–
Net deferred tax assets	**391**	**(17)**	**374**
2023			
Intangible assets	163	(57)	106
Property, plant and equipment	10	(40)	(30)
Inventories	51	(1)	50
Other receivables and assets	28	(12)	16
Post-employment benefits	49	–	49
Provisions	48	–	48
Other liabilities	80	(22)	58
Deferred tax assets on tax attributes [1]	85	–	85
Total allocations	**514**	**(132)**	**382**
Set-off of deferred tax	(112)	112	–
Net deferred tax assets	**402**	**(20)**	**382**

[1] Tax loss carryforwards (including tax credit carryforwards).

The net deferred tax assets of EUR 374 million (2023: EUR 382 million) consist of deferred tax assets of EUR 391 million (2023: EUR 402 million) in countries with a net deferred tax asset position and deferred tax liabilities of EUR 17 million (2023: EUR 20 million) in countries with a net deferred tax liability position. An amount of EUR 121 million of deferred tax assets relates to several tax jurisdictions in which Signify has suffered a loss in the current or preceding period. Management's projections support the assumption that it is probable that the results of future operations will generate enough taxable income to utilize these deferred tax assets.

Movement in deferred tax balances during 2024 and 2023 were as follows:

	Balance as at January 1	Recognized in income	Other	Balance as at December 31
2024				
Intangible assets	106	25	(3)	128
Property, plant and equipment	(30)	7	1	(22)
Inventories	50	(8)	2	44
Other receivables and assets	16	3	–	19
Post-employment benefits	49	(12)	–	37
Provisions	48	(3)	(1)	45
Other liabilities	58	(8)	(1)	49
Tax loss carryforwards (including tax credit carryforwards)	85	(13)	2	74
Net deferred tax assets	**382**	**(9)**	**1**	**374**
2023				
Intangible assets	131	(27)	1	106
Property, plant and equipment	(38)	6	2	(30)
Inventories	51	1	(2)	50
Other receivables and assets	12	5	(1)	16
Post-employment benefits	51	(4)	2	49
Provisions	51	(2)	(1)	48
Other liabilities	70	(1)	(10)	58
Tax loss carryforwards (including tax credit carryforwards)	66	22	(3)	85
Net deferred tax assets	**393**	**–**	**(11)**	**382**

"Other" includes foreign currency translation differences and the impact of the remeasurement of the deferred tax balances relating to post-employment benefits.

At December 31, 2024, the temporary differences associated with investments, including potential income tax consequences on dividends for which no deferred tax liabilities are recognized, aggregate to EUR 271 million (2023: EUR 270 million).

At December 31, 2024, net operating loss carryforwards expire as follows:

Expiry year operating loss carryforwards

Total	2025	2026	2027	2028	2029	After 2029 but not unlimited	Unlimited
627	1	3	3	9	23	18	570

Unrecognized tax losses and tax credits

At December 31, 2024, the amount of operating loss and tax credit carryforwards for which no deferred tax assets have been recognized in the balance sheet was EUR 497 million (2023: EUR 496 million).

Out of EUR 497 million, an amount of EUR 457 million should not be limited in time, EUR 3 million will expire by 2026, EUR 1 million will expire by 2027, EUR 8 million will expire by 2028, EUR 10 million will expire by 2029 and EUR 18 million expires after 2028, but carryforward is limited in time.

Unrecognized deductible temporary differences

At December 31, 2024, the amount of deductible temporary differences for which no deferred tax asset has been recognized in the balance sheet is EUR 142 million (2023: EUR 106 million).

Classification of the income tax payable and receivable is as follows:

	2023	2024
Income tax receivable under other current assets	54	52
Income tax receivable under other non-current assets	1	1
Income tax payable under current liabilities	(20)	(19)
Income tax payable under non-current liabilities	(79)	(68)

Global tax developments – Pillar Two

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting published the Pillar Two model rules designed to address the tax challenges arising from the digitalization of the global economy. The Pillar Two model rules aim to ensure that large multinational enterprises pay a minimum level of tax on the income arising in each jurisdiction where they operate.These Pillar Two model rules have been transposed into Pillar Two legislation that has been enacted or substantively enacted as at December 31, 2024, in nearly all European Union member states. Other countries where Signify operates have either (substantively) enacted or announced plans to adopt Pillar Two legislation.

Signify is within the scope of the OECD Pillar Two model rules, and it applies the IAS 12 exception to recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. Signify will incur top-up taxes due to the Pillar Two legislation that became effective 1 January, 2024. Under this legislation, the group is liable to pay a top-up tax for the difference between its GloBE effective tax rate in each jurisdiction and the 15% minimum rate. Signify can apply a transitional safe harbor in all of the jurisdictions it operates. The income tax expense related to Pillar Two was EUR nil million in 2024.

Tax risks

Signify is exposed to tax uncertainties for which, if deemed probable, a liability is recognized in the income tax payable under non-current liabilities, and when tax uncertainties relate to deferred tax assets, these are offset against each other. These uncertainties include, among others, the following:

Transfer pricing uncertainties

Signify has issued transfer pricing directives, which are in accordance with international guidelines, such as those of the OECD. As transfer pricing has a cross-border effect, potential adjustments by local tax authorities on implemented transfer pricing procedures in a country may have an impact on results in another country. In order to reduce the transfer pricing uncertainties, monitoring procedures are carried out by Group Tax and Internal Audit to safeguard the correct implementation of the transfer pricing directives.

Tax uncertainties on general and specific service agreements and licensing agreements

Due to the centralization of certain activities in a limited number of countries (such as research and development, IT, group functions and head office), costs are also centralized. Consequently, these costs and/or revenues must be allocated to the beneficiaries, i.e. the various Signify entities. This could lead to discussions with local tax authorities if they do not accept these charges. For that purpose, service contracts such as intra-group service agreements and licensing agreements are signed with Signify group entities. Tax authorities review these intra-group service and licensing agreements and may reject the implemented intra-group charges.

Tax uncertainties due to permanent establishments

Signify may encounter tax uncertainties because of potential permanent establishments in countries where new operations are started or business models are altered. This could happen when operations in a country involve a foreign Signify organization. There is a risk that tax claims could arise on these operations in both countries.

When Signify has cross-border operations, there is a risk that tax claims will arise in all relevant countries.

Assessing the amount of tax liabilities for these tax uncertainties is highly judgmental and the timing of possible outflows, if any, is uncertain. Signify has considered the merits of its filing position in its overall evaluation of potential tax liabilities and believes it has adequate tax liabilities recorded in its Consolidated financial statements for exposures on these matters. Based on its evaluation of the potential tax liabilities and the merits of Signify's filing positions, it is unlikely that potential tax exposures over the amounts currently recorded as liabilities in its Consolidated financial statements will be material to its financial condition or future results of operations.

Tax uncertainties also include exposures with a risk assessment which are deemed lower than probable, but possible. The best estimate of the maximum amount in connection with these uncertainties is EUR 55 million. Signify believes that in connection with these uncertainties it is probable that no additional taxes will be due. Therefore, no income tax payable is recognized.

10 Earnings per share

	2023	2024
Net income attributable to shareholders of Signify N.V.	203	328
Weighted average number of ordinary shares outstanding (after deduction of treasury shares) during the year	125,950,998	126,221,752
Plus incremental shares assumed from conversions of:		
• Performance shares	791,331	873,987
• Conditional shares	545,112	414,250
• Restricted shares	50,288	25,632
Diluted weighted average number of ordinary shares outstanding (after deduction of treasury shares) during the year	127,337,729	127,535,620
Net income attributable to shareholders per ordinary share in EUR:		
• Basic	1.61	2.60
• Diluted	1.59	2.57

11 Acquisitions and divestments

There were no acquisitions and divestments material to the Consolidated financial statements in 2024. The amount of EUR 8 million included in the Consolidated statement of cash flows in the line Purchases of businesses, net of cash acquired, relates to the settlement of an acquisition from a prior year.

12 Interests in entities

Interests in subsidiaries

The Consolidated financial statements comprise the assets and liabilities of approximately 160 legal entities. Set out below is a list of material subsidiaries, in alphabetical order, representing more than 5% of either the consolidated company sales, income from operations or net income (before any intra-company eliminations). All the entities are 100% owned.

Legal entity name	Principal country of business
Cooper Lighting Netherlands B.V.	Netherlands
Cooper Lighting, LLC	United States of America
Signify (China) Investment Co., Ltd.	China
Signify GmbH	Germany
Signify Holding B.V.	Netherlands
Signify Netherlands B.V.	Netherlands
Signify North America Corporation	United States of America

Signify does not have subsidiaries that have non-controlling interests that are material for its Consolidated financial statements.

Investments in associates

Signify has investments in several associates, none of them are regarded as individually material. In aggregate, the carrying amount, share of profit and other comprehensive income of the associates are shown in the Consolidated statement of financial position, Consolidated statement of income and Consolidated statement of comprehensive income.

13 Property, plant and equipment

	Land and buildings	Machinery and installations	Other equipment	Prepayments and construction in progress	Total
Book value as at January 1, 2023	**446**	**139**	**64**	**50**	**699**
Of which right-of-use assets	211	–	19	–	230
Change in book value:					
Capital expenditure	34	2	22	48	106
Of which right-of-use assets	33	–	18	–	51
Assets available for use	11	26	19	(56)	–
Additions	**45**	**29**	**41**	**(9)**	**106**
Sales and disposals	(4)	–	(1)	–	(5)
Of which right-of-use assets	(4)	–	(1)	–	(4)
Divestments and transfers to assets classified as held for sale	–	–	–	–	–
Of which right-of-use assets	–	–	–	–	–
Depreciation	(82)	(35)	(32)	–	(148)
Of which right-of-use assets	(56)	–	(10)	–	(66)
Impairment	(3)	(6)	(1)	(1)	(12)
Of which right-of-use assets	(1)	–	–	–	(1)
Reversal of impairment	–	–	–	–	–
Of which right-of-use assets	–	–	–	–	–
Translation differences and other movements	(2)	(4)	(1)	(1)	(8)
Of which right-of-use assets	3	–	–	–	3
Total changes	**(45)**	**(17)**	**7**	**(11)**	**(66)**
Balance as at December 31, 2023					
Cost	1,020	1,041	486	39	2,586
Accumulated depreciation/ impairment	(619)	(919)	(415)	–	(1,953)
Book value	**401**	**122**	**71**	**39**	**633**
Of which right-of-use assets	186	–	26	–	212

	Land and buildings	Machinery and installations	Other equipment	Prepayments and construction in progress	Total
Book value as at January 1, 2024	**401**	**122**	**71**	**39**	**633**
Of which right-of-use assets	186	–	26	–	212
Change in book value:					
Capital expenditure	29	2	13	43	88
Of which right-of-use assets	28	–	11	–	39
Assets available for use	7	23	18	(48)	–
Additions	**36**	**25**	**31**	**(5)**	**88**
Sales and disposals	–	(2)	(1)	–	(3)
Of which right-of-use assets	–	–	(1)	–	(1)
Divestments and transfers to assets classified as held for sale	(10)	–	–	–	(10)
Of which right-of-use assets	–	–	–	–	–
Depreciation	(79)	(34)	(30)	–	(143)
Of which right-of-use assets	(55)	–	(11)	–	(66)
Impairment	(4)	(1)	–	–	(5)
Of which right-of-use assets	(1)	–	–	–	(1)
Reversal of impairment	–	2	–	–	2
Of which right-of-use assets	–	–	–	–	–
Translation differences and other movements	3	2	–	2	7
Of which right-of-use assets	2	–	2	–	4
Total changes	**(54)**	**(8)**	**–**	**(3)**	**(64)**
Balance as at December 31, 2024					
Cost	1,026	1,001	463	37	2,527
Accumulated depreciation/ impairment	(679)	(887)	(393)	–	(1,959)
Book value	**347**	**114**	**70**	**37**	**568**
Of which right-of-use assets	159	–	27	–	186

Additions of right-of-use assets include new and renewed lease contracts.

14 Leases

The carrying amounts, depreciation charge and additions to right-of-use assets are disclosed in note 13, Property, plant and equipment. The movements of the related lease liabilities are disclosed in note 23, Debt.

The following are the amounts recognized in profit or loss and cash flow:

	Note	2023	2024
Short-term lease expenses	4	(23)	(21)
Low value lease expenses	4	(9)	(9)
Interest expense on lease liabilities	8	(9)	(9)
Repayment of lease liabilities	23	(70)	(71)
Total cash outflow for leases		**(112)**	**(110)**

15 Intangible assets

	Goodwill	Customer relationships	Technology based	Brand names	Product development	Software	Other	Total
Balance as at January 1, 2023								
Cost	3,589	1,604	387	481	160	89	38	6,348
Accumulated amortization/impairment	(728)	(1,242)	(320)	(322)	(106)	(51)	(19)	(2,787)
Book value	**2,861**	**362**	**67**	**160**	**54**	**38**	**19**	**3,562**
Change in book value:								
Additions	–	–	–	–	49	15	2	67
Amortization	–	(48)	(17)	(12)	(20)	(12)	(4)	(113)
Acquisitions	(6)	1	4	1	–	–	–	–
Impairment	–	–	–	–	(1)	–	–	(1)
Translation differences and other movements	(100)	(11)	–	(5)	(2)	–	–	(119)
Total changes	**(107)**	**(58)**	**(13)**	**(16)**	**27**	**3**	**(1)**	**(166)**
Balance as at December 31, 2023								
Cost	3,466	1,034	354	393	205	103	38	5,594
Accumulated depreciation/impairment	(711)	(730)	(300)	(249)	(124)	(62)	(21)	(2,199)
Book value	**2,755**	**304**	**54**	**144**	**81**	**41**	**17**	**3,396**
Change in book value:								
Additions	–	–	–	–	41	7	2	49
Amortization	–	(36)	(16)	(12)	(27)	(14)	(3)	(107)
Acquisitions	–	–	–	–	–	–	–	–
Impairment	–	–	–	–	(2)	–	–	(2)
Translation differences and other movements	148	15	1	8	2	–	–	174
Total changes	**148**	**(21)**	**(15)**	**(4)**	**15**	**(7)**	**(1)**	**115**
Balance as at December 31, 2024								
Cost	3,641	1,082	367	412	251	109	40	5,902
Accumulated amortization/impairment	(737)	(798)	(329)	(272)	(155)	(75)	(24)	(2,391)
Book value	**2,903**	**283**	**39**	**140**	**96**	**34**	**16**	**3,511**

Goodwill

Goodwill as of December 31, 2024, was EUR 2,903 million. During the year ended December 31, 2024, a translation difference of EUR 148 million was mainly due to the change in the USD/EUR rate, which impacted the goodwill denominated in USD.

For impairment testing, goodwill is allocated to cash-generating units, which represent the lowest level at which the goodwill is monitored internally for management purposes. The cash-generating units correspond to the operating segments. Previously, the cash-generating units for goodwill were the three Divisions. As a result of the organizational changes, the cash-generating units for goodwill have been updated to correspond to the new operating segments, and goodwill was reallocated to the new operating segments based on the relative value approach. Refer to note 1, Basis of preparation for further disclosure of the new operating model.

Goodwill allocated to the cash-generating unit Professional (main geographies) is considered to be significant in comparison to the total book value of goodwill of Signify at December 31, 2024. The goodwill allocated to each of the cash-generating units as of December 31, 2023, and December 31, 2024, is presented below.

	2023	2024
Digital Solutions	2,387	
Digital Products	307	
Conventional Products	61	
Professional (main geographies)		2,379
Consumer (main geographies)		144
Other [1]		380
Book value	**2,755**	**2,903**

[1] Represents operating segments with a lower goodwill balance

The basis of the recoverable amount used of the cash-generating units is the value in use. In the annual impairment test performed in the fourth quarter of 2024, the estimated recoverable amount of the tested cash-generating units exceeded the carrying value of the units. Therefore, no impairment loss was recognized.

Key assumptions used in the impairment tests for the units were sales growth rates, EBITA and the rates used for discounting the projected cash flows. These cash flow projections cover an initial period with specific estimates from 2025 to 2027. Projections were extrapolated with declining growth rates for a period of five years, after which a terminal value was calculated. The sales growth rates and EBITA used to estimate cash flows are based on past performance, external market growth assumptions, taking into account current market conditions, and industry long-term growth averages. The applied discount rates are determined based on the weighted average cost of capital which reflects the risks relevant to the cash-generating units.

Cash flow projections for the impairment tests of Professional (main geographies) in 2024 and Digital Solutions in 2023 were based on the key assumptions included in the table below:

Key assumptions in %

	Compound sales growth rate [1]		
	Extrapolation period	Used to calculate terminal value	Pre-tax discount rates
Professional (main geographies) 2024	2.0%	0.5%	11.0%
Digital Solutions 2023	2.4%	0.5%	11.8%

[1] Compound sales growth rate is the annualized steady growth rate over the forecast period.

Signify performed a sensitivity analysis and noted that a reasonably possible change in key assumptions will not result in an impairment.

Other intangible assets

The additions for 2024 contain internally generated assets of EUR 41 million for product development and EUR 7 million for software.

The capitalized product development costs and software, for which amortization has not yet commenced, amounted to EUR 54 million as of December 31, 2024 (December 31, 2023: EUR 62 million).

As of December 31, 2024, the carrying amount of the customer relationships originating from the Cooper Lighting acquisition was EUR 245 million with a remaining amortization period of 15.8 years (2023: EUR 249 million; 16.8 years).

16 Objectives, policies and processes for managing capital

Signify generated cash flows from operating activities of EUR 514 million in 2024. During 2024 the total cash position decreased by EUR 525 million and gross debt decreased by EUR 677 million.

In line with its commitment to maintain a robust capital structure and an investment grade credit rating, as of December 31, 2024, the net leverage ratio was 1.3x (December 31, 2023: 1.7x).

Signify manages free cash flow performance by continuous structural working capital initiatives and gradual costs optimization, including post-merger integration costs related to previous acquisitions.

Signify is subject to certain debt covenants, for details refer to note 23, Debt.

Free cash flows for the year ended December 31, 2024, and comparative information are presented below:

	2023	2024
Cash flows from operating activities	696	514
Cash flows from investing activities	(115)	(72)
Cash flows before financing activities	**581**	**442**
Cash flows from operating activities	696	514
Net capital expenditures:		
• Additions of intangible assets	(67)	(48)
• Capital expenditures on property, plant and equipment	(51)	(51)
• Proceeds from disposal of property, plant and equipment	8	22
Free cash flows	**586**	**438**

Working capital position as at December 31, 2024, and comparative information are presented below:

	2023	2024
Inventories	1,050	1,035
Trade and other receivables [1]	1,012	1,018
Trade and other payables	(1,539)	(1,588)
Other working capital items	(62)	(43)
Working capital	**461**	**422**

[1] In 2024, it excludes USD 50 million of insurance receivables for which a legal provision is recognized for the same amount.

17 Inventories

	2023	2024
Raw materials and components	443	406
Finished goods	608	629
Total	**1,050**	**1,035**

The write-down of inventories to net realizable value amounted to EUR 44 million for the year ended December 31, 2024 (2023: EUR 72 million), which includes EUR 5 million (2023: EUR 2 million) related to restructuring programs.

18 Trade and other receivables

	2023	2024
Trade receivables	967	966
Other receivables	46	100
Total receivables, net of value allowance	**1,012**	**1,066**

The aging of trade receivables, representing current and overdue, net of loss allowance, is as follows:

	2023	2024
Current	925	917
Overdue 1-30 days	20	27
Overdue 31-180 days	22	22
Overdue >180 days	–	–
Trade receivables, net	**967**	**966**

The changes in loss allowance for accounts receivable are as follows:

	2023	2024
Balance as at January 1	**(94)**	**(83)**
Additions charged to expense	(4)	(3)
Utilizations	12	9
Translation differences and other movements	4	(2)
Balance as at December 31	**(83)**	**(78)**

As per December 31, 2024, the loss allowance for accounts receivable included allowances for individually impaired receivables of EUR 72million (2023: EUR 75 million).

19 Trade and other payables

	2023	2024
Payables to suppliers	950	1,042
Amounts payable to employees	198	171
Customer rebates and refunds related	188	176
Marketing and sales related	67	72
Materials and fixed assets related	50	47
Other payables	87	79
Trade and other payables	**1,539**	**1,588**

Certain Signify suppliers factor their trade receivables from Signify with third parties through supplier finance arrangements. As of December 31, 2024, approximately EUR 149 million (2023: EUR 134 million) of the Signify accounts payable were known to have been sold onward under such arrangement, of which suppliers have received all payments for both years. The liabilities under supplier finance arrangements are due on average 120 days (2023: 119 days) after invoice date, while comparable trade payables that are not part of the supplier finance arrangements are due on average 119 days (2023: 117 days) after invoice date.

Signify continues to recognize these liabilities as Payables to suppliers and will settle the liabilities in line with the original payment terms of the related invoices.

20 Other assets

	2023	2024
Contract assets	36	41
Indirect taxes	67	55
Prepayments	39	43
Other assets	37	35
Total	**179**	**173**
From which current	147	147
From which non-current	32	26

21 Other liabilities

	2023	2024
Contract liability	226	224
Other tax liabilities	88	79
Other liabilities	47	39
Total	**360**	**342**
From which current	206	196
From which non-current	154	145

Out of the total amount of EUR 226 million recognized in contract liabilities at the end of 2023 (2022: EUR 215 million), EUR 55 million has been recognized as revenue for the year ended December 31, 2024 (2023: EUR 64 million). The non-current portion of contract liabilities is recognized over time over the duration of the contract, generally beyond 1 and up to 15 years.

22 Equity

Share capital

The Company has an authorized share capital of EUR 6 million, divided into 300,000,000 ordinary shares with a nominal value of EUR 0.01 per share and 300,000,000 preference shares with a nominal value of EUR 0.01 per share.

On December 31, 2024, the issued and fully paid share capital consisted of 128,344,238 ordinary shares with a nominal value of EUR 0.01 per share (2023: 128,344,238).

As a defense measure, Stichting Continuïteit Signify, a foundation organized under the laws of the Netherlands, has been granted the right to acquire preference shares in the Company. As of December 31, 2024, this right had not been exercised therefore no preference shares have been issued.

Dividend distribution

A proposal will be submitted to the 2025 Annual General meeting of Shareholders to pay a dividend of EUR 1.56 per ordinary share, in cash, from the 2024 net income.

In June 2024, the Company distributed a dividend of EUR 1.55 per ordinary share, representing a total value of EUR 196 million including costs.

Treasury shares

The following table shows the movements in the outstanding number of shares over the last two years:

Number of shares	2023	2024
Balance as at January 1	**125,241,160**	**126,315,101**
Purchase of treasury shares	(289,353)	(513,800)
Delivery of treasury shares	1,363,294	368,570
Balance as at December 31	**126,315,101**	**126,169,871**

The following table shows the share transactions to cover obligations arising from share-based compensation plans (for further details refer to note 26, Share-based compensation):

	2023	2024
Shares acquired	289,353	513,800
Average market price	EUR 25.59	EUR 26.29
Amount paid	EUR 7 million	EUR 14 million
Shares delivered	1,363,294	368,570
Average price (FIFO)	EUR 41.75	EUR 45.57
Cost of delivered shares	EUR 57 million	EUR 17 million
Total shares in treasury at year-end	**2,029,137**	**2,174,367**
Total cost	**EUR 82 million**	**EUR 78 million**

Legal reserves

In accordance with the Dutch Civil Code and statutory requirements in other countries, in certain circumstances legal reserves need to be established. Legal reserves are not available for distribution to the Company's shareholders. The currency translation reserve, cash flow hedging reserve and other reserves included in retained earnings include non-distributable amounts. If any reserve has a negative balance, distributions to shareholders are restricted to the extent of the negative amount.

The total distributable reserves as at December 31, 2024, amounted to EUR 2,777 million (2023: EUR 2,550 million). For further details of legal reserves, see note D, Shareholders' equity, in chapter 16, Signify N.V. financial statements.

23 Debt

	2023	2024
Term loan (EUR)	501	724
Term loan (USD)	203	0
Eurobonds	1,271	597
Lease liabilities	237	207
Other debt	18	23
Subtotal	**2,229**	**1,553**
Bank overdrafts	0	1
Gross debt	**2,230**	**1,553**
Cash and cash equivalents	(1,158)	(633)
Net debt (cash)	**1,071**	**920**
Total equity	**2,947**	**3,267**
Net debt and total equity	4,018	4,187
Net debt divided by net debt and total equity (in %)	27%	22%
Total equity divided by net debt and total equity (in %)	73%	78%

Movements of debt were as follows:

	Term loans	Eurobonds	Lease liabilities	Other debt	Bank overdrafts	Total
Balance as at January 1, 2023	**491**	**1,268**	**254**	**19**	**1**	**2,033**
Acquisitions	–	–	–	–	–	–
Financing cash flows:						
• New borrowings	222	–	–	12	–	233
• Repayment	–	–	(70)	(13)	–	(82)
Translation difference	(8)	–	(2)	–	–	(11)
Other movements [1]	(1)	3	55	–	(1)	56
Balance as at December 31, 2023	**704**	**1,271**	**237**	**18**	**–**	**2,230**
From which current	280	674	66	18	–	1,038
From which non-current	424	596	171	–	–	1,191
Balance as at January 1, 2024	**704**	**1,271**	**237**	**18**	**–**	**2,230**
Acquisitions	–	–	–	–	–	–
Financing cash flows:						
• New borrowings	504	–	–	10	–	513
• Repayment	(488)	(675)	(71)	(4)	–	(1,238)
Translation difference	5	–	2	–	–	6
Other movements [1]	–	2	40	–	1	42
Balance as at December 31, 2024	**724**	**597**	**207**	**23**	**1**	**1,553**
From which current	325	–	67	23	1	416
From which non-current	399	597	140	–	–	1,137

[1] Other movements mainly include additions of leases which are non-cash transactions.

Term loans and revolving credit facility

In January 2024, the Company received the remainder EUR 178 million of the term loan agreement entered in December 2023. In October 2024, Signify entered into new term loan agreements consisting of EUR 325 million with maturity in October 2025.

In October and November 2024, the company repaid in full its USD 225 million and EUR 280 million term loans with original maturity dates in January 2025 and November 2024, respectively.

As of December 31, 2024, the Company had outstanding EUR 400 million long-term loans maturing in December 2026, bearing interest at a variable rate based on EURIBOR plus a fixed margin of 1.30% and EUR 325 million short-term loans maturing in October 2025, bearing interest at a variable rate based on EURIBOR plus a fixed margin of 0.70%.

As of December 31, 2024, the Company had an undrawn revolving credit facility (RCF) of EUR 500 million which is maturing in January 2027.

The term loans and RCF agreement include a financial covenant providing that Signify maintains a net leverage ratio of no greater than 3.5x. The net leverage ratio may temporarily increase to 4.0x within 12 months of the closing of material acquisitions. The covenant does not apply if Signify has at least one investment grade rating, which is currently the case, as Signify has two investment grade ratings.

Eurobonds

In May 2024, Signify repaid in full EUR 675 million of fixed rate notes due in May 2024 with an annual coupon of 2.000%. As of December 31, 2024, Signify had outstanding EUR 600 million of fixed rate notes due in May 2027 with an annual coupon of 2.375%.

Other debt

Other debt includes short-term borrowings which Signify repays ultimately within one year. Borrowings which are drawn and repaid within the same quarter, with a maturity of less than three months, are reported on a net basis in the movement of other debt.

24 Provisions

	Restruct-uring	Environ-mental	Product warranty	Legal	Other	Total
Balance as at January 1, 2023	**36**	**92**	**115**	**103**	**105**	**451**
Acquisitions	–	–	(5)	–	–	(5)
Additions	158	27	48	5	26	264
Utilizations	(69)	(10)	(49)	(2)	(23)	(153)
Reclassifications	4	–	–	–	(4)	–
Releases	(8)	(5)	(2)	(55)	(10)	(79)
Changes in discount rate	–	(6)	–	–	1	(5)
Accretion	–	2	–	1	1	4
Translation differences and other movements	–	(1)	(3)	(3)	(1)	(8)
Balance as at December 31, 2023	**121**	**99**	**103**	**50**	**95**	**470**
From which current	114	26	40	2	24	206
From which non-current	7	74	64	48	71	263
Balance as at January 1, 2024	**121**	**99**	**103**	**50**	**95**	**470**
Acquisitions	–	–	–	–	–	–
Additions	69	11	45	2	13	141
Utilizations	(133)	(14)	(52)	(1)	(15)	(215)
Reclassifications	–	(1)	–	–	–	(1)
Releases	(12)	–	(9)	(2)	(3)	(26)
Changes in discount rate	–	(1)	–	–	–	–
Accretion	–	4	–	2	1	7
Translation differences and other movements	–	1	4	3	2	10
Balance as at December 31, 2024	**46**	**100**	**91**	**55**	**93**	**384**
From which current	34	45	44	48	22	192
From which non-current	12	56	47	6	71	192

Restructuring

During the year ended December 31, 2024, additions to restructuring provision included programs in Professional and Conventional (mainly in Belgium). Utilizations of restructuring provision included payments related to the structural cost reduction program.

Environmental provision

Signify is exposed to environment risks, mainly because it has been in the business of manufacturing products for more than a century. During that period, Signify has opened, discontinued and acquired many manufacturing plants and sites. Some of these plants and sites have been used for industrial purposes for decades and as such, there is a latent risk that these premises may have environmental conditions that require corrective actions as a result of such use. The environmental provisions include accrued costs recorded with respect to environmental remediation in various countries. Provisions for environmental remediation can change significantly due to the emergence of additional information regarding the extent or nature of the contamination, the need to utilize alternative technologies, actions by regulatory authorities as well as changes in judgments and discount rates. The environmental provision is expected to be utilized mainly within the next five years.

Product warranty

Manufacturing of Signify's products involves complex processes and defects might occur. In addition, it is possible that some of Signify's products may not perform as expected (for example, in terms of estimated life span and projected energy savings). These defects or shortfalls may cause Signify to incur significant warranty, support and replacement costs. The provision for product warranty reflects the estimated costs of replacement and free-of-charge services that will be incurred by Signify with respect to products sold. Signify expects the provision will be mainly utilized within the next two years.

Legal

Signify and certain of its group companies are involved in legal proceedings and claims relating to various matters including commercial transactions, alleged intellectual property infringement and product liability claims for property damage and personal injury, alleged to have been caused by failure or malfunction of Signify products. The outcome of asserted claims and proceedings, or the impact of any claims that may be asserted in the future, cannot be predicted with certainty. Signify makes a provision if payment with respect to a particular matter is probable and the amount can be estimated reliably. The legal provisions were mainly related to the legal case as described below. During the year ended on December 31, 2024, Signify reclassified the majority of the legal provisions and the related insurance cover asset from long-term to short-term, as these positions are expected to be settled within a year.

On October 5, 2022, a jury in trial court in Connecticut awarded compensation of USD 90 million in a lawsuit against Signify relating to a workplace accident that occurred in September 2017 in a warehouse leased and operated by a Signify customer, where the customer's employee was injured when struck by a pallet of Signify products that was pushed off a storage rack by a temporary worker operating a forklift at the warehouse. In Q1 2023, the court issued an order reducing the jury's damages award (as allocated to Signify) to approximately USD 42 million.

Signify continues to exercise all its rights to appeal the verdict issued in this case. Signify's appeal to the Connecticut Appellate Court, challenging its liability in this matter, is currently pending.

Signify has comprehensive global liability insurance and has confirmation that the case is fully covered without reservations of rights, including interest and other costs. Both the legal provision and the insurance cover asset have been adjusted in the balance sheet as per year end without any net profit and loss impact.

Other

Other provisions mainly comprise of provisions for onerous contracts, other taxes, self-insurance, decommissioning and provision for employee jubilee funds. Other provisions are expected to be utilized mainly within the next five years.

25 Post-employment benefits

Post-employment benefits covered in this note relate to defined-benefit pension and other post-retirement benefit plans, including defined-benefit retiree medical plans. The benefits provided by these plans are based on employees' years of service and compensation levels. Employee post-employment defined-benefit plans have been established in several countries in accordance with the legal requirements, customs and local practice.

Net defined-benefit liabilities per country

	2023			2024		
	Obligation	Plan assets	Net Liability	Obligation	Plan assets	Net Liability
United States	420	(323)	97	51	–	51
Germany	169	(15)	154	154	(15)	139
Other countries	116	(45)	71	112	(47)	65
Total countries	**705**	**(383)**	**322**	**317**	**(62)**	**255**

United States

The defined-benefit Hourly & Salaried Pension Plan in the US covers certain hourly workers and salaried workers hired before January 1, 2005 and had a net liability of EUR 43 million at the beginning of the year. During 2024, a lump-sum was offered to participants who did not have a permanent lump-sum feature as part of their pension plan. All pension liabilities which were not paid out as a lump-sum were accordingly settled with an insurance company. Signify contributed EUR 41 million to fund the lump-sum and plan settlement, which brought the net liability to nil. A settlement gain of EUR 2 million was recognized by the company. Signify also has an unfunded pension plan in place for higher salaried employees with a net liability of EUR 15 million and a post- retirement welfare plan with a net liability of EUR 36 million.

Signify expects cash outflows of EUR 7 million in 2025 for the unfunded plans.

Germany

For employees with a salary above a certain salary threshold, there is a funded defined-benefit pension plan which has a deficit of EUR 4 million. This plan has been closed for new entrants since January 1, 2018. Since 2016, Signify no longer makes any contributions to this plan but funds the liabilities when these are paid out to retirees. New employees accrue pension benefits through a defined-contribution plan. For other closed defined-benefit plans, Signify had an unfunded liability of EUR 135 million as at December 31, 2024. Signify expects cash outflows of EUR 16 million in 2025 for the pension plans.

Cash outflows for the defined-benefit plans in countries other than the USA and Germany are expected to total EUR 10 million in 2025.

Risks related to defined-benefit plans

The defined-benefit plans expose Signify to various demographic and economic risks, such as longevity, investment, currency and interest rate risks and, in some cases, inflation risk. The latter plays a role in the assumed wage increase and in some plans with pension indexation.

The larger plans are governed by either independent boards, committees or trustees who have a legal obligation to evenly balance the interests of all stakeholders and operate under the local regulatory frameworks. These bodies are responsible for and have full discretion over the investment strategy of the plan assets, in general they manage pension fund risks by diversifying the investments of plan assets and by (partially) matching interest rate risk of liabilities.

Signify has an active de-risking strategy in which it constantly looks for opportunities to reduce the risks associated with its defined-benefit plans.

Movements of net defined-benefit liability

	2023			2024		
	Obligation	Plan assets	Net Liability	Obligation	Plan assets	Net Liability
Balance as at January 1	**741**	**(414)**	**327**	**705**	**(383)**	**322**
Service cost	10	–	10	9	–	9
(Negative) past service cost	1	–	1	(1)	–	(1)
Admin expenses paid	–	1	1	–	3	3
Settlements	(1)	–	(1)	(2)	–	(2)
Plan amendments	(4)	–	(4)	(1)	–	(1)
Recognized in employee benefit expenses	5	1	6	4	3	7
Interest (cost)/income	33	(18)	15	19	(6)	13
Included in Statements of Income	**38**	**(18)**	**21**	**23**	**(3)**	**21**
Actuarial gains/(losses):						
• Demographic assumptions	1	–	1	–		–
• Financial assumptions	12	(7)	5	(11)	(1)	(13)
• Experience adjustment	9	–	9	2	–	2
Exchange rate differences	(15)	13	(2)	4	(7)	(2)
Included in Statements of comprehensive income	**6**	**6**	**12**	**(5)**	**(8)**	**(13)**
Employee contributions	1	(1)	–	1	(1)	–
Employer contributions	–	(10)	(10)	–	(44)	(44)
Benefits paid:						
• Benefits paid directly by employer	(28)	–	(28)	(30)	–	(30)
• Benefits paid from plan assets	(53)	53	–	(52)	52	–
Reclassifications	–	–	–	(1)	–	(1)
Derecognition	–	–	–	(324)	324	–
Other	**(80)**	**43**	**(38)**	**(406)**	**331**	**(75)**
Balance as at December 31	**705**	**(383)**	**322**	**317**	**(62)**	**255**

During 2024, US interest rates increased by some 70 bps and this has been reflected in higher discount rates. For the Eurozone, the interest rates were some 8 bps higher at 31 December than the year before. As such, the unfunded defined benefit plans in the US and the German plans experienced gains on the financial assumptions.

Plan assets allocation

The asset allocation in Signify's pension plans at December 31 was as follows:

	2023	2024
Debt securities	323	–
Other	60	62
Total assets	**383**	**62**

The assets at 31 December, 2024 contained 100% unquoted assets, mainly related to insurance contracts. Plan assets in 2024 did not include property occupied by or financial instruments issued by Signify.

Some 84% of the total plan assets of the Signify pension plan were in the US at the beginning of the year, but this percentage dropped to nil after the settlement of the US pension plan. The remaining assets are mainly the market value of insured pension benefits.

Assumptions

The mortality tables used for Signify's major schemes are:

- US: Base table PRI-2012 White Collar mortality table, projected forward with future mortality improvements according to Scale MP-2021;
- Germany: Richttafeln 2018 G K. Heubeck.

The weighted averages of the assumptions used to calculate the defined-benefit obligation as of December 31, 2024, are shown in the table below. The assumptions for pension cost, healthcare cost and wage increases are only relevant for a limited number of plans. They did not materially change compared to 2023 but as the US pension plan was settled during the course of 2024, the relative weighting of these assumptions increased which is reflected in the table.

	2023	2024
Discount rate	4.7%	4.6%
Pension cost increases	0.5%	1.0%
Healthcare cost increases	0.5%	1.1%
Wage increases	1.1%	2.3%

The average duration of the defined-benefit obligation of the defined-benefit plans is 7.7 years.

For the defined-benefit plans in the US and Germany, the average duration is respectively 6.6 years and 7.2 years. The average discount rates for the plans in these countries are respectively 5.3% and 3.3%. The pension cost increase rate assumption for the German defined-benefit plans is 2.0%.

Sensitivity analysis

The table below illustrates the approximate impact on the defined-benefit obligation if Signify were to change key assumptions. The defined-benefit obligation was recalculated using a change of 1% in the respective assumptions which overall is considered a reasonably possible change. The impact on the defined-benefit obligation of changes in discount rate is for funded plans normally accompanied by offsetting movements in plan assets, especially when using matching strategies.

	2023	2024
Increase		
Discount rate (1% movement)	(51)	(23)
Wage change (1% movement)	2	3
Pension indexation change (1% movement)	9	8
Longevity (see explanation)	23	9
Healthcare cost change (1% movement)	5	2
Decrease		
Discount rate (1% movement)	59	25
Wage change (1% movement)	(5)	(5)
Pension indexation change (1% movement)	(8)	(7)
Longevity (see explanation)	(23)	(12)
Healthcare cost change (1% movement)	(4)	(2)

Longevity also impacts the post-employment defined-benefit obligation which is illustrated in the above sensitivity table for the impact of a 10% increase and a 10% decrease in the assumed rates of mortality for Signify's major schemes. A 10% decrease in assumed mortality rates equals improvement of life expectancy by six months to a year. Vice versa, an increase in the assumed mortality rates equals a reduction of life expectancy.

26 Share-based compensation

The total share-based compensation costs for the period ended December 31, 2024, amounted to EUR 31 million (period ended December 31, 2023: EUR 18 million).

Long-term Incentive Plan

Under the Signify Long-term Incentive Plan (LTIP), which is equity settled, eligible employees are granted both conditional and performance shares. Conditional shares have a three-year cliff vesting period and will vest if a grantee is still employed with Signify at the vesting date.

Vesting of performance shares is conditional on the achievement of performance conditions measured over a period of three years. The performance condition measurement is based on four measures, each one of them with an equal weight of 25% of the shares:

- Total shareholder return;
- Free cash flow;
- Sustainability;
- Return on capital employed.

For the Board of Management and certain members of senior management, the LTIP consists of performance shares only. Shares are conditionally granted annually.

In addition to shares awarded under the Signify LTIP, Signify may in individual cases, such as in the hiring process of members of (senior) management, also grant restricted shares. Restricted shares have either a three-year cliff vesting period or vest gradually over the vesting period of one, two or three years.

Under the terms of the employee stock purchase plan (ESPP), employees are eligible to purchase a limited number of Signify shares at discounted prices through payroll withholdings.

Performance shares

The fair value of shares granted with the market performance condition of relative TSR is measured based on Monte Carlo simulation. The closing share price at grant date is adjusted for the present value of expected dividends during the vesting period, as participants are not compensated for Signify dividend payouts. Monte Carlo simulation takes into account market conditions expected to impact relative Total Shareholders' Return performance in relation to selected peers and the following weighted-average assumptions:

Assumptions used in Monte-Carlo simulation for valuation in %

	2024
Risk-free interest rate	2.7%
Expected share price volatility	36%

The assumptions were used for these calculations only and do not necessarily represent an indication of Signify management's expectation of future developments for other purposes. Historic volatility was measured over the same timeframe as the simulation period (weighted average 2.6 years).

The amount calculated as an expense for TSR shares is not adjusted for actual performance.

FCF, Sustainability, and ROCE related measurements are non-market performance conditions. Fair value of shares granted under FCF, Sustainability, and ROCE objective conditions equals the closing share price on the grant date, adjusted for the present value of expected dividends during the vesting period.

The amount calculated as an expense for shares granted with a non-market performance condition is adjusted for actual performance.

A summary of Signify performance shares movements and outstanding balance is presented below.

Signify performance shares

	2023		2024	
EUR-denominated	Shares	Weighted average grant-date fair value	Shares	Weighted average grant-date fair value
Balance as at January 1	**1,525,305**	**24.83**	**674,102**	**29.68**
Granted	829,170	20.94	678,141	22.02
Vested	(995,035)	15.97	(167,301)	45.25
Forfeited	(206,024)	35.56	(149,062)	27.47
Performance adjustment	(479,314)	25.06	581,348	28.77
Balance as at December 31	**674,102**	**29.68**	**1,617,228**	**24.73**

The performance adjustment originates from updates in the number of shares which are expected to vest in relation to the mentioned non-market performance conditions.

On December 31, 2024, estimated unrecognized costs related to non-vested performance shares amounted to EUR 18 million. These costs are expected to be recognized over a weighted-average period of 1.8 years.

Conditional shares

Fair value of conditional shares is determined by subtracting the present value of expected dividends from the closing share price on the grant date as participants are not compensated for Signify dividend payouts.

A summary of Signify conditional shares movements and outstanding balance is presented below.

Signify conditional shares

	2023		2024	
EUR-denominated	Shares	Weighted average grant-date fair value	Shares	Weighted average grant-date fair value
Balance as at January 1	**777,109**	**29.41**	**724,544**	**31.16**
Granted	341,060	21.70	470,520	22.43
Vested	(320,774)	16.52	(175,908)	46.26
Forfeited	(72,851)	32.64	(69,887)	26.45
Balance as at December 31	**724,544**	**31.16**	**949,269**	**24.38**

On December 31, 2024, estimated unrecognized costs related to non-vested conditional shares amounted to EUR 9 million. These costs are expected to be recognized over a weighted-average period of 1.9 years.

Restricted shares

Fair value of restricted shares is determined by subtracting the present value of expected dividends from the closing share price on the grant date as participants are not compensated for Signify dividend payouts.

In 2024, Signify granted 139,452 restricted shares with weighted average grant date fair value of EUR 21.26.

On December 31, 2024, estimated unrecognized costs related to non-vested restricted shares amounted to EUR 2 million. These costs are expected to be recognized over a weighted-average period of 2.2 years.

27 Information on remuneration

Signify considers the Board of Management, the Chief Financial Officer and the Supervisory Board to be key management personnel as defined in IAS 24 "Related parties".

In 2024, the total remuneration costs relating to the members of Key Management amounted to EUR 6,333,856 (2023: EUR 6,953,570).

Remuneration of the Board of Management and the Chief Financial Officer

In 2024, the total remuneration costs relating to the members of the Board of Management and the Chief Financial Officer amounted to EUR 5,573,855 (2023: EUR 6,156,545).

Remuneration costs of Key Management – the Board of Management and the Chief Financial Officer, in EUR

	2023	2024
Salary/Base compensation	2,678,188	2,440,202
Annual Incentive [1]	1,018,899	699,388
Long Term Incentive [2]	1,001,646	1,691,436
Pension allowances	552,755	474,718
Pension scheme costs	115,456	116,276
Other compensation [3]	144,952	132,496
Termination benefits [4]	644,649	19,339
Total costs	**6,156,545**	**5,573,855**

1 Related to the performance in the year reported which is paid out in the subsequent year.

2 Costs of performance shares and restricted shares are based on accounting standards (IFRS) and do not reflect the value of the shares at the vesting/release date. The performance share costs for M.L. Mariani for 2023 reflected a pro-rata forfeiture of the 2022 and 2023 LTI grants. As explained in more detail on page 136 of this Annual Report, in 2024 the Supervisory Board concluded not to apply the pro-rata forfeitures to these grants, which is reflected in the performance share costs for 2024.

3 Mainly concern (part of) allowances to members of the Board of Management that can be considered as remuneration. In a situation where such a part of an allowance can be considered as (indirect) remuneration (for example, private use of the company car), then such part is both valued and accounted for here. The method employed by the fiscal authorities in the Netherlands is the starting point for the value stated. Net allowances are not included.

4 In July 2024, the Supervisory Board decided to increase the base salary levels for E.H.E. Rondolat, H.M. Chitale and M.L.Mariani retro-actively per January 1, 2024 by 3%, in line with the adjustments (collective and merit increase) allocated for the CLA population in the Netherlands and broader employee population. As a result, the severance payment for M.L. Mariani, being one-time the annual base compensation/salary, increased by a gross amount of EUR 19,339.

For further information on remuneration costs, see chapter 10, Remuneration report.

Remuneration of the Supervisory Board

The remuneration costs of the members of the Supervisory Board amounted to EUR 760,001 (2023: EUR 797,025).

Remuneration costs of Key Management – the Supervisory Board, in EUR

	2023	2024
Membership	541,875	523,125
Committees	170,150	166,876
Other compensation [1]	85,000	70,000
Total costs	**797,025**	**760,001**

1 Relates to the allowance for (inter-)continental travel.

28 Financial risk management

Signify is exposed to several types of financial risks, as they arise in the normal course of business: interest rate risk, liquidity risk, currency risk, commodity price risk, credit risk and country risk. This note comprises the disclosures on Signify's financial risk management objectives, policies and procedures to monitor and manage these risks.

The summary of all financial assets and liabilities, including their classification and measurement and fair value hierarchy is presented below:

	Carried at	Gross amount recognized on the balance sheet	Amounts not offset on the balance sheet, but are subject to master netting arrangements	Net amount	Fair value hierarchy level	Estimated fair value [1]
Balance as at December 31, 2023						
Non-current financial assets [1, 2]	amortised cost	65	–	65	–	65
Unquoted equity shares	(FVOCI)	4	–	4	3	4
Trade and other receivables [1]	amortised cost	1,012	–	1,012	–	1,012
Derivative financial assets designated as hedging instruments	(FVTPL)	14	(12)	3	2	14
Current derivative financial assets not designated as hedging instruments	(FVTPL)	2	–	2	1	2
Non-current derivative financial assets not designated as hedging instruments	(FVTPL)	22	–	22	3	27
Cash and cash equivalents		1,158	–	1,158	–	1,158
Debt (Eurobonds)	amortised cost	(1,271)	–	(1,271)	1	(1,250)
Debt (excluding Eurobonds)[1]	amortised cost	(959)	–	(959)	2	(959)
Derivative financial liabilities designated as hedging instruments	(FVTPL)	(17)	12	(5)	2	(17)
Trade and other payables[1]	amortised cost	(1,537)	–	(1,537)	–	(1,537)
Contingent considerations	(FVTPL)	(3)	–	(3)	3	(3)
Balance as at December 31, 2024						
Non-current financial assets [1]	amortized cost	23	–	23	–	23
Unquoted equity shares	(FVOCI)	5	–	5	3	5
Trade and other receivables [1, 2]	amortized cost	1,066	–	1,066	–	1,066
Derivative financial assets designated as hedging instruments	(FVTPL)	17	(8)	9	2	17
Current derivative financial assets not designated as hedging instruments	(FVTPL)	–	–	–	1	–
Non-current derivative financial assets not designated as hedging instruments	(FVTPL)	10	–	10	3	14
Cash and cash equivalents		633	–	633	–	633
Debt (Eurobonds)	amortized cost	(597)	–	(597)	1	(591)
Debt (excluding Eurobonds) [1]	amortized cost	(956)	–	(956)	2	(956)
Derivative financial liabilities designated as hedging instruments	(FVTPL)	(11)	8	(3)	2	(11)
Trade and other payables [1]	amortized cost	(1,586)	–	(1,586)	–	(1,586)
Contingent considerations	(FVTPL)	(2)	–	(2)	3	(2)

[1] In view of the nature, maturity or the magnitude of the amounts, Signify considers the fair value of non-current financial assets, trade and other receivables, debt (excluding Eurobonds), trade and other payables not materially different from their carrying value.
[2] In 2024, the insurance cover asset as referred to in the legal section, in note 24, Provisions, was reclassified from Non-current financial assets to Trade and other receivables.

The estimated fair value of financial instruments has been determined by Signify using available market information and appropriate valuation methods. The estimates presented are not necessarily indicative of the amounts that will ultimately be realized by Signify upon maturity or disposal. The use of market assumptions and/or estimation methods may have a material effect on the estimated fair value amounts.

The following hierarchy is applied to classify the financial assets and liabilities:

Level 1

Instruments included in Level 1 are comprised primarily of listed Eurobonds classified as financial liabilities at amortized cost. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are based on observable market data, the instrument is included in Level 2.

The fair value of derivatives is calculated as the present value of the estimated future cash flows based on observable interest yield curves, basis spread and foreign exchange rates. For further details, refer to note 2, Material accounting policies.

Level 3

If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3.

This applies for Derivative financial assets not designated as hedging instruments, which mainly relate to Signify's participation in Virtual Power Purchase Agreements. These contracts are accounted for as financial instruments (FVTPL) under IFRS 9 and valued by an external valuator on a quarterly basis. The fair value is calculated as the net forecasted cash inflows or outflows discounted to the present value. The unrealized loss in fair value of EUR 12 million (2023: EUR 22 million loss) is recorded in financial income or expense (note 8). Unobservable input data is the volume of generated wind power and the price curves of the respective electricity market.

Interest rate risk

Interest rate risk is the risk of the fair value or future cash flows of a financial instrument fluctuating because of changes in the market interest rates. Financial instruments included in the debt position create an inherent interest rate risk. Failure to effectively hedge this risk could negatively impact financial results.

Signify monitors interest rate coverage, short-term and long-term interest rate developments and has the flexibility to opt for different short-term interest periods for the variable debt instruments at roll-over dates and/or could enter into derivative financial instruments to fix interest rates for a certain period of time. As of December 31, 2024, Signify had a ratio of fixed-rate debt to total outstanding debt of approximately 52% (2023: 68%).

A sensitivity analysis conducted at reporting date shows that if interest rates were to increase instantaneously by 1% from their level of December 31, 2024, with all other variables held constant, the annualized net interest expense would decrease by EUR 2 million. This impact was based on the outstanding net floating debt position as of December 31, 2024.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk for Signify is monitored through the Treasury Risk Committee which tracks the development of the actual cash flow position and uses input from a number of sources in order to forecast the overall liquidity position.

The table below analyzes Signify's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. Interest on long-term debt is based on floating rate adjustments according to market expectations.

		Payments due by period		
	Total	Less than 1 year	Between 1 and 5 years	Over 5 years
Debt, including bank overdrafts	1,346	349	997	–
Interest on debt	68	36	32	–
Trade and other payables	1,588	1,588	–	–
Lease liabilities	240	74	127	38
Derivative liabilities	11	11	–	–
Off-balance sheet commitments	169	49	100	20
Purchase obligations [1]	383	127	256	–
Contractual cash obligations 2024	**3,805**	**2,234**	**1,513**	**58**
Contractual cash obligations 2023	**4,472**	**2,839**	**1,567**	**66**
Revolving credit facility (RCF)	500	–	–	–

[1] Signify has commitments related to the ordinary course of business which in general relate to contracts and purchase order commitments for less than 12 months. In the table, only the commitments for multiple years are presented, including their short-term portion.

Signify invests surplus cash primarily in money market deposits with investment graded financial institutions, and with maturities up to three months, to ensure sufficient liquidity is available to meet liabilities when due.

Signify has various sources to mitigate liquidity risk. Signify pools cash from subsidiaries to the extent legally and economically feasible; cash not pooled remains available for operational or investment needs. The table below shows details of cash and cash equivalents and bank overdrafts as of the reporting date:

	2023	2024
Cash at banks and in hand	358	250
Short-term deposits	768	359
Other cash equivalents	33	24
Cash and cash equivalents	**1,158**	**633**
Bank overdrafts	–	(1)
Cash and cash equivalents and bank overdrafts	**1,158**	**633**

Signify has a EUR 500 million revolving credit facility that can be used for general purposes. As of December 31, 2024, Signify did not have any amounts drawn under this facility.

Currency risk

Currency risk is the risk that reported financial performance, or the fair value or future cash flows of a financial instrument, will fluctuate because of changes in foreign exchange rates.

Signify operates in many countries and currencies and therefore currency fluctuations may inevitably impact its financial results. Signify is exposed to currency risk in the following areas:

- Transaction exposures related to anticipated sales and purchases and on-balance-sheet receivables/payables resulting from such transactions;
- Financing exposure arising from foreign currency intercompany and external debt and deposits;
- Translation exposure of net income in foreign entities;
- Translation exposure of foreign currency denominated equity invested in consolidated companies and goodwill;
- Translation exposure to equity interests in non-functional-currency investments in associates and financial assets at fair value.

It is Signify's policy to reduce the volatility caused by foreign currency movements on its net earnings by hedging the anticipated net exposure of foreign currencies resulting from foreign currency sales and purchases. In general, net anticipated exposures are hedged during a period of 9 months in layers of 25% up to a hedge ratio of 75%, using derivatives.

Signify's policy requires significant committed foreign currency exposures to be fully hedged, generally using forwards. However, not every foreign currency can or shall be hedged as there may be regulatory barriers or prohibitive hedging cost preventing Signify from effectively and/or efficiently hedging its currency exposures. As a result, hedging activities cannot and will not eliminate all currency risks for anticipated and committed transaction exposures.

The following table outlines the estimated nominal value in millions of EUR for transaction exposures and related hedges for Signify's most significant currency exposures as per the hedging policy horizon:

	Receivables/Sales		Payables/Purchases	
	Exposure	Hedges	Exposure	Hedges
Balance as at December 31				
Exposure currency				
CNY	3	(3)	(567)	383
PLN	51	(51)	(133)	98
USD	316	(316)	(180)	180
EUR [1]	57	(57)	(7)	7
CAD	75	(45)	–	–
MXN	7	(7)	(13)	13
Others	61	(61)	(3)	3
Total 2024	**570**	**(540)**	**(902)**	**684**
Total 2023	**444**	**(409)**	**(871)**	**625**

[1] EUR exposures in non-EUR denominated functional currencies.

As of December 31, 2024, a gain of EUR 5 million was deferred in equity as a result of these hedges (2023: loss of EUR 2 million). The result deferred in equity will be released to earnings in 2025 at the time when the related hedged transaction affects the Consolidated statement of income. During 2024, EUR nil million (2023: EUR nil million) was recorded within cost of goods sold in the Consolidated statement of income as a result of ineffectiveness on certain anticipated cash flow hedges.

The total net fair value of hedges related to transaction exposure as of December 31, 2024, was an unrealized asset of EUR 2 million (2023: liability EUR 1 million). An instantaneous 10% increase in the value of euro against all currencies, with all other variables held constant, would lead to a decrease of EUR 16 million in the value of the derivatives. The above sensitivity analysis includes a loss of EUR 2 million that would impact the income statement, which would partially offset the opposite revaluation effect on the underlying accounts receivable and payable, and the remaining loss of EUR 14 million would be recognized in equity to the extent that the cash flow hedges were effective.

Foreign exchange exposure also arises from loans and deposits. Where Signify enters into such arrangements the financing is generally provided in the functional currency of the subsidiary. The currency of Signify's external funding and liquid assets is matched with the required financing of subsidiaries either directly through external foreign currency loans and deposits or synthetically by using foreign exchange derivatives. In certain cases, where Signify subsidiaries may also have external foreign currency debt or liquid assets, these exposures are also hedged using foreign exchange derivatives. As of December 31, 2024, the fair value of these hedges was an unrealized asset of EUR 4 million (2023: liability EUR 2 million). An instantaneous 10% increase in the value of euro against all currencies, with all other variables held constant, would lead to a decrease of EUR 38 million in the value of the derivatives.

Translation exposure of foreign-currency equity invested in consolidated entities is generally not hedged. However, if a hedge is entered into, it is accounted for as a net investment hedge. As at December 31, 2024, no net investment hedges were outstanding (2023: nil). Signify may enter into further net investment hedges to partially offset these risks in the future.

Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commodity prices.

Signify is a purchaser of certain base metals, precious metals and energy. Signify could hedge certain commodity price risks using derivative instruments to minimize significant, unanticipated earnings fluctuations caused by commodity price volatility. As of December 31, 2024, Signify had EUR 10 million of commodity derivatives recognized in the Statement of financial position (2023: EUR 22 million), which relate to Virtual Power Purchase Agreements. An increase of the energy prices by 10% will lead to the commodity derivatives value increase by EUR 5 million (2023: EUR 7 million increase).

Credit risk

Credit risk represents the loss that would be recognized at the reporting date, if counterparties failed completely to perform their payment obligations as contracted. Credit risk is present within Signify trade and other receivables and contract assets. To have better insights into the credit exposures, Signify performs ongoing evaluations of the financial and non-financial condition of its customers and adjusts credit limits when appropriate. In instances where the creditworthiness of a customer is determined not to be sufficient to grant the credit limit required, there are a number of mitigation tools that can be utilized to close the gap, including reducing payment terms, cash on delivery, prepayments and pledges on assets.

Signify invests available cash and cash equivalents and enters into financial derivative instruments with various financial institutions and is exposed to credit risk with these counterparties. Signify does not enter into any financial derivative instruments to protect against default by financial institutions.

Where possible, Signify requires all financial institutions to complete legally enforceable netting agreements under an International Swap Dealers Association master agreement or otherwise prior to trading, and whenever possible, to have a solid credit rating from generally accepted rating agencies. Signify also regularly monitors the development of the credit risk of its financial counterparties.

Signify minimizes this risk by limiting the deposits made with any single bank and by making deposits, the majority of which are with banks that have strong credit ratings.

Maximum credit risk exposure for Signify equals carrying amounts of all financial assets recognized in the Statement of financial position plus off-balance sheet guarantees provided.

Country risk

Country risk is the risk that political, legal, or economic developments in a single country could adversely impact Signify's performance. The country risk per country is defined as the sum of the equity of all subsidiaries and associated companies in country cross-border transactions, such as intercompany loans, accounts receivable from third parties and intercompany accounts receivable.

As of December 31, 2024, Signify had country risk exposure of EUR 2.9 billion in the United States and EUR 1.4 billion in the Netherlands. Countries where the risk exceeds EUR 200 million but was less than EUR 500 million are Belgium (EUR 480 million), China including Hong Kong (EUR 467 million), Poland (EUR 394 million) and France (EUR 233 million). Countries where the risk exceeded EUR 50 million but was less than EUR 200 million are Mexico, Saudi Arabia, Spain,

Canada, United Kingdom, Australia and Germany. The degree of risk of a country is taken into account when new investments are considered. Signify does not, however, use financial derivative instruments to hedge country risk, except for the net investment hedge as described in the currency risk.

29 Events after the balance sheet date

On January 24, 2025, Signify announced a share repurchase program for a total of EUR 350-450 million of shares until the end of 2027. This will include share repurchases to cover share-based remuneration obligations. The company intends to cancel the remainder of the shares repurchased.

On February 4, 2025, Signify initiated this share repurchase program by announcing to buy back up to EUR 150 million of its own shares by the end of 2025. An allocation of up to EUR 30 million will be used to cover obligations arising from Signify's long-term incentive performance share plan and other employee share plans, which repurchases will be completed first. The remainder of the share repurchases will be allocated to the cancellation of shares.

On January 24, 2025, the company announced that the Supervisory Board and CEO Eric Rondolat agreed that the time is right for a change of leadership, and that Eric Rondolat will step down from the company's Board of Management after the AGM 2025. In 2025 termination arrangements are made, considering the content and context of the services agreement of Mr. Rondolat. At this point in time, the amounts of the settlement of the annual and long-term incentives are not yet known.

No other subsequent events occurred that are material to Signify.

16 Signify N.V. financial statements

Introduction

Statutory financial statements

The sections Consolidated financial statements and Signify N.V. financial statements contain the statutory financial statements of Signify N.V. (the "Company").

A description of the activities of the Company, its subsidiaries and Company structure are included in the Consolidated financial statements. The corporate seat of the Company is in Eindhoven, the Netherlands, and its registered office is at High Tech Campus 48, 5656 AE Eindhoven, the Netherlands. Signify N.V. is registered in the Commercial Register of the Chamber of Commerce under number 65220692.

A list of all Signify N.V. subsidiaries and affiliated companies, prepared in accordance with the relevant legal requirements (Dutch Civil Code, Book 2, Sections 379 and 414), forms part of the notes to the statutory financial statements and is deposited at the Chamber of Commerce in Eindhoven, the Netherlands.

Accounting policies applied

The financial statements of the Company included in this section are prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code. Section 362 (8), Book 2, Dutch Civil Code, allows companies that apply the International Financial Reporting Standards (IFRS) as endorsed by the European Union, in their consolidated financial statements to use the same measurement principles in their company financial statements. The Company has prepared these Company financial statements using this provision.

The accounting policies are described in chapter 15, Consolidated financial statements, note 2, Material accounting policies and are deemed incorporated and repeated herein by reference. Investments in subsidiaries in the Company financial statements are accounted for using the equity method.

The Statement of financial position included in these Company financial statements has been prepared before the appropriation of result.

16.1 Statement of income

Statement of income in millions of EUR
For the years ended December 31

	Note	2023	2024
Other expenses		–	(3)
Financial income		28	28
Financial expenses		(60)	(69)
Share in results of subsidiaries		234	372
Net income	A	**203**	**328**

16.2 Statement of financial position before appropriation of results

Statement of financial position before appropriation of results in millions of EUR
As at December 31

	Note	2023	2024
Non-current assets			
Financial assets	C	4,580	4,028
Total non-current assets		**4,580**	**4,028**
Current assets			
Cash and cash equivalents		–	3
Derivative financial assets		11	–
Amounts due from subsidiaries		228	486
Total current assets		**239**	**489**
Total assets		**4,819**	**4,517**
Shareholders' equity	D		
Share Capital		1	1
Share premium		2,120	2,142
Legal reserve: currency translation differences		(72)	104
Legal reserve: cash flow hedges		(1)	4
Legal reserve: other		266	275
Other reserve: treasury shares		(82)	(78)
Other reserve: retained earnings		382	386
Net income		203	328
Total shareholders' equity		**2,817**	**3,162**
Non-current liabilities			
Debt	E	1,020	997
Total non-current liabilities		**1,020**	**997**
Current liabilities			
Debt	E	954	325
Derivative financial liabilities		–	20
Provisions		1	–
Trade and other payables		26	13
Total current liabilities		**981**	**358**
Total liabilities and shareholders' equity		**4,819**	**4,517**

16.3 Statement of changes in equity

Statement of changes in equity
in millions of EUR

			Legal reserves			Other reserves			
	Share capital	Share premium	Currency translation differences	Cash flow hedges	Other	Treasury shares	Retained earnings	Net income	Total share-holders' equity
Balance as at January 1, 2023	**1**	**2,139**	**67**	**(20)**	**263**	**(131)**	**79**	**523**	**2,920**
Appropriation of prior year result	–	–	–	–	–	–	523	(523)	–
Net income	–	–	–	–	–	–	–	203	203
Net current period change	–	–	(139)	19	–	–	(12)	–	(132)
Legal reserves reclassifications	–	–	–	–	3	–	(3)	–	–
Dividend distributed	–	–	–	–	–	–	(189)	–	(189)
Purchase of treasury shares	–	–	–	–	–	(7)	–	–	(7)
Delivery of treasury shares	–	(35)	–	–	–	57	(22)	–	–
Share-based compensation plans	–	17	–	–	–	–	–	–	17
Hyperinflation adjustment	–	–	–	–	–	–	6		6
Balance as at December 31, 2023	**1**	**2,120**	**(72)**	**(1)**	**266**	**(82)**	**382**	**203**	**2,817**
Balance as at January 1, 2024	**1**	**2,120**	**(72)**	**(1)**	**266**	**(82)**	**382**	**203**	**2,817**
Appropriation of prior year result	–	–	–	–	–	–	203	(203)	–
Net income	–	–	–	–	–	–	–	328	328
Net current period change	–	–	176	6	–	–	8	–	191
Legal reserves reclassifications	–	–	–	–	9	–	(9)	–	–
Dividend distributed	–	–	–	–	–	–	(196)	–	(196)
Purchase of treasury shares	–	–	–	–	–	(14)	–	–	(14)
Delivery of treasury shares	–	(9)	–	–	–	17	(7)	–	–
Share-based compensation plans	–	31	–	–	–	–	–	–	31
Hyperinflation adjustment	–	–	–	–	–	–	4		4
Balance as at December 31, 2024	**1**	**2,142**	**104**	**4**	**275**	**(78)**	**386**	**328**	**3,162**

16.4 Notes to the Company financial statements

In millions of EUR unless otherwise stated

A Statement of income

Other expenses consist of remuneration costs of the directors of the Company and the Supervisory Board which were mostly recharged to the subsidiaries of the Company.

Financial income of EUR 28 million (2023: EUR 28 million) relates mainly to interest income on a loan of USD 500 million to one of its subsidiaries. Financial expenses of EUR 69 million (2023: 60 million) relate mainly to interest paid on Debt and related amortization of expenses.

Share in results of subsidiaries represents the share of the Company in the results of its affiliated companies.

B Audit fees

A summary of Audit fees from EY Accountants B.V. is shown below.

	2023	2024
Audit fees [1]	6.4	6.5
• consolidated financial statements	3.6	3.6
• statutory financial statements	2.8	2.9
Audit-related fees	0.5	1.0
• sustainability assurance	0.4	0.9
• other	0.1	0.1
Total [2]	**6.9**	**7.5**

[1] The audit fees included in 2024 represent the fees in relation to the audit of the 2024 financial statements.
[2] Fees charged by the Dutch organization of EY were EUR 3.4 million (2023: EUR 3.0 million).

C Financial assets

The Company has one directly owned subsidiary, Signify Holding B.V. This investment is presented as a financial asset in the Statement of financial position using the equity method. Goodwill paid upon acquisition of investments in subsidiaries is included in the net equity value of the investment and is not shown separately on the face of the Statement of financial position.

In 2020, the Company entered into an uncommitted revolving credit facility agreement of USD 500 million with one of its subsidiaries. The available credit facility amounted to EUR 480 million as at December 31, 2024, (2023: EUR 452 million) and bears interest based on the relevant applicable Term SOFR plus a margin of 0.875% per annum. The translation differences upon revaluation to EUR for this inter-company loan were partly hedged and partly mitigated by the revaluation impact of the USD debt until October 2024 when the company repaid in full its USD debt. From November, the translation differences upon revaluation to EUR for this inter-company loan are fully hedged. For further details refer to note E, Debt.

On January 31, 2025, the loan reached its final maturity date and the outstanding balance was repaid by the subsidiary. The loan is therefore classified under Current assets, in the line Amounts due from subsidiaries, in the Statement of financial position as at December 31, 2024.

The translation differences in 2024 of EUR 204 million (2023: unrealized loss of EUR 158 million) related primarily to the impact of translating US dollar-denominated investments into euros.

The following table shows the movements in Financial assets.

	Investments	Loans [1]	Total
Balance as at January 1, 2023	**4,353**	**470**	**4,823**
Dividends received	(322)	–	(322)
Share in results of subsidiaries	234	–	234
Translation differences	(140)	(18)	(158)
Other movements	3	–	3
Balance as at December 31, 2023	**4,128**	**452**	**4,580**
Dividends received	(688)	–	(688)
Share in results of subsidiaries	372	–	372
Translation differences	176	29	204
Other movements	40	–	40
Balance as at December 31, 2024	**4,028**	**480**	**4,508**

[1] The loan maturity date is January 31, 2025, as such the amount is classified under Current assets, in the line Amounts due from subsidiaries in the Statement of financial position as at December 31, 2024.

D Shareholders' equity

Share capital

The Company has an authorized share capital of EUR 6 million, divided into 300,000,000 ordinary shares with a nominal value of EUR 0.01 per share and 300,000,000 preference shares with a nominal value of EUR 0.01 per share.

On December 31, 2024, the issued and fully paid share capital consisted of 128,344,238 ordinary shares with a nominal value of EUR 0.01 per share (2023: 128,344,238).

As a defense measure, Stichting Continuïteit Signify, a foundation organized under the laws of the Netherlands, has been granted the right to acquire preference shares in the Company. As at December 31, 2024, this right had not been exercised therefore no preference shares have been issued.

Dividend distribution

A proposal will be submitted to the 2025 Annual General meeting of Shareholders to pay a dividend of EUR 1.56 per ordinary share, in cash, from the 2024 net income.

In June 2024, the Company distributed a dividend of EUR 1.55 per ordinary share, representing a total value of EUR 196 million including costs.

Treasury shares

The following table shows the movements in the outstanding number of shares over the last two years:

Number of shares

	2023	2024
Balance as at January 1	**125,241,160**	**126,315,101**
Purchase of treasury shares	(289,353)	(513,800)
Delivery of treasury shares	1,363,294	368,570
Balance as at December 31	**126,315,101**	**126,169,871**

The following table shows the share transactions to cover obligations arising from share-based compensation plans (for further details refer to chapter 15, Consolidated financial statements, note 26, Share-based compensation).

	2023	2024
Shares acquired	289,353	513,800
Average market price	EUR 25.59	EUR 26.29
Amount paid	EUR 7 million	EUR 14 million
Shares delivered	1,363,294	368,570
Average price (FIFO)	EUR 41.75	EUR 45.57
Cost of delivered shares	EUR 57 million	EUR 17 million
Total shares in treasury at year-end	**2,029,137**	**2,174,367**
Total cost	**EUR 82 million**	**EUR 78 million**

Legal reserves

In accordance with the Dutch Civil Code and statutory requirements in other countries, in certain circumstances legal reserves need to be established. Legal reserves are not available for distribution to the Company's shareholders. The currency translation reserve, cash flow hedging reserve and other reserves include non-distributable amounts. If any reserve has a negative balance, distributions to shareholders are restricted to the extent of the negative amount.

The following table shows the limitations in the distribution of Shareholders' equity and the total distributable reserves:

	2023	2024
Shareholders' equity as at December 31	**2,817**	**3,162**
Issued Share capital	1	1
Currency translation reserve	–	104
Cash flow hedges reserve	–	4
Restrictions on subsidiaries to transfer funds to parent company	129	137
Capitalized development costs reserve	116	125
Revaluation reserve	18	9
Reserves required by Articles of Association	3	3
Limitations in the distribution of shareholders' equity	**267**	**385**
Total distributable reserves as at December 31	**2,550**	**2,777**

E Debt

Term loans and revolving credit facility

In January 2024, the Company received the remainder EUR 178 million of the term loan agreement entered in December 2023. In October 2024, Signify entered into new term loan agreements consisting of EUR 325 million with maturity in October 2025.

In October and November 2024, the company repaid in full its USD 225 million and EUR 280 million term loans with original maturity dates in January 2025 and November 2024 respectively.

As of December 31, 2024, the Company had outstanding EUR 400 million long-term loans maturing in December 2026, bearing interest at a variable rate based on EURIBOR plus a fixed margin of 1.30% and EUR 325 million short-term loans maturing in October 2025, bearing interest at a variable rate based on EURIBOR plus a fixed margin of 0.70%.

As of December 31, 2024, the Company had an undrawn revolving credit facility (RCF) of EUR 500 million which is maturing in January 2027.

The term loans and RCF agreement include a financial covenant providing that Signify maintains a net leverage ratio of no greater than 3.5x. The net leverage ratio may temporarily increase to 4.0x within 12 months of the closing of material acquisitions. The covenant does not apply if Signify has at least one investment grade rating, which is currently the case, as Signify has two investment grade ratings.

Eurobonds

In May 2024, Signify repaid in full EUR 675 million of fixed rate notes due in May 2024 with an annual coupon of 2.000%. As of December 31, 2024, Signify had outstanding EUR 600 million of fixed rate notes due in May 2027 with an annual coupon of 2.375%.

For the movements in debt refer to the following table.

	Term loans	Eurobonds	Total
Balance as at January 1, 2023	**491**	**1,268**	**1,759**
New borrowings	222	–	222
Repayments	–	–	–
Translation differences	(8)	–	(8)
Other movements	(1)	3	3
Balance as at December 31, 2023	**704**	**1,271**	**1,975**
From which current	280	674	954
From which non-current	424	596	1,020
Balance as at January 1, 2024	704	1,271	1,975
New borrowings	504	–	504
Repayments	(488)	(675)	(1,163)
Translation differences	4	–	4
Other movements	–	2	2
Balance as at December 31, 2024	**724**	**597**	**1,322**
From which current	325	–	325
From which non-current	399	597	997

F Employees

The number of persons employed by the Company at year-end 2024 was two (2023: four); both were employed in the Netherlands. For the remuneration of past and present members of both the Board of Management and the Supervisory Board, refer to chapter 15, Consolidated financial statements, note 27, Information on remuneration, which is deemed incorporated and repeated herein by reference.

G Contingent liabilities not appearing in the balance sheet

General guarantees as referred to in Section 403, Book 2, of the Dutch Civil Code, have been given by the Company on behalf of other group companies in the Netherlands. The liabilities of these companies to third parties amounted to EUR 494 million as at December 31, 2024, (2023: EUR 504 million).

There have been no other general guarantees or credit guarantees given on behalf of unconsolidated companies and third-parties.

For corporate income tax purposes, the Company is the parent of a fiscal unity that contains the most significant Dutch wholly-owned group companies. The Company is therefore jointly and severally liable for the corporate income tax liabilities of the tax unity.

H Events after the balance sheet date

For the disclosure of events after the balance sheet date, reference is made in chapter 15, Consolidated financial statements, note 29, Events after the balance sheet date, which is deemed incorporated and repeated herein by reference.

On February 25, 2025, the Board of Management authorized the statutory financial statements for issue. The statutory financial statements as presented in this report are subject to the adoption by the Annual General Meeting of Shareholders, to be held on April 25, 2025.

February 25, 2025

Board of Management and CFO
Eric Rondolat
Harshavardhan Chitale
Željko Kosanović (CFO)

Supervisory Board
Gerard van de Aast
Bram Schot
Sophie Bechu
Jeroen Drost
Pamela Knapp
Rita Lane

17 Independent auditor's reports

To: the Annual General Meeting of Shareholders and Supervisory Board of Signify N.V.

17.1 Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements 2024 of Signify N.V. based in Eindhoven, the Netherlands. The financial statements comprise the consolidated financial statements and the company financial statements.

In our opinion:

- The consolidated financial statements give a true and fair view of the financial position of Signify N.V. as at December 31, 2024, and of its result and its cash flows for 2024 in accordance with International Financial Reporting Standards as adopted in the European Union (EU-IFRSs) and with Part 9 of Book 2 of the Dutch Civil Code;
- The company financial statements give a true and fair view of the financial position of Signify N.V. as at December 31, 2024 and of its result for 2024 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The consolidated statement of financial position as at December 31, 2024;
- The following statements for 2024: the consolidated statement of income, comprehensive income, cash flows and changes in equity;
- The notes comprising material accounting policy information and other explanatory information.

The company financial statements comprise:

- The company statement of financial position as at December 31, 2024;
- The company statement of income for 2024;
- The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Signify N.V. (the Company) in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for Professional Accountants).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Signify N.V. is a global provider of lighting solutions. The group is structured in components and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	EUR 24 million (2023: EUR 26 million)
Benchmark applied	Approximately 4% of adjusted earnings before interest, tax and amortization (Adjusted EBITA)
Explanation	We considered that users of the financial statements of a for-profit entity typically focus on earnings-based measures as the most appropriate basis to determine materiality. Furthermore, we note that adjusted EBITA is commonly used in Signify's external communication to report on financial performance. Adjustments are made to earnings before interest, taxes and amortization for elements that are not directly related to the operational performance of the company as disclosed in chapter 18 of the Annual Report. We determined materiality consistent with the prior financial year.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of EUR 1.3 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Signify N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements.

We are responsible for planning and performing the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements. We are also responsible for the direction, supervision, review and evaluation of the audit work performed for purposes of the group audit. We bear the full responsibility for the auditor's report.

Based on our understanding of the group and its environment, the applicable financial framework and the group's system of internal control, we identified and assessed risks of material misstatement of the financial statements and the significant accounts and disclosures. Based on this risk assessment, we determined the nature, timing and extent of audit work performed, including the reporting units within the group (components) at which to perform audit work. For this determination we considered the nature of the relevant events and conditions underlying the identified risks of material misstatements for the financial statements, the association of these risks to components and the materiality or financial size of the components relative to the group. We communicated the audit work to be performed and identified risks through instructions for component auditors as well as requesting component auditors to communicate matters related to the financial information of the component that is relevant to identifying and assessing risks.

We have:

- Performed audit procedures ourselves in respect of accounting areas that are managed centrally such as goodwill, legal claims, employee incentives, pension provisions, warranty provisions, environmental provisions and treasury;
- Performed audit procedures ourselves at 11 components and selected 18 components outside the Netherlands to perform audits for group reporting purposes for one or more account balances and/or disclosures.

This resulted in a coverage of 66% of revenue and 82% of total assets. For other components, we performed analytical procedures to corroborate that our risk assessment and scoping remained appropriate throughout the audit.

We performed site visits to meet with local management and component teams, observe the component operations, discuss the group risk assessment and the risks of material misstatements components assigned a scope. We reviewed and evaluated the adequacy of the deliverables from component auditors and reviewed key working papers for selected components to address the risks of material misstatement. We held planning meetings, key meetings required based on circumstances and we attended closing

meetings with local management and component teams for components assigned a scope. During these meetings and calls, amongst others, the planning, procedures performed based on risk assessments, findings and observations were discussed and any further work deemed necessary by the primary or component team was then performed.

By performing the audit work mentioned above at the reporting units within the group, together with additional work at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the financial statements.

Teaming and use of specialists
We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in Signify's industry. We included specialists in the areas of IT audit, forensics, treasury, and income tax and have made use of our own experts in the areas of valuations and actuaries.

Our focus on climate related risks and the energy transition

Climate change and the energy transition are high on the public agenda. Issues such as CO_2 reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets (stranded assets) and provisions or the sustainability of the business model and access to financial markets of companies with a larger CO_2 footprint. The Sustainability statements summarize, among other topics, Signify's commitments and obligations and how the company is addressing climate-related and environmental risks.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the effects of the energy transition, are taken into account in estimates and significant assumptions, as disclosed in note 1, Basis of preparation, to the consolidated financial statements, as well as in the design of relevant internal control measures. Furthermore, we read the report of the Board of Management and considered whether there is any material inconsistency between the non-financial information in chapter 5, Sustainability statements and the financial statements.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and the Board of Management's process for responding to the risks of fraud and monitoring the system of internal control and how the Supervisory Board exercises oversight, as well as the outcomes.

We refer to chapter 13, Risk factors and risk management for the Board of Management's (fraud) risk assessment and section 9.2 of the Supervisory Board report in which the Supervisory Board reflects on this (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud and misappropriation of assets. As Signify N.V. is a global company, operating in multiple jurisdictions, we also considered the risk factors of bribery and corruption. In close co-operation with our forensic specialists, we evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all organizations. For these risks we have performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in "Basis of preparation" in note 1 to the financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

The following fraud risk identified did require significant attention during our audit:

Presumed risk of fraud in revenue recognition	
Fraud risk	We presumed that there are risks of fraud in revenue recognition. We evaluated that revenue from sales of goods gives rise to such risks, specifically related to cut-off. We describe the risk assessment and audit procedures responsive to the presumed risk of fraud in revenue recognition in the description of the key audit matter "Improper revenue recognition".

We considered available information and made enquiries of the Board of Management and other relevant executives, directors (including internal audit, legal, compliance and heads of Divisions) and the Supervisory Board.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the Board of Management, reading minutes, inspection of internal audit and compliance reports, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally, we obtained written representations from the Board of Management and management of operating companies that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in section "Basis of preparation" in note 1 to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the Board of Management made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future. We discussed and evaluated the specific assessment with the Board of Management exercising professional judgment and maintaining professional skepticism. We considered whether the Board of Management's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

In comparison with the previous year, the nature of our key audit matters did not change. We identified the following key audit matters:

Key audit matter	Risk	Our audit approach	Key observations
Improper revenue recognition	Revenue from the sale of goods is recognized at the point in time that the customer obtains control of the goods. For standard sale of products, control generally passes to the customer at the time the product is delivered and accepted, depending on the delivery conditions. The company focuses on sales as one of the key performance measures which could create an incentive to recognize revenues in the incorrect period due to the pressure employees may feel to achieve desired results. Further reference is made to note 2 section 'Revenue recognition' and the revenue disclosures in note 3 and 4 to the consolidated financial statements. We assessed that improper revenue recognition for the sale of goods, specifically relayed to cut-off, represents a key audit matter.	Our audit procedures included: • The assessment of the appropriateness of the company's revenue recognition accounting policies; • Obtaining an understanding of the design of the internal control framework in the revenue recognition process; • The use of data-analytics to audit key risk areas and identify exceptional or unusual revenue streams and patterns; • Detailed testing of significant sales contracts; • Performing cut-off procedures to ensure revenue is recognized in the correct period.	We concur with the revenue recognized in the financial statements.
Valuation of uncertain tax positions (assets and liabilities)	At December 31, 2024, uncertain tax positions are recognized as part of the net deferred tax assets of EUR 374 million (2023: EUR 382 million) and the income tax payable under non-current liabilities of EUR 68 million (2023: EUR 79 million). Further reference is made to note 9 of the consolidated financial statements. The ultimate tax effects of transactions may be uncertain for a considerable period of time, requiring the Board of Management to estimate the related current and deferred tax treatments, resulting in uncertain tax positions. The accounting for uncertain tax positions is a focus area in our audit as the company has extensive international operations and is required to make judgments and estimates. These judgments and estimates relate to, among others, the tax risks as disclosed in note 9 of the consolidated financial statements on the valuation of deferred tax assets and liabilities for uncertain tax positions.	Together with our tax experts we obtained an understanding of the design of the internal control framework in the tax process and evaluated the tax accounting in various jurisdictions the company operates in. We specifically focused on the tax uncertainties as disclosed in note 9 of the consolidated financial statements. We evaluated and challenged the company's judgments and estimates of uncertain tax positions resulting from ongoing local tax audits and legislative developments, and relevant historical and recent judgments. Where possible, we compared information provided by the Board of Management to corroborative or contradictory information. We also assessed the adequacy of the company's disclosure in respect of deferred tax assets and other tax liabilities related to tax uncertainties.	We concur with the judgements and estimates made by the Board of Management relating to the valuation of uncertain tax positions (assets and liabilities).

Key audit matter	Risk	Our audit approach	Key observations
Valuation of goodwill Professional business (main geographies)	At December 31, 2024, the total carrying value of goodwill of Professional (main geographies) amounted to EUR 2,379 million, representing 32% of total assets. Goodwill is allocated to Cash Generating Units (CGUs), which correspond to the operating segments as disclosed in note 1, section New operating model. Goodwill is tested for impairment annually and whenever impairment indicators are identified. Further reference is made to note 15 of the consolidated financial statements. We specifically identify the impairment risk to Professional (main geographies), as this business is mostly affected by current business developments and represents the largest part of the total amount of goodwill of Signify (EUR 2,903 million). The determination of the recoverable amount is complex, given the significant judgment and estimation uncertainty related to assumptions in the model used to determine whether the recoverable amount of a CGU is appropriate. The most significant assumptions used within the model to support the recoverable amount of goodwill are sales growth rates, EBITA margins and rates used for discounting projected cash flows. Therefore, we consider this a key audit matter.	We assessed and tested the assumptions, methodologies, and data used by the company in its impairment test, by comparing these to external data such as the Company's share price, market growth and inflation rate expectations, discount rates and implied growth rates. We validated that the forecasted cash flows used in the valuation are consistent with the approved strategic plans and evaluated the historical accuracy of the Board of Management's estimates that drive the assessment, such as the expected growth rates and EBITA margins. We performed sensitivity analyses by stress testing the most significant assumptions in the impairment test to determine the degree to which these assumptions would need to change before the carrying amount exceeds its recoverable amount. We included valuation experts in our team to assist us in these audit activities. We assessed the adequacy of the company's disclosure around goodwill as included in note 15 to the consolidated financial statements as well as the company's accounting policies which are more critical in nature as included in note 2 to the consolidated financial statements.	We concur with the Board of Management's conclusion that no impairment of goodwill is required as at December 31, 2024.

Report on other information included in the Annual Report

The Annual Report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements;
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report (excluding the sustainability statement) and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code for the remuneration report.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Board of Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. The Board of Management and the Supervisory Board are responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the Supervisory Board as auditor of Signify N.V. (formerly: Philips Lighting N.V.) on July 15, 2016, as of the audit for the year 2016 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Reporting Format (ESEF)

Signify N.V. has prepared the Annual Report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the Annual Report prepared in the XHTML format, including the (partially) marked-up consolidated financial statements as included in the reporting package by Signify N.V., complies in all material respects with the RTS on ESEF.

The Board of Management is responsible for preparing the Annual Report, including the financial statements, in accordance with the RTS on ESEF, whereby the Board of Management combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the Annual Report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting). Our examination included amongst others:

- Obtaining an understanding of Signify N.V.'s financial reporting process, including the preparation of the reporting package;
- Identifying and assessing the risks that the Annual Report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF;
  - Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Management and the Supervisory Board for the financial statements

The Board of Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-

IFRSs and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Management is responsible for such internal control as the Board of Management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Management is responsible for assessing Signify's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Board of Management should prepare the financial statements using the going concern basis of accounting unless the Board of Management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Board of Management should disclose events and circumstances that may cast significant doubt on the Signify's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Signify's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material misstatements, whether due to fraud or error during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures;
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

In this respect we also submit an additional report to the audit committee of the Supervisory Board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, February 25, 2025

EY Accountants B.V.

Signed by A.E. Wijnsma

17.2 Assurance reports on the sustainability statements 2024

17.2.1 Limited assurance report

Our conclusion

We have performed a limited assurance engagement on the consolidated sustainability statement for 2024 of Signify N.V. based in Eindhoven (hereinafter: the Company or Signify) in section Sustainability Statements of the accompanying management report including the information incorporated in the sustainability statement by reference (hereinafter: the sustainability statement).

Based on our procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the sustainability statement is not, in all material respects:

- Prepared in accordance with the European Sustainability Reporting Standards (ESRS) as adopted by the European Commission and compliant with the double materiality assessment process carried out by the company to identify the information reported pursuant to the ESRS; and
- Compliant with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation).

Our conclusion has been formed on the basis of the matters outlined in this limited assurance report.

Basis for our conclusion

We have performed our limited assurance engagement on the sustainability statement in accordance with Dutch law, including Dutch Standard 3810N, “Assurance-opdrachten inzake duurzaamheidsverslaggeving” (Assurance engagements relating to sustainability reporting), which is a specified Dutch standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 (Revised), “Assurance engagements other than audits or reviews of historical financial information”.

Our assurance engagement was aimed to obtain a limited level of assurance that the sustainability statement is free from material misstatements. The procedures vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our responsibilities in this regard are further described in the section Our responsibilities for the limited assurance engagement on the sustainability statement of our report.

We are independent of Signify in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement and we are not involved in the preparation of the sustainability statement, as doing so may compromise our independence. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for Professional Accountants). The ViO and VGBA are at least as demanding as the International Code of Ethics for Professional Accountants (including International independence standards) of the International Ethics Standards Board for Accountants (the IESBA Code) as relevant to limited assurance engagements on sustainability statements of public interest entities in the European Union.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Emphasis of matter

The sustainability statement has been prepared in the context of new sustainability reporting standards, requiring entity-specific interpretations and addressing inherent measurement or evaluation uncertainties. In this context, we want to emphasize the following matters:

Emphasis on the most significant uncertainties affecting the quantitative metrics and monetary amounts

We draw attention to section Specific circumstances in the sustainability statement that identifies the quantitative metrics and monetary amounts that are subject to a high level of measurement uncertainty and discloses information about the sources of measurement uncertainty and the assumptions, approximations and judgements Signify has made in measuring these in compliance with the ESRS.

The comparability of sustainability information between entities and over time may be

affected by the lack of historical sustainability information in accordance with the ESRS and by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques, especially in the initial years.

Emphasis on the double materiality assessment process

We draw attention to section Double Materiality Assessment in the sustainability statement. This disclosure explains future improvements in the ongoing due diligence and double materiality assessment process, including robust engagement with affected stakeholders. Due diligence is an on-going practice that responds to and may trigger changes in the company's strategy, business model, activities, business relationships, operating, sourcing and selling contexts. The double materiality assessment process requires Signify to make key judgments and use thresholds and may also be impacted in time by sector-specific standards to be adopted.

Therefore, the sustainability statement may not include every impact, risk and opportunity or additional entity-specific disclosure that each individual stakeholder (group) may consider important in its own particular assessment.

Our conclusion is not modified in respect of these matters.

Comparative information not assured

Sustainability information for reporting years before 2024 included in the sustainability statement, has not been part of this limited assurance engagement. Consequently, we do not provide any assurance on the comparative information and thereto related disclosures in the sustainability statement for reporting years before 2024. Our conclusion is not modified in respect of this matter.

Limitation to the scope of our assurance engagement

In reporting forward-looking information in accordance with the ESRS, the Board of Management describes the underlying assumptions and methods of producing the information, as well as other factors that provide evidence that it reflects the actual plans or decisions made by the company (actions). Forward-looking information relates to events and actions that have not yet occurred and may never occur. The actual outcome is likely to be different since anticipated events frequently do not occur as expected. We do not provide assurance on the achievability of forward-looking information.

Our conclusion is not modified in respect of this matter.

Responsibilities of the Board of Management and the Supervisory Board for the sustainability statement

The Board of Management is responsible for the preparation of the sustainability statement in accordance with the ESRS, including the double materiality assessment process carried out by Signify as the basis for the sustainability statement and disclosure of material impacts, risks and opportunities in accordance with the ESRS. As part of the preparation of the sustainability statement, the Board of Management is responsible for compliance with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation). The Board of Management is also responsible for selecting and applying additional entity-specific disclosures to enable users to understand the company's sustainability-related impacts, risks or opportunities and for determining that these additional entity-specific disclosures are suitable in the circumstances and in accordance with the ESRS.

Furthermore, the Board of Management is responsible for such internal control as it determines is necessary to enable the preparation of the sustainability statement that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the sustainability reporting process including the double materiality assessment process carried out by Signify.

Our responsibilities for the limited assurance engagement on the sustainability statement

Our responsibility is to plan and perform the limited assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

We apply the applicable quality management requirements pursuant to the Nadere voorschriften kwaliteitsmanagement (NVKM, regulations for quality management) and the International Standard on Quality Management (ISQM) 1, and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Our limited assurance engagement included amongst others:

- Performing inquiries and an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues, the characteristics of the company, its activities and the value chain and its key intangible resources in order to assess the double materiality assessment process carried out by the company as the basis for the sustainability statement and disclosure of all material sustainability-related impacts, risks and opportunities in accordance with the ESRS;
- Obtaining through inquiries a general understanding of the internal control environment, the company's processes for gathering and reporting entity-related and value chain information, the information

systems and the company's risk assessment process relevant to the preparation of the sustainability statement and for identifying the company's activities, determining eligible and aligned economic activities and prepare the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation), without obtaining assurance information about the implementation or testing the operating effectiveness of controls;

- Assessing the double materiality assessment process carried out by the company and identifying and assessing areas of the sustainability statement, including the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation), where misleading or unbalanced information or material misstatements, whether due to fraud or error, are likely to arise ('selected disclosures'). Designing and performing further assurance procedures aimed at assessing that the sustainability statement is free from material misstatements responsive to this risk analysis;
- Considering whether the description of the double materiality assessment process in the sustainability statement made by the Board of Management appears consistent with the process carried out by Signify;
- Performing analytical review procedures on quantitative information in the sustainability statement, including consideration of data and trends;
- Assessing whether Signify's methods for developing estimates are appropriate and have been consistently applied for selected disclosures. We considered data and trends; however our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the Board of Management's estimates;
- Analyzing, on a limited sample basis, relevant internal and external documentation available to the company (including publicly available information or information from actors throughout its value chain) for selected disclosures;
- Reading the other information in this Annual Report to identify material inconsistencies, if any, with the sustainability statement;
- Considering whether the disclosures provided to address the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation) for each of the environmental objectives, reconcile with the underlying records of Signify and are consistent or coherent with the sustainability statement, appear reasonable, in particular whether the eligible economic activities meet the cumulative conditions to qualify as aligned and whether the technical screening criteria are met, and whether the key performance indicators disclosures have been defined and calculated in accordance with the Taxonomy reference framework, and comply with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation), including the format in which the activities are presented;
- Considering the overall presentation, structure and fundamental qualitative characteristics of information (relevance and faithful representation: complete, neutral and accurate) reported in the sustainability statement, including the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation);
- Considering, based on our limited assurance procedures and evaluation of the evidence obtained, whether the sustainability statement as a whole, is free from material misstatements and prepared in accordance with the ESRS.

Communication

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the assurance engagement and significant findings that we identify during our assurance engagement.

Amsterdam, February 25, 2025

EY Accountants B.V.

Signed by A.E. Wijnsma

17.2.2 Reasonable assurance report on selected indicators

Our opinion

We have performed a reasonable assurance engagement on selected indicators in the accompanying Annual report for the year 2024 of Signify N.V. (hereinafter: Signify) in Eindhoven.

In our opinion, the selected indicators are prepared, in all material respects, in accordance with the applicable criteria as included in the section Criteria.

The selected indicators consist of:

- Total Greenhouse gas emissions (scope 1, 2 and 3 – as included in chapter 5, Sustainability statements, section 5.2, in table: Signify carbon footprint in tonnes-CO_2e);
- Brighter lives revenues (as included in section 5.1);
- Circular revenues (as included in section 5.1);
- Percentage of women in leadership (as included in section 5.1).

Basis for our opinion

We have performed our reasonable assurance engagement on the selected indicators in accordance with the Dutch law, including the Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten)' (Assurance engagements other than audits or reviews of historical financial information (attestation engagements)). Our responsibilities in this regard are further described in the section Our responsibilities for the assurance engagement on the selected indicators of our report.

We are independent of Signify N.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics for Professional Accountants).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Criteria

The criteria applied for the preparation of the selected indicators are the criteria developed by Signify and are disclosed in section 5.5, Reporting principles of this Annual Report.

The comparability of selected indicators between entities and over time may be affected by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques.

Consequently, the selected indicators need to be read and understood together with the criteria applied.

Corresponding information not assured

The selected indicator 'Total Greenhouse gas emissions (scope 1, 2 and 3)' for the period prior to 2022 has not been part of a reasonable assurance engagement. Consequently, the corresponding selected indicator and thereto related disclosures for the period prior to 2022 is not assured with reasonable assurance. Our opinion is not modified in respect of this matter.

Limitations to the scope of our assurance engagement

Our assurance engagement is restricted to the selected indicators. We have not performed assurance procedures on any other information as included in this Annual Report, in light of this engagement.

The selected indicators include prospective information such as ambitions, strategy, plans, expectations and estimates. Prospective information relates to events and actions that have not yet occurred and may never occur. We do not provide assurance on the assumptions and achievability of this prospective information.

The references to external sources or websites are not part of our assurance engagement on the selected indicators. We therefore do not provide assurance on this information.

Our opinion is not modified in respect of these matters.

Responsibilities of the Board of Management and the Supervisory Board for the selected indicators

The Board of Management is responsible for the preparation of the selected indicators in accordance with the criteria as included in the section Criteria. The Board of Management is also responsible for selecting and applying the criteria and for determining that these criteria are suitable for the legitimate information needs of the intended users, considering applicable law and regulations related to reporting. The choices made by the Board of Management regarding the scope of the selected indicators and the reporting policy are summarized in section 5.5, Reporting principles of this Annual Report.

Furthermore, the Board of Management is responsible for such internal control as it determines is necessary to enable the preparation of the selected indicators that are free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the reporting process of the selected indicators of Signify.

Our responsibilities for the assurance engagement on the selected indicators

Our responsibility is to plan and perform the assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our opinion.

Our assurance engagement has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material misstatements, whether due to fraud or error, during our assurance engagement.

We apply the applicable quality management requirements pursuant to the Nadere voorschriften kwaliteitsmanagement (NVKM, regulations for quality management) and the International Standard on Quality Management (ISQM) 1, and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Our assurance engagement included amongst others:

- Performing an analysis of the external environment and obtaining an understanding of the sector, relevant sustainability themes and issues, and the characteristics of the company as far as relevant to the selected indicators;
- Evaluating the appropriateness of the criteria applied, their consistent application and related disclosures on the selected indicators. This includes the evaluation of the reasonableness of estimates made by the Board of management;
- Obtaining an understanding of the systems and processes for collecting, reporting and consolidating the selected indicators, including obtaining an understanding of internal control environment relevant to our assurance engagement, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Identifying and assessing the risks that the selected indicators are misleading or unbalanced, or contain material misstatements, whether due to fraud or error, designing and performing further assurance procedures responsive to those risks, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our opinion. These procedures consisted amongst others of:
  - Making inquiries of management and/or relevant staff at corporate level responsible for the sustainability strategy, policy and results relating to the selected indicators;
  - Interviewing relevant staff responsible for providing the information for, carrying out controls on, and consolidating the data in the selected indicators;
  - Obtaining assurance evidence that the selected indicators reconcile with underlying records of Signify;
  - Evaluating, on a sample basis, relevant internal and external documentation to determine the reliability of the selected indicators;
  - Evaluating the data and trends.
- Sampling the used calculated wattages and lifetime in the product dataset to obtain suitable assurance evidence (internal documentation such as product leaflets), that reported information reconciles with underlying records of the company and to confirm the source data is in line with the reporting criteria;
- Reconciling the relevant financial information with the financial statements;
- Reading the information in this Annual Report that is not included in the scope of our assurance engagement to identify material inconsistencies, if any, with the selected indicators;
- Evaluating whether the selected indicators are presented and disclosed free from material misstatement in accordance with the criteria applied.

Amsterdam, February 25, 2025

EY Accountants B.V.

Signed by A.E. Wijnsma

18 Reconciliation of non-IFRS financial measures

Explanation of non-IFRS financial measures

Certain parts of this Annual Report contain financial measures that are not measures of financial performance or liquidity under IFRS. These are commonly referred to as non-IFRS financial measures and include items such as comparable sales growth, Adjusted gross margin, Adjusted indirect costs, EBITA, Adjusted EBITA, free cash flow and other related ratios.

Although the non-IFRS financial measures presented are not measures of financial performance or liquidity under IFRS, the company uses these measures to monitor the underlying performance of its business and operations. These measures have not been audited or reviewed by the company's external auditor. Furthermore, these measures might not be indicative of the company's historical operating results, nor are such measures meant to be predictive of the company's future results. These measures are presented in this Annual Report because the company considers them an important supplemental measure of its performance and believes that these and similar measures are widely used in the industry in which it operates as a means of evaluating a company's operating performance and liquidity.

Changes to segment reporting

Effective Q1 2024, Signify's segment reporting has changed due to the implementation of the new operating model. Refer to note 1, Basis of preparation in chapter 15, Consolidated financial statements, for further details. Prior period comparative figures have been restated accordingly.

Comparable sales growth

The company discloses comparable sales growth as a supplemental non-IFRS financial measure, as the company believes that the presentation of comparable sales growth is a meaningful measure for investors to evaluate the performance of the company's business activities over time. As a result of significant foreign currency sales and currency movements during the periods presented, the effects of translating foreign currency sales amounts into euros could have a material impact on the comparability of sales between periods. In addition, the years presented can be affected by consolidations and de-consolidations. Therefore, when presenting comparable sales growth, these currency and (de)consolidation effects are excluded. Comparable sales growth is used by the company as a key financial measure to assess the operational performance of the businesses.

Sales growth composition per business in %

	Comparable growth	Currency effects	Consolidation effects	Nominal growth
2024 versus 2023				
Professional	(5.8)	(1.8)	0.1	(7.6)
Consumer	(1.2)	(2.2)	0.0	(3.4)
OEM	(2.0)	(2.5)	0.0	(4.5)
Conventional	(29.2)	(1.0)	0.0	(30.2)
Signify	**(6.6)**	**(1.8)**	**0.0**	**(8.4)**
2023 versus 2022				
Professional	(4.4)	(3.1)	1.4	(6.0)
Consumer	(9.3)	(4.0)	0.0	(13.4)
OEM	(23.0)	(3.6)	0.0	(26.6)
Conventional	(18.4)	(2.5)	0.0	(20.9)
Signify	**(8.3)**	**(3.3)**	**0.8**	**(10.8)**

EBITA and Adjusted EBITA

The company discloses EBITA, Adjusted EBITA and Adjusted EBITA margin as supplemental non-IFRS financial measures, as the company understands that these measures are used by analysts, rating agencies and investors in assessing the company's performance. The company believes that EBITA makes its underlying performance more transparent by factoring out the amortization and impairment of acquisition-related intangible assets and goodwill, which arises when acquisitions are consolidated by the company. In addition, the company presents Adjusted EBITA and Adjusted EBITA margin by business, as the company believes that these measures make the underlying performance of its businesses more transparent by factoring out restructuring costs, acquisition-related charges and other incidental items which are not directly related to the operational performance of the businesses. Adjusted EBITA and Adjusted EBITA margin are also used by the company as key segmental financial measures to assess the operating performance of the businesses.

Adjusted EBITA to Income from operations (EBIT) in millions of EUR

	Signify	Professional	Consumer	OEM	Conventional	Signify Other
2024						
Adjusted EBITA	606	367	144	48	78	(32)
Restructuring	(74)					
Acquisition-related charges	5					
Incidental items	7					
EBITA	**543**					
Amortization [1]	(66)					
Income from operations (EBIT) [2]	**477**					
2023						
Adjusted EBITA	670	412	120	43	127	(31)
Restructuring	(167)					
Acquisition-related charges	(14)					
Incidental items	(40)					
EBITA	**449**					
Amortization [1]	(80)					
Income from operations (EBIT) [2]	**369**					

[1] Amortization and impairments of acquisition related intangible assets and goodwill.
[2] For a reconciliation to income before taxes, refer to note 3, Information by segment and main country, in chapter 15, Consolidated financial statements.

Adjusted gross margin and Adjusted indirect costs: Adjusted SG&A costs and Adjusted R&D costs

The company discloses Adjusted gross margin, Adjusted SG&A costs and Adjusted R&D costs as supplemental non-IFRS financial measures. The company believes they are a meaningful measure to evaluate the company's gross margin, Adjusted SG&A costs and Adjusted R&D costs on a comparable basis over time. The measures factor out restructuring costs, acquisition-related charges and other incidental items attributable to cost of sales, SG&A and R&D costs which are not directly related to the operational performance of the company. Adjusted gross margin, Adjusted SG&A and Adjusted R&D are also used by the company as key financial measures to assess the operating performance of the company.

Income from operations to Adjusted EBITA in millions of EUR

	Reported	Restructuring [2]	Acquisition related charges	Incidental items [3]	Adjusted
2024					
Sales	6,143	–	–	–	6,143
Cost of sales	(3,701)	47	1	11	(3,642)
Gross margin	**2,442**	**47**	**1**	**11**	**2,501**
Selling, general and administrative expenses	(1,736)	25	4	6	(1,701)
Research and development expenses	(266)	2	–	–	(264)
Indirect costs	**(2,002)**	**27**	**4**	**6**	**(1,965)**
Impairment of goodwill	–	–	–	–	–
Other business income	41	–	(10)	(25)	7
Other business expenses	(3)	–	–	–	(3)
Income from operations	**477**	**74**	**(5)**	**(7)**	**540**
Amortization [1]	(66)	–	–	–	(66)
Income from operations excluding amortization (EBITA)	**543**	**74**	**(5)**	**(7)**	**606**
2023					
Sales	6,704	–	–	–	6,704
Cost of sales	(4,146)	62	3	36	(4,044)
Gross margin	**2,558**	**62**	**3**	**36**	**2,660**
Selling, general and administrative expenses	(1,882)	81	11	(1)	(1,791)
Research and development expenses	(308)	24	–	–	(284)
Indirect costs	**(2,191)**	**105**	**11**	**(1)**	**(2,075)**
Impairment of goodwill	–	–	–	–	–
Other business income	24	–	(2)	(11)	10
Other business expenses	(23)	–	2	16	(5)
Income from operations	**369**	**167**	**14**	**40**	**590**
Amortization [1]	(80)	–	–	–	(80)
Income from operations excluding amortization (EBITA)	**449**	**167**	**14**	**40**	**670**

[1] Amortization and impairments of acquisition-related intangible assets and goodwill.

[2] Restructuring costs were EUR 74 million for the year ended December 31, 2024. These consisted of EUR 57 million of employee termination benefits and EUR 17 million of other costs related to restructuring programs.
Restructuring costs were EUR 167 million for the year ended December 31, 2023. These consisted of EUR 150 million of employee termination benefits and EUR 18 million of other costs related to restructuring programs.

[3] Incidental items of EUR 7 million gain for the year ended December 31, 2024 were mainly related to one-day FX loss from the devaluation of the Egyptian pound by the Egyptian government (EUR 10 million, mainly in Professional), environmental provisions for inactive sales and the discounting effect of long-term provisions (EUR 7 million, mainly in 'Other'), gains from movements in the indemnification positions with Koninklijke Philips N.V. originating from the separation (EUR 9 million, in Other), and gain in real estate transactions (EUR 15 million, in Conventional).
Incidental items of EUR 40 million for the year ended December 31, 2023 were related to results on real estate transactions (EUR 13 million in 'Other'), environmental provisions for inactive sites and the discounting effect of long-term provisions (EUR 16 million, mainly in Conventional), operations in Russia and Ukraine (EUR 3 million, in Professional and Conventional), incidental warranty costs (EUR 5 million, in Professional), one-day FX loss from the devaluation of the Argentine peso by the Argentinian government (EUR 11 million, in Professional and Consumer), gains from movements in the indemnification positions with Koninklijke Philips N.V. originating from the separation (EUR 9 million, in 'Other'), and other insignificant items of EUR 1 million.

Free cash flow

The company discloses free cash flow as a supplemental non-IFRS financial measure, as the company believes it is a meaningful measure to evaluate the performance of the company's business activities over time. The company understands that free cash flow is broadly used by analysts, rating agencies and investors in assessing the company's performance. The company also believes that the presentation of free cash flow provides useful information to investors regarding the cash generated by the company's operating activities after deducting cash outflows for additions of intangible assets, capital expenditures on property, plant and equipment and proceeds from disposal of property, plant and equipment. Therefore, the measure gives an indication of the long-term cash generating ability of the company's business. In addition, because free cash flow is not impacted by purchases of businesses, it is less volatile than the total of cash flows from operating and investing activities. Free cash flow is also used by the company as a key financial measure to assess the operating performance of the company.

Composition of cash flows in millions of EUR

	2023	2024
Cash flows from operating activities	696	514
Cash flows from investing activities	(115)	(72)
Cash flows before financing activities	**581**	**442**
Cash flows from operating activities	696	514
Net capital expenditures:		
• Additions of intangible assets	(67)	(48)
• Capital expenditures on property, plant and equipment	(51)	(51)
• Proceeds from disposal of property, plant and equipment	8	22
Free cash flows	**586**	**438**

Free cash flows in millions of EUR	2024
Professional	397
Consumer	147
OEM	81
Conventional	55
Other [1]	(243)
Signify total	**438**

[1] Non-allocated free cash flow items (e.g. tax, interest and costs in 'Other' not allocated to the businesses).

Net debt

Net debt is the sum of short-term debt, long-term debt minus cash and cash equivalents.

The net debt position as a percentage of the sum of the company's equity (shareholders' equity and non-controlling interests) and net debt are presented to express the financial strength of the company. The company uses this measure to assess the company's financial position and understands it has similar use for analysts, rating agencies and investors.

Composition of net debt to total equity in millions of EUR unless otherwise stated	2023	2024
Short-term debt	1,038	416
Long-term debt	1,192	1,137
Gross debt	**2,230**	**1,553**
Cash and cash equivalents	(1,158)	(633)
Net debt	**1,071**	**920**
Shareholders' equity	2,817	3,162
Non-controlling interests	129	105
Total equity	**2,947**	**3,267**
Net debt and total equity	4,018	4,187
Net debt divided by net debt and total equity (in %)	27%	22%
Total equity divided by net debt and total equity (in %)	73%	78%

Working capital

The company discloses working capital as a supplemental non-IFRS financial measure, as the company believes it is a meaningful measure to evaluate the company's ability to maintain a solid balance between growth, profitability and liquidity. Working capital is broadly analyzed and reviewed by analysts and investors in assessing the company's performance. This measure serves as a metric for how efficiently a company is operating and how financially stable it is in the short term. It is an important measure of a company's ability to pay off short-term expenses or debts.

Working capital to total assets in millions of EUR	2023	2024
Working capital	**461**	**422**
Eliminate liabilities comprised in WoCa:		
• Trade and other payables	1,539	1,588
• Derivative financial liabilities	17	11
• Other current liabilities	206	196
Include assets not comprised in WoCa:		
• Non-current assets	4,566	4,541
• Income tax receivable	54	52
• Current financial assets	2	0
• Cash and cash equivalents	1,158	633
• Assets classified as held for sale	–	13
• Trade and other receivables [1]	–	48
Total assets	**8,004**	**7,505**

[1] Trade and other receivables amounting to USD 50 million of insurance receivables for which a legal provision is recognized for the same amount as at December 31, 2024.

Other key performance indicators

Amongst others, management uses the following key performance indicators to monitor progress on our Brighter Lives, Better World 2025 sustainability program.

Brighter lives revenues represent the percentage of total revenues coming from all products, systems and services contributing to Food availability, Safety & security, or Health & well-being.

Circular revenues represent the percentage of total revenues coming from products, systems and services designed to preserve value and avoid waste categorized as Serviceable luminaires (incl. 3D printing), Circular components, Intelligent systems or Circular services.

Other key performance indicators in %	2023	2024
Brighter lives revenues, as a % of total sales	31%	33%
Circular revenues, as a % of total sales	33%	35%

19 Definitions and abbreviations

Acquisition-related charges
Costs that are directly triggered by the acquisition of a company, such as transaction costs, purchase accounting related costs and integration-related expenses.

Adjusted EBITA
EBITA excluding restructuring costs, acquisition-related charges and other incidental items.

Adjusted EBITA margin
Adjusted EBITA divided by sales to third parties (excluding intersegment). "Operational profitability" also refers to this metric.

Adjusted gross margin
Gross margin, excluding restructuring costs, acquisition-related charges and other incidental items attributable to cost of sales.

Adjusted indirect costs
Indirect costs, excluding restructuring costs, acquisition-related charges and other incidental items attributable to indirect costs.

Adjusted research and development (R&D) expenses
Research and development expenses, excluding restructuring costs, acquisition-related charges and other incidental items attributable to research and development expenses.

Adjusted selling, general and administrative (SG&A) expenses
Selling, general and administrative expenses, excluding restructuring costs, acquisition-related charges and other incidental items attributable to selling, general and administrative expenses.

Ballasts
Lamp control gear inserted between the supply and one or more discharge lamps, which, by means of inductance, capacitance or a combination of inductance and capacitance, serves mainly to limit the current of the lamp(s) to the required value.

Capital employed
The sum of equity and net debt (excluding pension liabilities).

Compact fluorescent light (CFL)
CFLs usually combine a fluorescent light with an incandescent fixture.

Comparable sales growth
The period-on-period growth in sales excluding the effects of currency movements and changes in consolidation.

Consolidation effects
In the event a business is acquired (or divested), the impact of the consolidation (or de-consolidation) on the company's figures is included (or excluded) in the calculation of the comparable sales growth figures.

Conventional lamps
Non-LED based light-emitting light sources, including incandescent lamps, halogen lamps, fluorescent lamps and high-intensity discharge lamps.

Conventional luminaires
Light fixtures with a conventional socket (e.g. a screw socket for a conventional lamp or LED lamp).

Currency effects
Calculated by translating the foreign currency financials of the previous period and

the current period into euros at the same average exchange rates.

Custom duties
Tax imposed on imports and exports of goods charged to Signify's Consolidated Statement of Income. Typically, these are reflected in customs declarations and tend to be payable, and are paid, regularly (often monthly) throughout the year, shortly after the submission of the declaration. These form part of operating costs.

EBIT
Income from operations.

EBITA
Income from operations excluding amortization and impairment of acquisition-related intangible assets and goodwill.

EBITDA
Income from operations excluding depreciation, amortization and impairment of non-financial assets.

Electronics
Units that regulate the current going through a light source.

Employees
Employees of Signify at the end of the period expressed on a full-time equivalent (FTE) basis.

Fluorescent lamp
A lamp which produces light with an electric current conducted through an inert gas producing ultraviolet light that is invisible to the human eye.

Free cash flow
Net cash provided by operating activities minus net capital expenditures. Free cash flow includes interest paid and income taxes paid.

Global Reporting Initiative (GRI)
The Global Reporting Initiative is a network-based organization that pioneered the world's most widely used sustainability reporting framework. GRI is committed to the framework's continuous improvement and application worldwide. GRI's core goals include the mainstreaming of disclosure on environmental, social and governance performance.

Gross debt
The sum of short-term debt and long-term debt.

Gross margin
Sales minus cost of sales.

Halogen lamp
A type of incandescent lamp with a capsule that holds a special halogen gas composition around the heated filament to increase the efficacy of the incandescence.

High-intensity discharge lamp (HID)
A type of conventional lamp that uses electricity arcs between two electrodes to create an intensely bright light where mercury, sodium or metal halide gas act as the conductor.

Incidental items
Any item with an income statement impact (loss or gain) that is deemed to be both significant and not part of normal business activity. Other incidental items might extend over several quarters within the same financial year.

Incandescent lamp
A conventional lamp that produces visible light by heating a tungsten filament inside a glass bulb usually filled with an inert gas.

Income tax paid
Income tax paid by Signify in tax jurisdictions, based on income on a cash basis.

Indirect costs
The sum of Selling, general and administrative and Research and development expenses.

International Standardization Organization (ISO)
The International Standardization Organization is the world's largest developer and publisher of International Standards. ISO is a network of the national standards institutes of more than 160 countries, one member per country, with a Central Secretariat in Geneva, Switzerland, that coordinates the system. ISO is a non-governmental organization that forms a bridge between the public and private sectors.

LED
Light-emitting diode.

LED-based sales
Sales provided by products, systems and services based on LED lighting technologies.

LED drivers
Lighting electronics that convert input power into a current that remains constant despite fluctuations in voltage.

LED lamp
A solid-state semiconductor device that converts electrical energy directly into light.

LED luminaires
Light fixtures where LED modules are integrated into the luminaire as a light source and cannot be separated from the luminaire by the user.

LED modules
Light generating units around which luminaires are built for the purpose of emitting distributed patterns of light.

Light-as-a-Service contract
Contracts enabling an integrated solution for customers where customers pay for the provision of light to their premises, while the company plans and builds the lighting infrastructure and ensures its performance until the end of the contract.

Lighting services
Services offered to customers building on a lighting system and enabled by data.

Lighting systems
The combination of luminaires, controls and software. The automation and related controls of lighting within a room, building or outdoor facilities for end users.

Luminaire
Electrical devices that produce, control and distribute light. Also called light fixtures. They consist of one or more light sources, lamps or sockets that connect the lamps to the electrical power (as well as drivers in some luminaires), and the mechanical components required to support or attach the housing.

Net capital expenditures
Additions of intangible assets, capital expenditures on property, plant and equipment and proceeds from disposal of property, plant and equipment.

Net debt
Short-term debt, long-term debt minus cash and cash equivalents.

Net leverage ratio
The ratio of consolidated reported net debt to consolidated reported EBITDA for the purpose of calculating the financial covenant.

Non-governmental organization (NGO)
A non-governmental organization is any non-profit, voluntary citizens' group which is organized at a local, national or international level.

OEM
Original equipment manufacturer.

Other taxes
Other taxes comprise environmental taxes, property taxes and other contributions to governments in the form of taxes. This also includes dividend withholding tax payments on behalf of our shareholders.

Payroll taxes
This comprises all payroll taxes including social security contributions, both in Signify's capacity of employer, which form part of operating costs, and in the form of remittance to government on behalf of employees. Typically, these taxes are reflected in payroll tax returns made to governments and tend to be payable, and are paid, regularly (often monthly) throughout the year, shortly after the submission of the return.

R&D expenses
Research and development expenses.

Renewable electricity
Percentage of total electricity usage from renewable sources.

Responsible Business Alliance (RBA)
The Responsible Business Alliance (RBA, formerly known as Electronic Industry Citizenship Coalition) was established in 2004 to promote a common code of conduct for the electronics and information and communications technology (ICT) industry. The RBA now includes more than 100 global companies and their suppliers.

Restructuring costs
The estimated costs of initiated reorganizations that have been approved by the company, and which generally involve the realignment of certain parts of the organization. Restructuring costs include costs for employee termination benefits for affected employees and other costs directly attributable to the restructuring, such as impairment of assets and inventories.

Return on capital employed
Income from operations adjusted for tax at the effective tax rate, divided by the year-on-year average capital employed.

SG&A expenses
Selling, general and administrative expenses.

Signify
Signify N.V. (the "Company") and its subsidiaries, within the meaning of Section 2:24b of the Dutch Civil Code.

SOFR
Secured overnight financing rate (SOFR) administered by the Federal Reserve Bank of New York (or any other person which takes over the administration of that rate) published by the Federal Reserve Bank of New York (or any other person which takes over the publication of that rate).

Switch
Wall-mounted devices designed to (i) change the electric connections among its terminals or (ii) engage with the pins of a plug and having terminals for the connection of cables or cords (i.e. socket contacts).

VAT
Value-added tax (VAT) including similar indirect taxes such as Goods and Service tax (GST) and Sales tax. The VAT contributions in a jurisdiction is the balance between output VAT and input VAT. These taxes form part of a VAT tax return made to the government and tend to become payable, and are paid, regularly (often quarterly) throughout the year shortly after submission of the VAT tax returns.

Weighted average statutory income tax rate
The aggregation of the result before tax multiplied by the applicable statutory tax rate without adjustment for losses, divided by the company result before tax.

Women in leadership
Percentage of women in relation to the total population in compensation grades H22 and above. It includes employees with or without a defined end date, international assignees and members of the Board of Management.

Working capital
The sum of Inventories, Trade and other receivables (excluding insurance receivables for which a legal provisions is recognized for the same amount), Other current assets, Derivative financial assets minus the sum of Trade and other payables, Derivative financial liabilities and Other current liabilities (excluding dividend-related payables).

20 Forward-looking statements and other information

Forward-looking statements and risks & uncertainties

This document contains forward-looking statements that reflect the intentions, beliefs or current expectations and projections of Signify N.V. together with its subsidiaries, including statements regarding strategy, estimates of sales growth and future operational results.

By their nature, these statements involve risks and uncertainties facing Signify and a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement as a result of risks and uncertainties. Such risks, uncertainties and other important factors include but are not limited to: adverse economic and geopolitical developments, including the potential impact of tariffs, the impact of the increasing conflicts globally, volatility in interest rates, inflation and currency fluctuations, changes in international tax laws, economic downturn in key geographies to the company, supply chain disruptions, new technological disruptions, cyber security risk, competition in the general lighting market, reputational and adverse effects on business due to activities in environment, health & safety, compliance risks, ability to attract and retain talented personnel and pension liabilities.

Refer to chapter 13, Risk factors and risk management, for discussion of material risks, uncertainties and other important factors which might have a material adverse effect on the business, results of operations, financial condition and prospects of Signify. Such risks, uncertainties and other important factors should be read in conjunction with the information included in this Annual Report.

Additional risks currently not known to Signify or that Signify has not considered material as of the date of this document could also prove to be important and might have a material adverse effect on the business, results of operations, financial condition and prospects of Signify or could cause the forward-looking events discussed in this document. Signify undertakes no duty to and will not necessarily update any of the forward-looking statements in light of new information or future events, except to the extent required by applicable law.

Market and industry information

All references to market share, market data, industry statistics and industry forecasts in this document consist of estimates compiled by industry professionals, competitors, organizations or analysts, of publicly available information or of Signify's own assessment of its sales and markets. Rankings are based on sales unless otherwise stated.

Non-IFRS financial measures

Certain parts of this document contain non-IFRS financial measures and ratios, such as comparable sales growth, adjusted gross margin, EBITA, Adjusted EBITA, free cash flow, and other related ratios, that are not recognized measures of financial performance or liquidity under IFRS. The non-IFRS financial measures presented are measures used by management to monitor the underlying performance of the Signify business and operations and, accordingly, they have not been audited or reviewed. Not all companies calculate non-IFRS financial measures in the same manner or on a consistent basis and these measures and ratios might not be comparable to measures used by other companies under the same or similar names. A reconciliation of these non-IFRS financial measures to the most directly comparable IFRS financial measures is contained in this document. For further information on non-IFRS financial measures, see chapter 18, Reconciliation of non-IFRS financial measures.

Fair value information

In presenting Signify's financial position, fair values are used for the measurement of various items in accordance with the applicable accounting standards. These fair values are based on market prices, where available, and are obtained from sources that are deemed to be reliable. Readers are cautioned that these values are subject to changes over time and are only valid on the balance sheet date. When quoted prices or observable market values do not exist, fair values are estimated using valuation models that we believe are appropriate for their purpose. They require management to make significant assumptions with respect to future developments that are inherently uncertain and might therefore deviate from actual developments.

Critical assumptions used are disclosed in the financial statements. In certain cases, independent valuations are obtained to support management's determination of fair values.

IFRS basis of presentation

The financial information included in this document is based on International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU), as explained in significant accounting policies, unless otherwise indicated.

CSRD sustainability statements

The sustainability statements included in this document are prepared in accordance with the European Sustainability Reporting Standards (ESRS) pursuant to the European Corporate Sustainability Directive 2022/2464/EC (CSRD).

Statutory financial statements

Chapter 15, Consolidated financial statements and chapter 16, Signify N.V. financial statements, contain the statutory financial statements of Signify N.V.

Regulated information

This document contains regulated information within the meaning of the Dutch Financial Markets Supervision Act.

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