



## Sustainability Supplements to the Annual Report 2023



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# Data definitions, boundaries, and scope

This section sets out the reporting scope and methodology for Signify's 2023 corporate and value chain Greenhouse Gas (GHG) emissions statements as published in this report for the year ended December 31, 2023.

## 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<sub>2</sub>e), 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 systematically, 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. New acquisitions are incorporated in sustainability program and reporting following our Sustainability Reporting Policy as outlined in this supplement under Mergers, acquisitions, divestitures definition.

## 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 7 greenhouse gases under the Kyoto Protocol, namely carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O),

hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF<sub>6</sub>), and nitrogen trifluoride (NF<sub>3</sub>), where applicable and expressed in CO<sub>2</sub>-equivalent. Signify does not have material GHG emissions other than CO<sub>2</sub>. 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 verifiable emissions data for all categories of Scope 1, Scope 2, and Scope 3 were data was available. Scope 2 emission targets have been calculated using the market-based method.

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 venture) fully in scopes 1 and 2.

#### Avoided emissions

In addition to the reported GHG emissions from Scope 1, 2, and 3, 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 71% in 2023. 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<sub>2</sub>e 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

This table presents 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	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	Scope 2 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	Scope 2 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-DIIS Residual Mix Emission Factors
Scope 3 Category 1 – Purchased goods and services	This category includes all 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	This category includes all 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 3 Category 3 – Fuel and energy-related activities not included in Scope 1 or 2	This category includes all 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 the purchased electricity multiplied by upstream emission factors at the national level. The emissions from the transmission & distribution (T&D) losses are calculated based the purchased electricity, multiplied by the T&D losses from DEFRA. The purchased fuels and electricity data is collected as described in Scope 1 and Scope 2.	DEFRA IEA

Scope	Emissions calculation method and data source	Emission factor source
<b>Scope 3 Category 4 - Upstream transportation and distribution</b>	<p>This category includes all 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).</p> <p>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.</p> <p>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.</p> <p>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".</p>	DEFRA Clean Cargo/Smart Freight Center
<b>Scope 3 Category 5 – Waste generated in operations</b>	<p>This category includes all emissions from disposal and treatment of waste generated in our own operations in the reporting year (in facilities not owned or controlled by Signify).</p> <p>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.</p> <p>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.</p>	EPA WARM (Waste Reduction Model) Ecoinvent
<b>Scope 3 Category 6 - Business travel</b>	<p>This category includes all 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.</p> <p>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.</p> <p>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.</p>	DEFRA
<b>Scope 3 Category 7 – Employee commuting</b>	<p>This category includes all emissions from the transportation of employees between their homes and their worksites the reporting year (in vehicles not owned or operated by Signify), specifically automobile travel, bus travel and rail travel.</p> <p>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.</p> <p>The total number of employees (FTE) is collected internally from our HR systems and assured 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.</p>	DEFRA

Scope	Emissions calculation method and data source	Emission factor source
<b>Scope 3 Category 9 - Downstream transportation and distribution</b>	<p>This category includes all emissions from transportation and distribution of raw materials, components and finished products purchased by Signify in the reporting year between its own operations and customers (in vehicles and facilities not owned or controlled by the Signify). 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 for per mode of transport. Emissions from transportation and distribution are calculated per mode of transport, namely ocean transport, air transport, and road transport.</p> <p>The transportation and distribution mass, origin, and destination data at shipment level are primarily collected internally from 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 a digital GHG accounting and reporting platform based on the origin and destination at the shipment level. It is worth noting that the transportation and distribution data collected (from our internal system and from logistics service providers) do 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".</p>	DEFRA Clean Cargo/Smart Freight Center
<b>Scope 3 Category 11 – Use of sold products</b>	<p>This category includes all the 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:</p> <p><math>\Sigma \text{CO}_2\text{e (per 12NC)} = \text{sold product quantity per country} * \text{power} * \text{lifetime} * \text{CO}_2\text{e emission factor per country}</math></p> <p>Where:</p> <ul style="list-style-type: none"> <li><b>Sold product quantity</b> – 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;</li> <li><b>Power</b> – the externally claimed wattage of each energy consuming product, collected internally from each Signify business unit from their 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 industrial standards such as the International Electrotechnical Commission (IEC) Standards;</li> <li><b>Lifetime</b> – the externally claimed total use hours of each energy consuming product, collected internally from each Signify business unit from their 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 industrial standards such as the International Electrotechnical Commission (IEC) Standards;</li> <li><b>CO<sub>2</sub>e emission factor per country</b> – the CO<sub>2</sub>e intensity data in kg CO<sub>2</sub>e per kWh, from IEA for the reporting year, including emissions from both total upstream and combustion, as required by the GHG protocol Scope 3 Calculation Guideline.</li> </ul>	IEA

Scope	Emissions calculation method and data source	Emission factor source
<b>Scope 3 Category 11 – Use of sold products (cont.)</b>	<p><b>Uncertainties and assumptions in the calculation of Category 11 emissions</b></p> <p>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 2022 and 2023 product data coverage was greater than 95%. Still, there is a small gap in our product data because for some special one-off local projects, product technical data is not maintained in a centralized data system. For products where data is not available, their emissions are extrapolated based on the actual emissions calculated within the same business unit. In terms of accuracy, multi-level control procedures have been implemented including statistical validation based on mean, medium, most repeated values. Data for sold products is collected internally and assured as part of the financial statements audit. The data is managed in a digital data warehouse and reported in a dynamic dashboard.</p>	IEA
<b>Scope 3 Category 12 – End-of-life treatment of sold products</b>	<p>This category includes all 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.</p> <p>The mass of sold products and packing data are collected, reported and validated internally.</p>	EPA WARM (Waste Reduction Model) Ecoinvent

## Data definitions and boundaries

### Brighter lives revenues<sup>1</sup>

Revenues coming from our portfolio which benefit society focusing on three main sustainability 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<sup>2</sup> 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 luminaires

- 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.

### Circular revenues<sup>1</sup>

Revenues coming from our circular portfolio meaning lighting products\*, systems and services that maximize (re)usability, serviceability, and upgradability and minimizes 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

### Employee data

The total number of employees comprises all employees, including from newly acquired companies and temporary employees, but excludes interns. Social data covers all employees that have been fully integrated in our system and exclude contingency workers. The Employee Net Promoter Score (NPS) survey is performed on a quarterly basis and is calculated through a weighted average for

<sup>1</sup> Data stems from internal documentation based on the product attributes and is a manual process, therefore, there could be inherent uncertainties within the calculation.

<sup>2</sup> Products = light sources, luminaires, control gears, sensors (LED and conventional).

the whole year using the respondents and results. It includes employees with access to a company email address.

### **Environmental data**

Environmental data from manufacturing operations are reported quarterly or half-yearly, according to defined company guidelines that include definitions, procedures and calculation methods. A robust system of internal controls has been implemented to safeguard consistent data quality. The results are tracked and internally reported to measure progress against our program targets. Data on operational energy usage includes energy use from manufacturing sites and non-industrial sites & excludes transmission losses to the grid. Most of the environmental data covers a reporting period from the 1st of December 2022, until the 30th of November 2023.

### **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 manufacturing 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 injury and illness cases are reported for staff and contractors as outsourced workforce. The TRC and LWIC KPIs refer to all reported cases for permanent & temporary employees, including students & interns.

### **Integrity code**

Alleged Integrity code concerns are registered via our internet-based reporting and validation tool. Our Ethics line, [www.signify.ethicspoint.com](http://www.signify.ethicspoint.com) is available to all employees and outside parties, allowing concerns to be anonymously registered by telephone or through an online web form. In addition, local compliance officers are available globally, to register concerns on behalf of employees. The Integrity code concerns encompass all concerns registered in the Ethics line database opened throughout the financial year.

### **Lives Lit and Community support**

The Signify Foundation and Signify's CSR program focus on lives lit, entrepreneurs trained and humanitarian lighting. We define lives lit as the number of people that are enabled first access to solar lighting (indoor/outdoor), access to improved lighting (LED lighting), or access to the benefits of lighting (horticulture, UV-C). The beneficiaries are either reached directly through provision of lighting products, or indirectly through supported partners. For entrepreneurs trained we count the people who have been provided with business and/or technical skills training through our funding support. For Humanitarian lighting, we count the projects that have been led during the reporting year.

### **Living wages**

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, the United States of America, and India, which represents 70% of the

workforce), Signify used WageIndicator's database (date: Q2 2023) 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 Cooper but excluding LeiFei and Klite), including temporary employees, but excludes interns, international assignees, remote and homeworkers.

### **Mergers, acquisitions, divestitures**

New Signify ventures are included in environmental and social disclosures to the

extent that the integration process of these ventures has sufficiently been finalized. Assuming new ventures' sustainability reporting and availability of data conform with Signify requirements, the normative integration period is two years. Whenever the normative period is not realistic, we will deviate and disclose it in our Annual Report. Divestitures completed before December 31st of the book-year are excluded from environmental and social reporting.

In case Signify acquires a new manufacturing site or office (whether it is leased or owned), Signify has 24 months to ensure the site is integrated in its sustainability commitments. According to the GHG protocol, for consistent tracking of emissions over time, the base year emissions should be recalculated in case of significant structural changes such as acquisitions, divestments, and mergers. We follow the structural changes guideline and the SBTi threshold of 5%.

### **Plastic free packaging**

Our plastic free packaging policy aims to eliminate all fossil-fuel based plastics from our consumer packaging. The scope of the packaging requirements is applicable for the packaging components used for Signify finished products and includes:

- Packaging for all newly introduced products and changes in packaging of current portfolio transport packaging (e.g. A-boxes and palette boxes)
- Individual product packaging (e.g. boxes, blisters, and sleeves)
- Supportive packaging materials (e.g. pallets, stretch foil, stowing materials)

### Sustainable supply chain

Supplier audits focus on risk suppliers, based on identified risk countries, (forecasted) spend and maturity level. Risk countries for supply chain management in 2023 can be found on our website. 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 by passing the audit, resolving identified non-conformities, or are expected to resolve identified non-conformities within 6 months. The CDP supply chain results are based on self-reporting from suppliers. This causes an inherent uncertainty of the accuracy of impacts from their emission reduction activities.

### Sustainable innovation

Sustainable innovation comprises all R&D activities contributing to our sustainable focal areas. This means all research and new development of products, systems, or services that demonstrate a measurable positive impact in energy efficiency (10% or greater), and preferably also in one or more sustainable focal areas: Energy & solar, Circularity, Packaging, Substances, Weights & materials, Safety & Security, Health & well-being, Food availability. Sustainable innovation spend is the cumulative spending of all R&D projects contributing to sustainable innovation.

### Waste to landfill

The amount of waste sent to landfill is calculated on a quarterly basis and includes waste from manufacturing locations with more than 50 manufacturing FTE and voluntarily reported by some manufacturing sites.

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. In our approach to zero, we exclude:

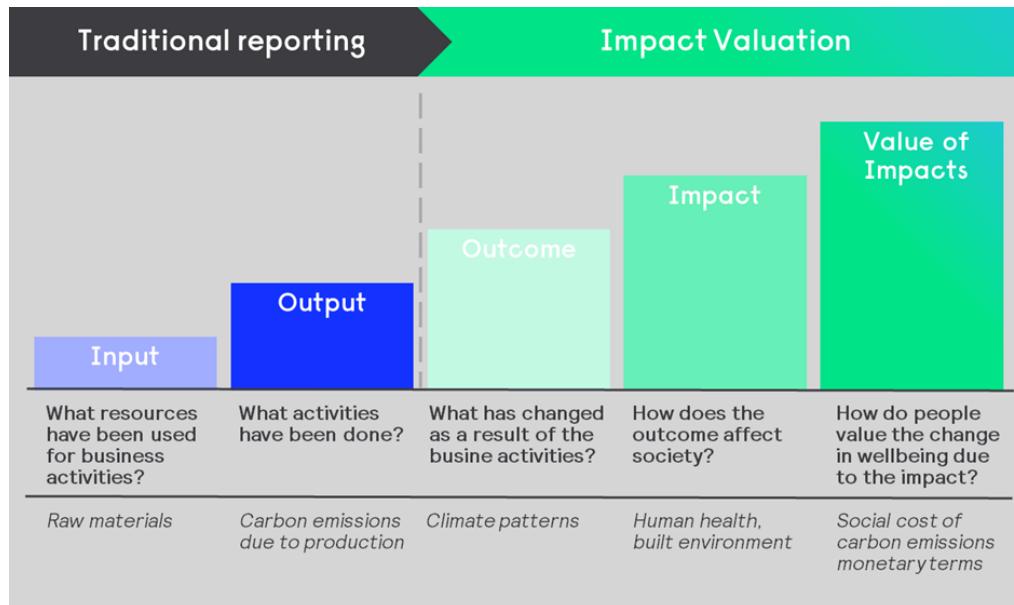
- Chemical waste: hazardous/non-hazardous and other waste classified as hazardous,
- One time waste: e.g. demolition, construction waste,
- Regulated waste: if governed by legal requirements to be landfilled, or the waste collection and/or treatment company is governed by local legal requirements.

The out-of-scope material represents 1.38% of our total manufacturing waste.

### Women in Leadership

% Women in Leadership KPI is the percentage of women as a percentage of the total population in grades H22 and above. It includes employees with or without a defined end date and international assignees who are in Workday, with compensation grades H22 and above (including EXCO). The source of data is Workday. It excludes: contingent workers; newly acquired companies (e.g., Klite), 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.

# 2 Methodology for calculation of social impact



## Signify societal impact

At Signify, sustainability is central to our company, strategy, and purpose. Our aim is to balance economic, social, and environmental considerations. We strive to maximize long-term value-creation along these three dimensions.

To guide our efforts and measure our progress, we have made our approach towards long-term value creation more transparent by preparing our Annual Report in line with key-elements of the International Integrated Reporting Council's (IIRC) Integrated Reporting framework.

At the core of our reporting approach is the value creation model, included under section 3 of our Annual Report 2023. This model shows how our business activities draw on various financial, environmental, and social resources that get converted to outputs. Our activities and their outputs lead to outcomes in terms of the impact for our stakeholders and society at large.

By expressing these impacts in monetary terms, we can better compare the financial, social, and environmental effects of our business. This enables more effective and efficient decision making and gives a holistic view on our most prominent risks and opportunities. It also provides further transparency to our stakeholders on our company performance.

## Impact Valuation

Impact valuation is a way to identify, understand, improve, and demonstrate the value and cost of our business activities on society – such as the cost to society of our operational carbon emissions and the value to society of our tax payments.

To facilitate comparability, the impacts and external effects of business activities are measured and valued in monetary terms. By nature, financial, social, and environmental impacts are positive or negative. By applying shadow prices to the impacts of activities, societal costs and benefits are determined.

By publishing the results of our analysis and methodology, context and underlying assumptions are made transparent to our stakeholders. We strive to contribute to a global shift from traditional reporting to impact analysis via global standards based on the Impact Valuation Roundtable<sup>3</sup>

## Signify societal impact trend

The table below provides an overview of our societal impact and the trend over time. Signify is on a journey to measure all its business impacts along the economic, social, and environmental dimensions. Where possible, we aim to extend the scope of our analysis on an annual basis as our insights increase further.

<sup>3</sup> WBCSD Impact Valuation White Paper

Dimension	Indicator	Summarized consideration	Boundary
Environmental impacts	Carbon emissions	Impact on climate due to emitted greenhouse gas emissions in scope 1, 2 and 3 – business travel and logistics	Own operations
	Waste disposal	Impact on climate due to avoided greenhouse gas emissions through our energy efficient LED lamps & luminaires.	Products
	Biodiversity	Impact on environment due to waste disposal	Own operations
	Water usage	Biodiversity and ecosystem services conserved and restored through carbon offsetting program	Society
Social impacts	Injuries & fatalities	Impact on water scarcity due to water consumption	Own operations
	Training investments	Impact on workers & communities due to occupational injuries and fatalities	Own operations
	Salaries & benefits	Impact due to training & development of our employees and entrepreneurs trained by the Signify Foundation	Own operations and value chain
Financial impacts	Interest	Impact on economy through remuneration of employees	Own operations
	Taxes	Impact on economy through interest payments to suppliers of capital	Own operations
	Shareholder returns	Impact on economy through tax payments in countries where we operate	Own operations
Methodology for calculating our societal impact	Carbon emissions	Impact on economy through total shareholder return	Own operations
	Scope of impact analysis	replacing less energy efficient conventional lighting products.	
	Detailed considerations	When we mention carbon emission, we refer to our carbon dioxide equivalent emissions calculations. We convert all Kyoto gasses (CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, and SF <sub>6</sub> ) into CO <sub>2</sub> emissions while calculating our environmental footprint.	
Environmental impacts	Environmental impacts	Shadow price considerations: Costs of changes in net agricultural productivity, human health, property, damages from increased flood risk due to climate change.	
	This section explains the different metrics that were included in determining our environmental impact.	Shadow price sources: EPA's SC-CO <sub>2</sub> S. Dietz et al. (2018), LSE	
		Base price applied: €119.30 per tonne CO <sub>2</sub>	

#### Additional information for Scope 4 – Avoided CO<sub>2</sub> emissions

The avoided emissions related to scope 3-use phase. To calculate the avoided emissions from LED lamps & luminaires, the following is determined:

- 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 71% in 2023. 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<sub>2</sub>e per kWh for the reporting year, including emissions from both total upstream and combustion, as required by the GHG protocol Scope 3 Calculation Guideline.

#### Formula developed by Signify:

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

### Biodiversity and ecosystem services conserved and restored through carbon offsetting program

Through carbon offsetting projects, Signify contributes to conserving and restoring forests. The ecosystem services these forests provide are extensive and contribute to enhancing or maintaining the biodiversity in those areas.

**Shadow price considerations:** Societal value produced by conserving and restoring forests in terms of the following ecosystem services which these forests provide: food, (fresh) water supply, raw materials, genetic resources, medicinal resources, ornamental resources, influence on air quality, climate regulation, moderation of extreme events, regulation of water flows, waste treatment/water purification, erosion prevention, nutrient cycling and maintenance of soil fertility, pollination, gene pool protection, and opportunities for recreation and tourism.

**Shadow price sources:** TEEB, 2010, adjusted for inflation.

**Base price applied:** €14,934.28 per ha of tropical forests conserved or restored

### Waste disposal

Data consists of manufacturing waste that is delivered for landfill or incineration. Due to the residual value of recycling, this method of waste disposal is excluded from our calculations.

**Shadow price considerations:** Amenity costs (odor, visual impact, noise) and costs from emissions to air affecting global warming, health, damage to buildings and materials, and loss of agricultural production.

**Shadow price sources:** Liu (2021), adjusted for inflation.

**Base price applied:** €17.11 per tonne waste to landfill, €25.04 per tonne waste to incineration

### Water usage

Data consists of water usage in our operations, both purchased and extracted from groundwater wells.

**Shadow price considerations:** water scarcity costs, impacting human health, net agricultural productivity, and environmental deterioration.

**Shadow price sources:** To understand water-related risks and quantify risks in financial terms, Signify used the Water Risk Monetizer tool developed by Ecolab in partnership with Trucost and Microsoft. Signify calculated the societal water price per location of its operations for the coming 10 years, taking into account water scarcity levels and societal implications of water usage in those locations.

**Base price applied:** €4.27 per m<sup>3</sup> water (on average)

### Social impacts

This section explains the different metrics included in determining our social impact.

### Work-related lost-time injuries

Lost-time injuries are occurrences where the injured employee is unable to work one or more days. These work-related injuries and illnesses predominantly occur in manufacturing operations and Field Services. All lost-time injury cases are reported for Signify staff and contractors working under the supervision of Signify.

**Shadow price considerations:** Costs of loss of current and future income, medical costs, costs for community, incl. lost revenue, social

welfare payments, rehabilitation.

**Shadow price sources:** National Safety Council America/NSC (2021), adjusted for inflation.

**Base price applied:** €41,799.20 per work-related lost-time injury

### Work-related fatalities

Fatalities are reported for contractors working under the supervision of Signify and all Signify staff.

**Shadow price considerations:** Costs of loss of current and future income, costs for community, incl. lost revenue, social welfare payments.

**Shadow price sources:** National Safety Council America/NSC (2021), adjusted for inflation.

**Base price applied:** €1,333,593.67 per work-related fatality

### Learning and development of employees and entrepreneurs

Data covers all employees, including temporary employees and is based on the learning and development spent within the organization as registered through our center of excellence, The Signify Learning Center of Expertise.

Moreover, we include the investments made by the Signify Foundation for the trainings of entrepreneurs, which improves human capital outside our organization.

**Shadow price considerations:** Personal returns for employees: future wage-increase due to skill development at Signify. Social returns include increased productivity and spill-over effects of human capital to others in the surroundings.

**Shadow price sources:** Venniker (2000)  
**Base price applied:** €1.11 per €1 spend on learning and development

### Salaries and wages paid to employees

**Shadow price considerations:** Enhanced purchasing power positively influences economic environment.

**Base price applied:** Cash transfers to employees (salaries) are reflected at a ratio of 1:1. We assume that every Euro transferred will be spent and therefore contributes to the (local) economy. Even if not all of the money transferred is spent, the assumption of the 1:1 multiplier is justified due to secondary and tertiary socio-economic ripple effects, caused by cash transfers through enhanced purchasing power.

### Financial impacts

Economic impacts quantify the positive financial externalities of Signify. This consists of more than our own net profits, as we contribute to GDP in countries where we operate. Considering our Gross Value Add, Signify considers the following categories to be most relevant due to their direct increase in purchasing power: tax payments for governments, interest payments to providers of capital (including pensions interest), and shareholder returns to Signify's owners (through dividend payments and share buy-back).

Signify has reflected these contributions at a ratio of 1:1. We assume that every Euro transferred will be spent and therefore contributes to the (local) economy. Even if not all of the money that is transferred gets spent, the assumption of the 1:1 multiplier is justified due to secondary and tertiary socio-economic ripple effects caused by the cash transfers through enhanced purchasing power.

# 3 Signify additional disclosures

## Hazardous Substances

The use of hazardous substances and chemicals in Signify's manufacturing process is a critical aspect of our operations. We are committed to ensuring that our processes are safe for our employees, and the environment. As part of our commitment to sustainability, we have improved our Chemical Management program to ensure the safe handling, storage, and disposal of hazardous substances and chemicals. The 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 will continue to ensure compliance by continuously monitoring the use of chemicals at our manufacturing sites and actively phasing 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. In 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. In 2023, we developed a more precise

and scientific approach to calculate our VOC emissions and we included sites until now out of scope. In the 2023 approach, 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 result we noticed that toluene emissions have gone up. This increase can be explained by a combination or our more precise tracking of emissions and the addition of more sites that were previously out of scope. In 2024, we will continue to streamline the chemical management approach to further reduce our emissions.

## Emissions of VOCs (Kg)

2021	2022	2023
823.5	735.91	701.59

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 2023, we continued to engage with our suppliers, further rolling out the publicly available BOMcheck tool, in which components and substances can be registered.

### **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 all over the world, 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 2023, no product safety issues were found that resulted in a material fine or penalty.

### **Water**

Signify recognizes the growing importance of water usage in our operations and everyday 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 reuse and 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 dependency on water. We continue to aim to reduce our water usage by 5% annually. Total water intake in 2023 was 1,057,890 m<sup>3</sup>, 9% lower than 2022 (1,163,961 m<sup>3</sup>) with 61% of our water intake used for domestic purposes.

### **Zero Waste to landfill**

We are committed to send zero manufacturing waste to landfill and keep the recycle rate as high as possible. In 2023, our focus has been on driving continuous improvements and process optimization across the globe. At the end of the year, Signify was sending zero waste to landfill according to its commitment and the final site from a recent acquisition transitioned to zero waste in Q4.

We improved our practices regarding waste segregation, waste awareness training and sharing best practices across regions. In 2023, Signify registered 1.67 kilotonnes of hazardous waste (2022: 1.61 kilotonnes), of which 46% was recycled.

While waste increased slightly in 2023, we will continue our efforts to reduce our hazardous waste by 5% annually.

Our recycling programs address waste arising from manufacturing activities, such as glass or canteen waste, as well as from suppliers, such as packaging materials. 88% of total waste was recycled in 2023 and we continued to recycle 100% of our metal and glass waste. To increase circularity of materials, some locations have begun reusing cardboard outer packaging from incoming materials as inner packing on outgoing products. Previously, this cardboard material would have been recycled. For more details on our commitment scope, please refer to the data definitions in Section 1 of this supplement.

### **Manufacturing waste in kilotonnes**

	<b>2021</b>	<b>2022</b>	<b>2023</b>
Recycled	38.7 (89%)	37.7 (89)	28.1 (88%)
Incinerated	3.8 (9%)	3.8 (9%)	3.2 (10%)
Landfilled	0.9 (2%)	0.6 (1.5%)	0.5 (1.5%)
In scope of commitments	0.4 (0.88%)	0.2 (0.49%)	0.04 (0.12%)

### **Recycling rate per waste category**

	<b>2021</b>	<b>2022</b>	<b>2023</b>
Canteen waste	66 %	72 %	46 %
Chemical waste	36 %	45 %	40 %
Electrical and electronic waste	100 %	99 %	87 %
Glass line rejects	100 %	100 %	100 %
Metal scrap	100 %	100 %	100 %
Paper and cardboard	99 %	97 %	99 %
Plastic waste	81 %	84 %	82 %

# 4 Task Force on Climate-related disclosures (TCFD)

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-prove. Disclosing climate-related physical and transition risks showcases long-term business sustainability. As a leader in 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 and how to improve business resilience accordingly. Therefore, it is paramount to assess the potential impacts of climate related risks and opportunities on our business operations and financial performance under different scenarios. 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. In 2023, we continued

our efforts to further assess our climate-related risks and opportunities via our internal cross-department task force. As disclosures have evolved, we are now moving towards aligning with the relevant CSRD ESRS and we conducted our annual climate risk assessments in line with the four core elements of 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 contributed to our climate transition plan.

To avoid repetition between the TCFD and our Annual Report, each of the core elements will have references to the Annual Report that provide more details.

## Governance

### Board's oversight of climate-related risks and opportunities

Our governance is effectively designed to manage the energy transition strategy and continue making significant progress towards optimizing long-term value through financial, environmental and social resources. The Supervisory Board, Signify's highest governance body, is accountable for climate-related policies and strategies to combat climate change as well as the double materiality assessment, which shows that climate action is our most material topic.

The Supervisory Board provides primary oversight of the delivery of our sustainability and energy transition strategy. The Leadership team consisting of Alice Steenland the Chief Strategy & Sustainability Officer (CSSO) and Maurice Loosschilder the Head of Sustainability, provide oversight of

the management of climate-related risks and their financial impact with the help of the Audit committee. Quarterly meetings are held with the Leadership Team, Supervisory Board, Audit Committee, and Board of Management (BoM), dedicated to discussing the company's strategy towards sustainable long-term value creation. The Audit committee assists the Board in overseeing the macro-environment trends and changes, the impact on the lighting market forecast, 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.

Since 2021, 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 improve the link between sustainability, risk management, and strategy. In 2022 and 2023, the risk mitigation process was further improved by connecting with relevant strategic initiatives and follow ups on progress on a quarterly basis.

Year-round, the Leadership Team ensures the proper frameworks are put in place to guarantee that the progress on targets and goals concerning actual and potential climate-related financial and environmental risks and impacts are appropriately identified and assessed. And as part of the monitoring, they set guidance on how to monitor quantitatively targets to reduce carbon over the value chain. Every quarter, Signify's BoM reviews the processes relating to climate-related issues together with our CSSO, including material items, action plans, risk management plans, sustainability budget, and

investment in climate-related opportunities. The BoM 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.

Signify's Leadership Team, including our BoM, are incentivized via Long Term Incentives (LTI). The vesting of 25% of the LTI grant is dependent on how well Signify performs on its (climate-related) sustainability targets.

#### References:

- Section 8 – Supervisory Board report of the Annual Report 2023
- More information on our Committee's activities can be found in the 8.3 "Key activities of the supervisory board committees in 2023".

#### **Management's role in assessing and managing climate-related risks and opportunities**

Climate-related risks and opportunities are managed the same way as other risks. Signify's BoM 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 CSSO, 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 CSSO oversees strategy setting, sustainability budget, and climate action plans. Our CSSO reports directly to our CEO and addresses climate-related issues regularly to the BoM in case of major capital expenditures, acquisitions, and divestitures.

Signify's CSSO oversees a multi-discipline Climate Risk Assessment Taskforce team, 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-term 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, another 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.

#### References:

- Sections 4.1.1 Sustainability Governance of the Annual Report 2023
- Section 13.1 – Establish strong risk management environment of the Annual Report 2023

#### **Strategy**

##### **Climate-related risks and opportunities identified and their impact**

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 risks.

##### **Transition risks and opportunities**

According to the IEA B2DS and the IEA 450 scenario, we are expecting a world with deeper and wider adaptation of renewable energy, as well as continuous improvement of 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, on the other hand, will increase the market demand for sustainable products.

The climate-related transition risks assessed are presented in the below table. In line with the IEA B2DS and the IEA 450 scenario, we

have focused on transition risks relevant for Signify in the following aspects: policy and legal, technology, market, and reputation. For a few high-priority risks we performed a regional deep-dive, the results of which are shown in Figure A.

In terms of transition opportunities, we have focused on the following aspects: resource efficiency, products and services, markets, and resilience. 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 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.

Transition risks and opportunities		Potential Impact	Short term (2025)	Medium term (2030)	Long term (2050)
Policy and legal	Increased pricing of GHG emission	The broader adaption of GHG pricing, carbon taxes, and trading schemes across the globe will drive up operational and production costs.	<span style="background-color: #ff9999; width: 10px; height: 10px; display: inline-block;"></span>	<span style="background-color: #ff0000; width: 10px; height: 10px; display: inline-block;"></span>	<span style="background-color: #ff0000; width: 10px; height: 10px; display: inline-block;"></span>
	Change in regulatory requirement for low-carbon products	Increased revenue resulting from products and services that fulfill the low-carbon and energy efficient requirements. This presents opportunity for Signify as we have a strong and differentiating portfolio of energy efficient and low-carbon products.	<span style="background-color: #00ffcc; width: 10px; height: 10px; display: inline-block;"></span>	<span style="background-color: #00ffcc; width: 10px; height: 10px; display: inline-block;"></span>	<span style="background-color: #00ffcc; width: 10px; height: 10px; display: inline-block;"></span>
Technology	Substitution of existing products and services with lower emissions options	We anticipate the introduction of more stringent minimum energy performance standards for lighting products in the coming decade, in which case, the least energy efficiency products in our portfolio would be phased out and substituted. Therefore, revenues from these products would decrease.	<span style="background-color: #ff9999; width: 10px; height: 10px; display: inline-block;"></span>	<span style="background-color: #ff9999; width: 10px; height: 10px; display: inline-block;"></span>	<span style="background-color: #ff9999; width: 10px; height: 10px; display: inline-block;"></span>
Market	Energy crisis driving demand for energy efficient and low-carbon products	On top of the climate crisis, 2023 was also impacted by an energy crisis, making energy reductions more urgent than ever. As lighting represents around 15% of global electricity consumption, the lighting industry will need to speed up adapting to changing environmental regulations. This presents a large opportunity for Signify. Through its global leadership in energy efficient lighting, Signify's portfolio is uniquely positioned to mitigate risks and invest in these opportunities.	<span style="background-color: #00ffcc; width: 10px; height: 10px; display: inline-block;"></span>	<span style="background-color: #00ffcc; width: 10px; height: 10px; display: inline-block;"></span>	<span style="background-color: #00ffcc; width: 10px; height: 10px; display: inline-block;"></span>
	Changing customer behavior	Growth in revenue resulting from increased customer awareness regarding climate change and increased demand for products manufactured by a sustainable company creating positive environmental and social impact.	<span style="background-color: #00ffcc; width: 10px; height: 10px; display: inline-block;"></span>	<span style="background-color: #00ffcc; width: 10px; height: 10px; display: inline-block;"></span>	<span style="background-color: #00ffcc; width: 10px; height: 10px; display: inline-block;"></span>
Reputation	Increased cost of raw materials	Signify's suppliers who operate in regions vulnerable to extreme weather events (e.g., floods and hurricanes) could be affected by changes in physical climate parameters, which may lead to disruption in supply chain and increased cost of raw materials.	<span style="background-color: #ff9999; width: 10px; height: 10px; display: inline-block;"></span>	<span style="background-color: #ff0000; width: 10px; height: 10px; display: inline-block;"></span>	<span style="background-color: #ff0000; width: 10px; height: 10px; display: inline-block;"></span>
	Credibility of emissions-related reporting and disclosure	Signify's sustainability statements, including all topics related to emissions are audited by independent third party against Reasonable Assurance. Credibility and transparency of sustainability reporting has been our strength.	<span style="background-color: #00ffcc; width: 10px; height: 10px; display: inline-block;"></span>	<span style="background-color: #00ffcc; width: 10px; height: 10px; display: inline-block;"></span>	<span style="background-color: #00ffcc; width: 10px; height: 10px; display: inline-block;"></span>

Transition risks and opportunities		Potential Impact	Short term (2025)	Medium term (2030)	Long term (2050)
Resource efficiency	Use of more efficient production processes, use of recycling	Reduced operating costs (e.g., through efficiency gains and cost reductions). Reduced exposure to GHG emissions and therefore less sensitivity to changes in cost of carbon. Signify has implemented more than 200 energy efficiency initiatives in our facilities worldwide and reduce 70% of carbon footprint in last decade.			
	Increased water pricing due to scarcity	Increased water pricing might drive up production cost in the medium and long term. Using the Water Risk Monetizer tool by Ecolab, Trucost, and Microsoft, we assessed our current portfolio of operating manufacturing facilities, considering different scenarios of risk adjusted pricing for water. Potential impact on business would be non-significant. Signify has set a target to reduce 5% of water consumption every year.			
Products and services	Development and/or expansion of low emission goods and services	Reputational benefits resulting in increased demand for goods/services. Increased revenues resulting from increased demand for low-carbon products and services. Signify has a strong portfolio and leading market position of low-carbon and energy efficient products and services.			
	Development of new products or services through R&D and innovation	Increased revenues resulting from increased demand for products and services that are low-carbon and more energy efficient. Signify is strong in sustainable design and innovation.			
	Shift in consumer preferences	Increased revenues resulting from increased demand for products and services that fulfill consumer's low-carbon preferences. Signify has a strong portfolio, offering a wide range of low-carbon and energy efficient products, systems and services.			
Markets	Access to new markets	As part our strategy, Signify is driving 5 new growth for sustainability areas to help address the world's greatest challenges: (1) climate action, (2) circular economy, (3) food availability, (4) safety & security, and (5) health & well-being. Sustainable design and innovation will gain us access			
	Use of public-sector incentives	Increase revenues from products, systems and services that align with policy schemes. Signify's energy efficient and low-carbon offering fit right into the European Green Deal and the American Jobs Plan.			

Transition risks and opportunities		Potential Impact	Short term (2025)	Medium term (2030)	Long term (2050)
Resilience	Participation in renewable energy programs and adoption of energy efficiency measures.	Reduced exposure to future fossil fuel price increases. Reduced exposure to GHG emissions and therefore less sensitivity to changes in cost of carbon. Signify has reduced 77% GHG emissions in its operations in 2023 and used 100% renewable electricity since 2020.	<span style="background-color: #90EE90; border: 1px solid black; display: inline-block; width: 15px; height: 15px;"></span>	<span style="background-color: #90EE90; border: 1px solid black; display: inline-block; width: 15px; height: 15px;"></span>	<span style="background-color: #90EE90; border: 1px solid black; display: inline-block; width: 15px; height: 15px;"></span>
	Development of climate adaptation and insurance risk solutions	Increased resilience and reduced exposure to climate risks due to the establishment of Signify Climate Risk Assessment Taskforce team in 2020. This dedicated multi-discipline Taskforce team consists of experts in Operations, Insurance, Risk Committee, Internal Audit, Sustainability, and EHS. Climate adaptation and insurance risk solutions are reviewed at least annually.	<span style="background-color: #90EE90; border: 1px solid black; display: inline-block; width: 15px; height: 15px;"></span>	<span style="background-color: #90EE90; border: 1px solid black; display: inline-block; width: 15px; height: 15px;"></span>	<span style="background-color: #90EE90; border: 1px solid black; display: inline-block; width: 15px; height: 15px;"></span>

█ High Risk      █ Medium Risk      █ Low Risk  
█ High Opportunity      █ Medium Opportunity      █ Low Opportunity

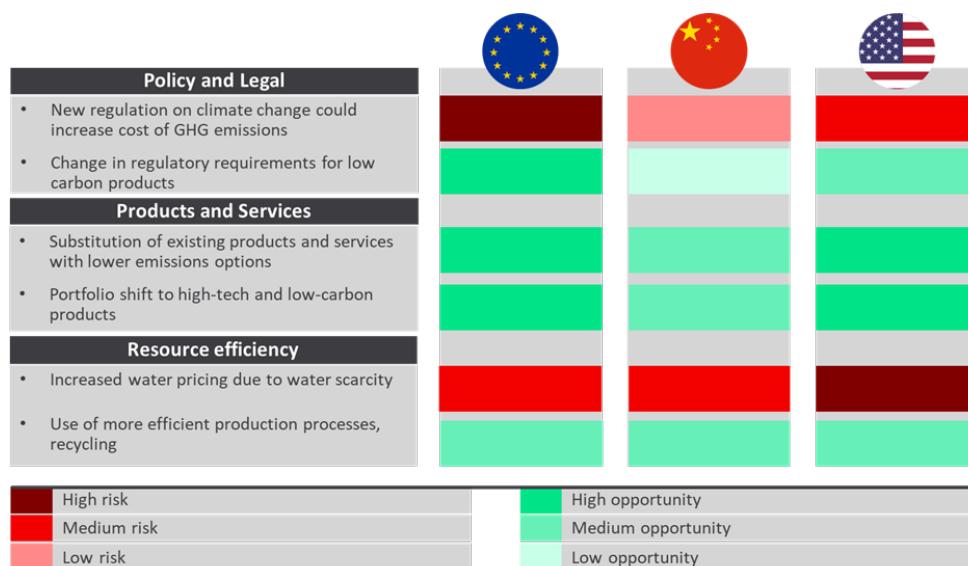


Figure A: Transition risks and opportunities at regional level

## Physical risks

The climate-related physical risks are presented in the table to the right. We have focused on assessing physical risks relevant for Signify's manufacturing sites and warehouses/distribution centers, namely riverine flooding, coastal flooding, drought, tropical storm, and heatwave. We evaluated one short-term (2025) and two long-term (2100) scenarios: a below 2°C (SSP1-2.6 scenario – taking the sustainable road), and an above 4°C (SSP5-8.5 scenario – fossil fueled development path). 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 the below 2°C scenarios.

As a result of the 2023 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 have a resilient adaptation plan in the form of a cross-functional business continuity plan. This adaptation plan enables flexibility in terms 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.

Physical risk	Potential Impact	(2025)	(2050)<2°C	(2050)>4°C
Riverine flooding	Riverine flooding might be relevant for 23% of our sites. Due to high level of preparedness and high resilience at site level, risk and exposure are expected to be low in the below 2°C scenario.			
Coastal flooding	Coastal flooding might be relevant for 9% of our sites. Due to high level of preparedness and high resilience at site level, risk and exposure are expected to be low.			
Droughts	Droughts might be relevant for 21% of our sites. Due to high level of preparedness and high resilience at site level, risk and exposure are expected to be low in the below 2°C scenario.			
Heatwaves	Only 6% of our sites might be affected by heatwaves. Due to high level of preparedness and high resilience at site level, risk and exposure are expected to be low.			
Tropical cyclones	Tropical might be relevant for 26% of our sites. Overall, a medium risk level is perceived even in the below 2°C scenario. For sites that are at higher risk in the long term, we keep reviewing the risk profile and response plan for mitigation and/or adaptation.			

■ High Risk

■ Medium Risk

■ Low Risk

## Our business resilience

**Mitigating climate related risks at Signify**  
Sustainability is at the core of our strategy and purpose. Signify has a robust sustainability program, Brighter Lives, Better World, which sets ambitious target for climate action. Signify is one of the first companies committing to verified Science-Based Targets in line with the Paris Agreement 1.5°C pathway to cut GHG emissions in our operations as well as in our value chain.

Over the past decade, we implemented hundreds of emission reductions initiatives in our facilities worldwide, which enabled us to reduce 70% of our gross operational

emissions. Since 2020, Signify uses 100% renewable electricity and has invested in three virtual Power Purchase Agreements (PPAs) to, on one hand, ensure long-term and high-quality renewable energy sourcing, on the other hand, enable the green power grid transition. Signify has a strong position in sustainable innovation and design. Our sustainable innovations continue to revolutionize the lighting industry toward low-carbon and energy efficiency. In 2023, we invested EUR 271 million in sustainable innovation which represents 88% of Signify R&D expenses. These investments in emission reduction and sustainable innovation have led to further improvements in the areas of energy efficiency and circular economy, largely improving our resilience to the future

change of policy and regulations, the future change of (low carbon) technology, the future change of customer behavior and consumer preference, the future resource and energy scarcity; and in the meanwhile, reduced our exposure to increase cost of carbon and fossil energy.

In terms of physical risks, the Climate Risk Assessment Taskforce team, launched in 2020, has been screening and evaluating relevant climate-related risks and their impacts in details for our sites all over the world. These risks are reviewed at least once per year at individual plant, regional, business group and function, or company level. We continue evaluating those sites at higher risk in the long term, discussing response

strategies accordingly, and incorporating climate-related risks into company's overall risk review cycles.

#### Mitigating climate related risks in supply chain

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, these risks are well monitored and not considered material at present.

Regular surveys are conducted by Signify to identify and rank the suppliers based on their vulnerability to climate related physical and transition risks. As a result, we developed a robust adaptation strategy (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.

We engage with suppliers on a variety of activities and training sessions to enhance their capability and resilience with regard to climate change related risks.

#### Climate change adaptation strategy

Climate related risks and opportunities are taken into consideration in our business continuity strategies. In the long term, we are committed to continue deepening our understanding around climate-related risks and opportunities.

We implement a proactive approach to climate risk adaptation. The risk and vulnerability assessments carried out by the Climate Risk Assessment Taskforce team

enable us to understand our exposure to climate risks, for the near term and the long term. This allows us to develop appropriate resilience framework for our own facilities as well as our supply chains. For example, in response to the energy crisis, which is a climate-related transition risk, we are exploring alternatives to source cleaner energy to not only tackle the potential energy shortage but also reduce emissions in our operations. In addition, with strong and differentiated portfolio of low-carbon and energy-efficient products, we are adapting to new market trends that emerged due to climate change and energy crisis.

Ultimately, our climate change adaptation approach improves our resilience to climate-related risks as well as allows risks or opportunities response plans and strategies to be developed in a timely matter.

#### References:

- Section 2 CEO Letter of the Annual Report 2023
- Section 4.4 Better World of the Annual Report 2023
- Section 5.1 Financial performance of the Annual Report 2023
- Section 13.5 Climate change of the Annual Report 2023

## Risk Management

### Climate-related risks and opportunities 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-term and long-term climate-related physical and transition risks and opportunities under difference climate change scenarios, as illustrated in Figure B. 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, namely a short-term scenario, and two long-term scenarios in line with the Shared Socio-economic Pathways (SSP) described in the IPCC AR6 report: a below 2°C or SSP1-2.6 scenario – taking the sustainable path, and an above 4°C or SSP5-8.5 scenario – fossil fueled development path. The SSPs are narratives describing alternative socio-economic trends that shape future

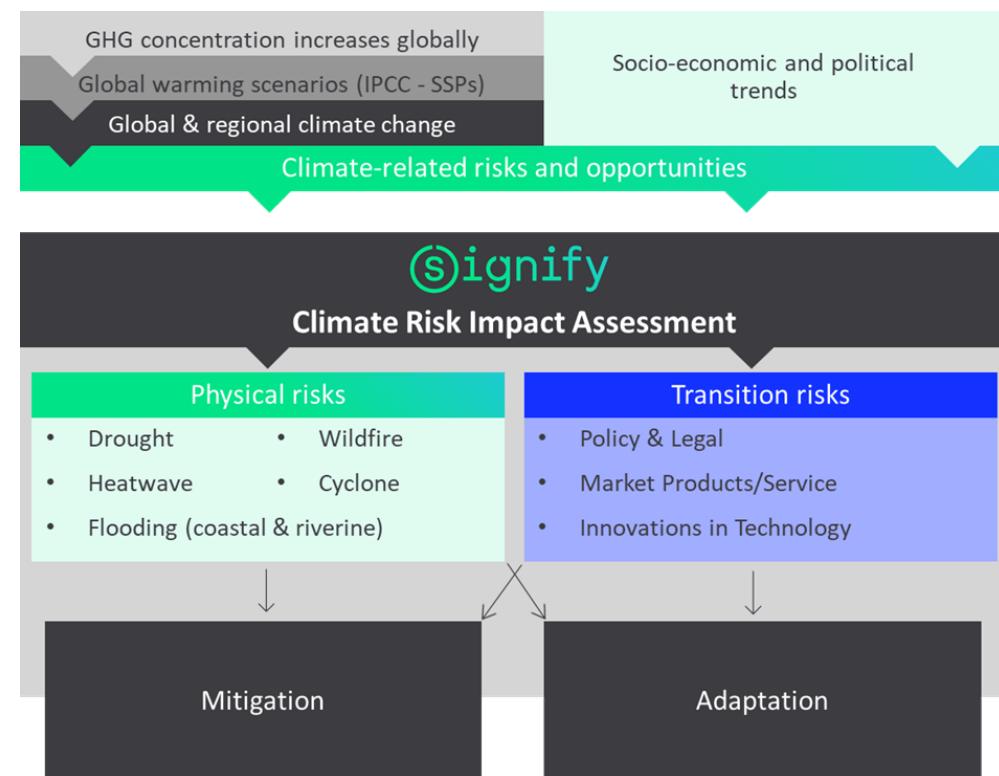


Figure B: Signify's climate risk assessment approach

scenarios. In line with the latest climate sciences, the SSPs explore the climate responses of a range of possible future atmosphere GHG concentrations and analyze the resulting changes in future global temperatures compared to pre-industrial levels.

The physical risk assessment approach consists of three steps: risk mapping, risk assessment, and risk mitigation. Signify continues to monitor its 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 mapping for all our manufacturing facilities and warehouses/distribution centers under different IPCC climate change scenarios. Site risk mapping identifies, among others, physical risks related to climate hazards, such as flooding, heatwaves, droughts, etc. Subsequently, a risk assessment is performed depending on the geographical location, the type of activity, and financial exposure related to a specific facility and/or operation. We evaluate the environmental, social, and governance aspects which have the greatest impact on our business and the greatest level of concern to stakeholders along our value chain. These direct or indirect aspects may represent opportunities and risks, and thus influence our ability to create or preserve economic, environmental, and social value for our stakeholders and for Signify. Assessing these aspects enables us to understand their implications in financial and non-financial terms, thereby prioritizing risk mitigation and effectively addressing them in our policies and programs.

### **Transition risks**

The Climate Risk Assessment Taskforce team continuously follows external trends of market (energy crisis), policy, regulations, (low carbon) technology, and customer preference, in order to identify near-term, medium-term, and long-term transition risks in line with the IEA scenarios including the IEA Below 2 Degrees scenario (IEA B2DS) and the IEA 450 scenario. Signify's BoM is briefed each quarter to review the transition risks and opportunities, as well as the short, medium, and long-term response strategies.

#### References:

- Chapter 13 of the Annual Report 2023

### **Climate-related risks and opportunities management process**

Climate-related risks and opportunities are managed the same way as other risks. Signify's risk management focuses on the following risk categories: Strategic, Operational, Compliance, and Financial risks. As climate-related risks cuts across all these 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. We regularly evaluate and improve our BCF to align with business dynamics and good

practice. Our leadership team is responsible for identifying the critical business risks and for implementing appropriate risk responses. We continuously follow external trends to determine the issues most relevant for our company and where we can have the greatest positive impact.

For risk management, a comprehensive view of the company's business strategy and activities is required. To do so, Signify's risks and opportunities are identified, assessed, managed, and controlled in a structured way, combining elements of top-down and bottom-up approaches.

For climate-related strategic risks, the company leadership team review 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 the key risks are discussed during the audit and risk committee meetings. Reported risks and opportunities are analyzed for potential cumulative effects and are aggregated at Division, Market Group, and company level.

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. In addition, on an annual basis the top risks are identified by the company's leadership team. 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 Divisions, 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 compliance risks, we continuously follow external trends, especially the development of regulations and policies focusing on the product environmental impact and transition to a net-zero economy, and other emerging discussion. Potential risks of non-compliance are regularly reviewed within Signify at regional, business group, or company level. This ensures our preparedness against emerging regulations and policies and ability to adjust our portfolio.

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 plant, regional, business group and function, or company level. This improves our resilience to climate-related risks and allows risks response plans/strategies to be developed in a timely matter.

#### References:

- Section 4.4 Better World of the Annual Report 2023
- Chapter 13 of the Annual Report 2023

## Metrics and targets

**Manage climate-related risks and opportunities and performance against targets.**

Sustainability is at the core of our company strategy and purpose. Climate action is perceived as the most material topic by our internal and external stakeholders as the result of our 2023 double materiality assessment. Signify is committed to double our positive impact on the environment and society by the end of 2025. Our climate-related metrics and targets are provided in the table.

### References:

- Chapter 4.4 of the Annual Report 2023

Targets	Baseline year	Target year	Definition
<b>Brighter Lives, Better World 2025 program</b>			
Double the pace we achieve the 1.5° degree scenario of the Paris Agreement (Full scope 1 + 2 +3)	2019 (0)	2025	The cumulative yearly difference between the GHG emissions of Paris Agreement 1.5°C pathway and the actual value chain emissions of Signify.
100% Renewable Electricity	2015 (58%)	2020 (100% Achieved)	Percentage of electricity from renewable sources.
<b>Approved Science-Based Targets, 1.5° scenario</b>			
Reduce by 70% carbon emissions from scope 1 and 2	2015	2030	Reduction of 70% of absolute scope 1 and 2 GHG emissions
Reduce by 30% carbon emissions from scope 3 product use	2015	2030	Reduction of 30% of absolute scope 3 GHG emissions from use of sold products

Metrics	2023	Unit
Scope 1	148	kilotonnes CO2-equivalent
Scope 2 (market based)	0	kilotonnes CO2-equivalent
Scope 2 (location based)	129	kilotonnes CO2-equivalent
Scope 3 (indirect emission categories):		kilotonnes CO2-equivalent
Category 1: Purchased good and services	683	kilotonnes CO2-equivalent
Category 2: Capital goods	15	kilotonnes CO2-equivalent
Category 3: Fuel-and Energy-related activities, Not included in Scope 1 or Scope 2	33	kilotonnes CO2-equivalent
Category 4: Upstream transportation and distribution, of which:	87	kilotonnes CO2-equivalent
• Air transport	20	kilotonnes CO2-equivalent
• Road transport	27	kilotonnes CO2-equivalent
• Ocean transport	40	kilotonnes CO2-equivalent
Category 5: Waste generated in operations	9	kilotonnes CO2-equivalent
Category 6: Business travel	13	kilotonnes CO2-equivalent
Category 7: Employee commuting	35	kilotonnes CO2-equivalent
Category 11: Use of sold products	191,779	kilotonnes CO2-equivalent
Category 12: End of life treatment and sold products	18	kilotonnes CO2-equivalent
Operational carbon footprint efficiency	0.37	kilotonnes CO2-equivalent per million-euro sales

# 5 Task Force on Nature-related financial disclosures (TNFD)

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. These include CSRD (Corporate Sustainability Reporting Directive), ESRS (European Sustainability Reporting Standards), TNFD (Taskforce on Nature related Financial Disclosures), along with European regulation addressing deforestation (European Deforestation Regulation [EUDR]), supply chain transparency (increasing TNFD and CSRD focus on supply chains) and offshore sourcing (Carbon Border Adjustment Mechanism [CBAM]).

In 2022, we assessed the biodiversity impacts of our own operations. Using the Integrated Biodiversity Assessment Tool (IBAT) we assessed 175 hectares of land used for manufacturing operations and found that no manufacturing sites were operating within Key Biodiversity Areas (KBAs), or protected areas (areas of land, freshwater, or sea legally protected and managed, as least in part, for nature conservation). A deeper assessment of 11 sites within two kilometers of KBAs and protected areas examined potential impacts on land, soil, water, and air, and found no impacts that required mitigation at that time.

In 2023, we engaged a specialized nature sustainability consultancy to deliver a value chain assessment of our biodiversity impacts,

dependencies, risks, and opportunities and to support us in the development of a biodiversity action plan. Following the TNFD Locate-Evaluate-Assess-Prepare (LEAP) framework, the consultancy conducted a biodiversity assessment across our value chain, including our direct operations (manufacturing sites, offices, and legacy sites), supply chain partners, commodities, and production processes, and through the use of our lighting products.

The following sets out the key findings on biodiversity impacts and dependencies, identifying priority areas for further investigation, and the associated business risks and opportunities.

## Own operations

We conducted a desk-based screening of 352 Signify sites (including factories, laboratories, offices, warehouses, shops, and legacy sites) using the WWF Biodiversity and Water Risk Filters which assess a broad range of biodiversity indicators at each site to determine potential site-specific impacts and dependencies on nature. From that 16 priority sites were shortlisted based on their potential risk for biodiversity impacts, mainly through pollution.

Eight sites are considered potential for high risk given there was reasonable evidence of a potential impact pathway between the site's operations and important biodiversity features within the nearby landscape. The impacts were potential water and soil pollution, ground water abstraction, and disturbances (disturbances can impact nature through prolonged or excessive noise or light from operating facilities).

While sites reported that they have sufficient environmental impact management and mitigation measures in place, it was recommended that for these eight priority sites a field-based assessment should be performed to verify the possible impacts identified through the desk research and review the mitigations in place. Site-based assessments will provide useful information on the potential need for further mitigations to reduce or more effectively prevent impacts but also the enhancements that could be implemented and/or promote biodiversity on and near the site.

### **Supply chain**

Owing to the volume of input materials and the scale of outsourced production, our supply chain poses significant potential material impacts and dependencies on nature. Distribution of sourcing across a wide range of direct (tier 1) suppliers, and limited visibility of indirect (tier 2+) suppliers adds further complexity and scale to potential nature-related issues. Limited transparency in long supply chains will also likely restrict our scope of influence in certain areas, requiring closer supplier engagement and collaboration to identify and address nature-related risks and opportunities.

In the production processes and supply of three products (LED, fluorescent, and incandescent lamps), seven priority commodities were highlighted due to high impacts and dependencies on nature: outsourced LED's, batteries, plastics, aluminum, steel, cardboard, and semiconductors. Material water related risks are present in the upstream production of all commodities. The upstream consumption of and reliance on surface water and

groundwater in basic extractive and processing industries pose physical supply risks beyond our sphere of influence. Opportunities exist to minimize impacts and dependencies on nature, and mitigate risk, by engaging with key supply chain partners to scale up circular economy and recycling opportunities, and to increase the use of viable, sustainable, alternative materials.

Fifteen of our largest suppliers for priority commodities responded to our questionnaire about sustainable material use, sourcing practices and biodiversity targets and metrics as part of this assessment. Increased and ongoing supply chain engagement will be necessary to fully evaluate how the identified nature-related risks are being addressed by individual suppliers. 47% of suppliers surveyed in this assessment stated that they knew nearly all (between 76-100%) of their tier 2+ suppliers. Further engagement with suppliers on improving supply chain visibility (e.g., gathering geographic locations of indirect upstream suppliers and sources of origin) can allow us to better assess the magnitude and likelihood of physical risks, and the exposure to reputational and transitional risks.

There are also areas for optimization in recycled materials use. At present, the actual and potential use of recycled materials varies across priority commodities. Recycling among cardboard suppliers is already mature, and all surveyed suppliers stated that they use recycled materials in their supply to Signify. Signify's large plastic supply chain (240 suppliers) represents a source of transitional risks given the growing momentum around reducing plastic waste (e.g., the Global Plastics Treaty, Global Biodiversity

Framework, product Environmental Product Declarations [EPDs]). 33% of plastic suppliers stated that they use recycled materials and we have already actively reduced fossil-based plastic use in packaging and have minimized landfill to below 1 percent. Another area for significant plastic reduction was identified in received plastic packaging from suppliers.

Recycled material use in the aluminum and steel supply chain should also be reassessed as the current volumes (10-15% recycled aluminum and 27% steel scrap) present opportunities for increased recycling capacity. Alternative materials made from sustainably sourced materials were also identified for further investigation, particularly where there are limits to recycled content use (e.g., extruded aluminum). Small markets already exist for such products, but demand is currently consumer driven, and the feasibility of economic scaling is required.

Complex goods such as semiconductors have limited options for recycled inputs and therefore have greater long-term reliance on biodiversity and ecosystem services, in particular rare earth minerals, silica sand and quartz, of which there should be careful consideration of long-term availability given these are finite natural resources with potentially significant negative impacts on nature.

Finally, outsourced LED lamp production presents the largest set of physical and transition risks. Supply chain transparency and risk management with outsourced LED lamp producers should be prioritized. The number of direct suppliers for outsourced

LED's is greater than any other priority commodity, and the spend representing 26% of total spend. In addition, outsourced LED manufacturers are certainly exposed to all of the impact and dependency-related risks identified for other material inputs (batteries, plastics, aluminum steel, cardboard, and semiconductors). The extent to which these upstream suppliers have identified and mitigated nature-related risks is currently unknown.

### **Products**

The evidence base around the impacts of artificial lighting on biodiversity is growing, and the awareness of these issues is increasing globally. Light pollution is already identified within the Global Biodiversity Framework (GBF) under Target 7 due to its potential to disrupt the behavior of wildlife species, with population-level effects. Such impacts, along with increased public and policy-maker awareness of the issue, poses potential reputational risks. Further, there may be future transitional risks if specific light pollution targets are included in future iterations of GBF Targets and the related national-level policies and goals around light pollution.

In the assessment of product use impacts, seven priority outdoor settings with the greatest potential impact on biodiversity were defined based on a comprehensive review of artificial lighting and biodiversity scientific literature, combined with an assessment of the product portfolio. These were: roads, streets & utility; parks; harbor, ports & airports; food production; residential; wildlife, turtle & observatory.

It is important to recognize that while the impact pathways between lighting products and nature can be severe and large in scale, our sphere of influence over the deployment and use of products is typically limited. There are also necessary trade-offs where human health and safety requirements preclude the use of biodiversity-friendly lighting alternatives.

Despite these barriers, there are opportunities to leverage our position as a leading lighting solutions provider, and as a company which is active in the research, development, and deployment of biodiversity-friendly lighting products. Commercial considerations around the availability of low-impact products in high-impact settings (e.g., aquaculture and parks) may allow us to influence the uptake of biodiversity-friendly alternative lighting across a range of use settings. By engaging with and educating commercial and domestic customers through consultations and communication campaigns, Signify may be able to change practices around light use to avoid or minimize impact on biodiversity. Additionally, by supporting research around artificial light and the impacts on nature, we can lead on innovative product development and contribute to the evidence base to put forward and support policy initiatives around the use of biodiversity-friendly lighting products globally.

The outcome of this value chain assessment has supported the development of our biodiversity roadmap to 2025.

## Biodiversity roadmap

The following details the concrete actions to be taken until 2025 across the three focal areas of our biodiversity assessment.

### Own operations

- Conduct field-based environmental assessments for the eight priority sites identified as potential high-risk due to proximity to nature.
- Launch best practice guidance on biodiversity for sites and educate our employees.
- Enhance biodiversity actions at our sites through habitat creation and reduction of light disturbance.

### Supply chain

- Implement monitoring process and data collection for the largest suppliers within potential high-risk commodities.
- Deliver trainings on biodiversity and engage our Tier 1 suppliers in impact management.
- Explore sustainable alternative materials to reduce the demand of potential high-risk commodities.
- Further assess biodiversity and water scarcity issues for potential high-risk commodities.

### Products

- Explore partnerships to fund conservation efforts with nature-friendly light products.
- Embed biodiversity findings and recommendations in our commercial process to support customers in mitigating impact.

Our roadmap will support us to further integrate biodiversity actions across all areas of our business. While the outcome of our 2023 double materiality assessment did not find biodiversity to be a material topic for Signify, we acknowledge that it is our responsibility to identify our negative and positive impacts and to take action for biodiversity conservation.

To mitigate potential negative impact on biodiversity, we already have processes and activities in place, such as:

- Our sustainable supply chain program which covers, besides other points, environmental impact and management systems in our supply base.
- Our sustainable packaging requirements, which stand against deforestation of natural forests and habitats and promote the use of sustainable materials.
- Our fossil-based plastic-free packaging achievement in consumer related products, which contributes to less plastic pollution in nature and oceans.
- Our horticulture lighting portfolio, which contributes to vertical farming to increase food production while decreasing land use and the use of fertilizers and pesticides.
- Our light spectrum, which helps maintaining balanced ecosystem by displaying minimal attraction for insects, enabling bats to behave the same way as if it was full darkness and preventing lit roads from acting as borders or obstacles to be crossed at night.

In 2023, we launched our Biodiversity policy and we continued to contribute to biodiversity conservation through two projects located in China. The Qianbei Afforestation Project and the Liangdu Afforestation Project. Through these projects we contribute to ensuring that more than 73,700 hectares of barren land is reforested with native species.

Based on our methodology for calculating societal impact, we created EUR 102 million for society through these reforestation projects.

# 6 GRI content index

Signify reports in accordance with GRI and sets the threshold for most material topics as defined by GRI in the top right part of the materiality matrix. The two most material topics above this reporting threshold are Climate action and Circular Economy. We continue to report on Climate action and Human rights GRI topic specific standards disclosures in the index below and our working to incorporate Circular economy related topical disclosures in the following year.

GRI SRS	Disclosure requirements	Reference to the Annual Report 2023
GRI 2-1 Organizational details	a. Report its legal name b. Report its nature of ownership and legal form c. Report the location of its headquarters d. Reports its countries of operations	11 Corporate Governance (a, b) 3.1 Our strategy (c, d)
GRI 2-2 Entities included in the organization's sustainability reporting	a. List all its entities included in its sustainability reporting b. If the organization has audited consolidated financial statements or financial information files on public record, specify the differences between the list of entities included in its financial reporting and the list included in its sustainability reporting c. If the organization consists of multiple entities explain the approach used for consolidating the information including: i) whether the approach involves adjustments to information for minority interests; ii) how the approach takes into account mergers, acquisitions, and disposal of entities or parts of entities; iii) whether and how the approach differs across the disclosures in this Standard and across material topics	4.1 Approach to sustainability reporting (a) 15.6 Notes to the consolidated financial statements: [3] Information by segment and main country; [12] Interest in entities (b, c)
GRI 2-3 Reporting period, frequency and contact point	a. Specify the reporting period; b. Specify the reporting period for its financial reporting and, if it does not align with the period for its sustainability reporting, explain the reason for this; c. Report the publication date of the report or reported information; d. Specify the contact point for the questions about the report or reported information	4.1 Approach to sustainability reporting (a, b, c) January 1 – December 31, 2023 (b) February 27, 2024 (c) Back cover Annual Report 2023 (d)
GRI 2-4 Restatements of information	a. Report restatements of information made from previous reporting periods and explain: i) the reasons for the restatements; ii) the effect of the restatements	Where relevant, restatements have been disclosed and explained in the Annual Report 2023 Sustainability Supplements 2023 – Data definitions, boundaries, and scope 4.1 Approach to sustainability reporting
GRI 2-5 External assurance	a. Describe its policy and practice for seeking external assurance, including whether and how the highest governance body and senior executive are involved b. If the organization's sustainability reporting has been externally assured: i) provide a link or reference to the external assurance report(s) or assurance statement(s); ii) describe what has been assured and on what basis including the assurance standards used the level of assurance obtained, and any limitations of the assurance process; iii) describe the relationship between the organization and the assurance provider	18 Combined independent auditor's report (a, b)

GRI SRS	Disclosure requirements	Reference to the Annual Report 2023
GRI 2-6 Activities, value chain and other business relationships	a. Report the sector(s) in which it is active b. Describe its value chain, including: i) the organization's activities, products, services, and markets served; ii) the organization's supply chain; the entities downstream from the organization and their activities c. Report other relevant business relationships d. Describe significant changes in 2-6-a, 2-6-b, and 2-6-c compared to the previous reporting period	3 Creating long-term value (a, b, c) 5 Corporate performance (a, b, c) 4.1 Approach to sustainability reporting (d) Sustainability Supplements 2023 – Data definitions, boundaries, and scope (a, b, c, d)
GRI 2-7 Employees	a. Report the total number of employees, and a breakdown of this total by gender and by region; b. Report the total number of: i) permanent employees, and a breakdown by gender and by region; ii) temporary employees, and a breakdown by gender and by region; iii) non-guaranteed hours employees, and a breakdown by gender and by region; iv) full-time employees, and a breakdown by gender and by region; v) part-time employees, and a breakdown by gender and by region; c. Describe the methodologies and assumptions used to compile the data, including whether the numbers are reported: i) in head count, full-time equivalent (FTE), or using another methodology; ii) at the end of the reporting period, as an average across the reporting period, or using another methodology; d. Report contextual information necessary to understand the data reported under 2-7-a and 2-7-b; e. Describe significant fluctuations in the number of employees during the reporting period and between reporting periods.	4.3.1 Talent & Development (a, b, d, e) 4.3.2 Diversity, equity & inclusion (b, d) Sustainability Supplements 2023 – Data definitions, boundaries, and scope (b, c, d) Information not available. As described in the "Sustainability Supplements 2023 – Data definitions, boundaries, and scope," social data covers all employees that have been fully integrated in our systems and excludes contingent workers. We do not have enough data about contingent workers to currently report at a global level. (b iii)
GRI 2-8 Workers who are not employees	a. Report the total number of workers who are not employees and whose work is controlled by the organization and describe:i) the most common types of worker and their contractual relationship with the organization; ii). the type of work they perform; b. Describe the methodologies and assumptions used to compile the data, including whether the number of workers who are not employees is reported: i) in head count, full-time equivalent (FTE), or using another methodology; ii) at the end of the reporting period, as an average across the reporting period, or using another methodology. c. Describe significant fluctuations in the number of workers who are not employees during the reporting period and between reporting periods.	Total number of contingent workers in 2023 is included in our FTE final numbers (2023: 31,920) and is 4,332 (a) Sustainability Supplements 2023 – Data definitions, boundaries, and scope (a, b, c) 4.3.1 Talent and Development (a, c)
GRI 2-9 Governance structure and composition	a. Describe its governance structure, including committees of the highest governance body; b. list the committees of the highest governance body that are responsible for decision making on and overseeing the management of the organization's impacts on the economy, environment, and people; c. Describe the composition of the highest governance body and its committees by: i) executive and non-executive members; ii) independence; iii) tenure of members on the governance body; iv) number of other significant positions and commitments held by each member, and the nature of the commitments; v) gender; vi) under-represented social groups; vii) competencies relevant to the impacts of the organization; viii) stakeholder representation.	7 Board of Management (a, b, c) 8 Supervisory board (a, b, c) 9 Supervisory board report (a, b, c) 11 Corporate governance (a, b, c) For more on other positions and commitments (iv.): <a href="https://www.signify.com/global/ourcompany/investors/governance/supervisory-board">https://www.signify.com/global/ourcompany/investors/governance/supervisory-board</a>
GRI 2-10 Nomination and selection of the highest governance body	a. Describe the nomination and selection processes for the highest governance body and its committees; b. Describe the criteria used for nominating and selecting highest governance body members, including whether and how the following are taken into consideration: i) views of stakeholders (including shareholders); ii) diversity; iii) independence; iv) competencies relevant to the impacts of the organization.	9 Supervisory board report (a, b) 11 Corporate governance (a, b)

GRI SRS	Disclosure requirements	Reference to the Annual Report 2023
GRI 2-11 Chair of the highest governance body	a. Report whether the chair of the highest governance body is also a senior executive in the organization; b. If the chair is also a senior executive, explain their function within the organization's management, the reasons for this arrangement, and how conflicts of interest are prevented and mitigated.	11 Corporate Governance (a,b)
GRI 2-12 Role of the highest governance body in overseeing the management of impacts	a. Describe the role of the highest governance body and of senior executives in developing, approving, and updating the organization's purpose, value or mission statements, strategies, policies, and goals related to sustainable development; b. Describe the role of the highest governance body in overseeing the organization's due diligence and other processes to identify and manage the organization's impacts on the economy, environment, and people, including: i) whether and how the highest governance body engages with stakeholders to support these processes; ii) how the highest governance body considers the outcomes of these processes; c. Describe the role of the highest governance body in reviewing the effectiveness of the organization's processes as described in 2-12-b, and report the frequency of this review.	9 Supervisory board report (a, b) 11 Corporate Governance (a,b) 4.1.1 Sustainability governance (c) 4.1.4 Materiality assessment (c)
GRI 2-13 Delegation of responsibility for managing impacts	a. Describe how the highest governance body delegates responsibility for managing the organization's impacts on the economy, environment, and people, including: i) whether it has appointed any senior executives with responsibility for the management of impacts; ii) whether it has delegated responsibility for the management of impacts to other employees; b. Describe the process and frequency for senior executives or other employees to report back to the highest governance body on the management of the organization's impacts on the economy, environment, and people.	4.1 Approach to sustainability reporting (a, b) 9 Supervisory Board report (a, b)
GRI 2-14 Role of the highest governance body in sustainability reporting	a. Report whether the highest governance body is responsible for reviewing and approving the reported information, including the organization's material topics, and if so, describe the process for reviewing and approving the information; b. If the highest governance body is not responsible for reviewing and approving the reported information, including the organization's material topics, explain the reason for this.	4.1.1 Sustainability governance (a, b) 4.1.4 Materiality assessment (a, b)
GRI 2-15 Conflicts of interest	a. Describe the processes for the highest governance body to ensure that conflicts of interest are prevented and mitigated; b. Report whether conflicts of interest are disclosed to stakeholders, including, at a minimum, conflicts of interest relating to: i) cross-board membership; ii) cross-shareholding with suppliers and other stakeholders; iii) existence of controlling shareholders; iv) related parties, their relationships, transactions, and outstanding balances.	11.5 Other governance matters – Conflict of interests (a) 9 Supervisory Board report (b)
GRI 2-16 Communication of critical concerns	a. Describe whether and how critical concerns are communicated to the highest governance body; b. Report total number and the nature of critical concerns that were communicated to the highest governance body during the reporting period	13.1 Establish strong risk management environment (a, b) 4.3.5 Business ethics (b)
GRI 2-17 Collective knowledge of the highest governance body	a. Report measures taken to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development	9 Supervisory board report (a)
GRI 2-18 Evaluation of the performance of the highest governance body	a. Describe the process for evaluating the performance of the highest governance body in overseeing the management of the organization's impacts on the economy, environment, and people; b. Report whether the evaluations are independent or not, and the frequency of the evaluations; a. Describe actions taken in response to the evaluations, including changes to the composition of the highest governance body and organizational practices	Evaluation of the performance of the highest governance body in 2023 was independent. 9 Supervisory Board report (a, b, c)

GRI SRS	Disclosure requirements	Reference to the Annual Report 2023
GRI 2-19 Remuneration policies	<p>a. Describe the remuneration policies for members of the highest governance body and senior executives, including: i) fixed pay and variable pay; ii) sign-on bonuses or recruitment incentive payments; iii) termination payments; iv) clawbacks; v) retirement benefits;</p> <p>b. Describe how the remuneration policies for members of the highest governance body and senior executives relate to their objectives and performance in relation to the management of the organization's impacts on the economy, environment, and people.</p>	10 Remuneration report (a, b)
GRI 2-20 Process to determine remuneration	<p>a. Describe the process for designing its remuneration policies and for determining remuneration, including: i) whether independent highest governance body members or an independent remuneration committee oversees the process for determining remuneration; ii) how the views of stakeholders (including shareholders) regarding remuneration are sought and taken into consideration; iii) whether remuneration consultants are involved in determining remuneration and, if so, whether they are independent of the organization, its highest governance body and senior executives;</p> <p>b. Report the results of votes of stakeholders (including shareholders) on remuneration policies and proposals, if applicable.</p>	No policy change in 2023. 10 Remuneration report (a, b)
GRI 2-21 Annual total compensation ratio	<p>a. Report the ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees(excluding the highest-paid individual);</p> <p>b. Report the ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual);</p> <p>c. Report contextual information necessary to understand the data and how the data has been compiled.</p>	Signify uses a different methodology and therefore will be considered "incomplete" according to the GRI Standard. 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). Signify's pay ratio reflects the average total compensation of the total global employee workforce, relative to the total remuneration package of the CEO, the highest-paid individual. 10.2.10 Signify's internal pay ratio (a, b, c)
GRI 2-22 Statement on sustainable development strategy	<p>a. Report a statement from the highest governance body or most senior executive of the organization about the relevance of sustainable development to the organization and its strategy for contributing to sustainable development.</p>	2 CEO Message (a)

GRI SRS	Disclosure requirements	Reference to the Annual Report 2023
GRI 2-23 Policy commitments	<p>a. Describe its policy commitments for responsible business conduct, including: i) the authoritative intergovernmental instruments that the commitments reference; ii) whether the commitments stipulate conducting due diligence; iii). whether the commitments stipulate applying the precautionary principle; iv) whether the commitments stipulate respecting human rights;</p> <p>b. Describe its specific policy commitment to respect human rights, including: i) the internationally recognized human rights that the commitment covers; ii) the categories of stakeholders, including at-risk or vulnerable groups, that the organization gives particular attention to in the commitment;</p> <p>c. provide links to the policy commitments if publicly available, or, if the policy commitments are not publicly available, explain the reason for this;</p> <p>d. Report the level at which each of the policy commitments was approved within the organization, including whether this is the most senior level;</p> <p>e. Report the extent to which the policy commitments apply to the organization's activities and to its business relationships;</p> <p>f. Describe how the policy commitments are communicated to workers, business partners, and other relevant parties.</p>	<p>13.1 Establish strong risk management environment (a, c, d, e, f)</p> <p>4.1 Approach to sustainability reporting (a, c, d, e, f)</p> <p>4.3.3 Human rights (b)</p> <p>Sustainability Supplements 2023 (a, b, c, d, e, f)</p> <p>All policies can be found on our website.</p>
GRI 2-24 Embedding policy commitments	<p>a. Describe how it embeds each of its policy commitments for responsible business conduct throughout its activities and business relationships, including: i) how it allocates responsibility to implement the commitments across different levels within the organization; ii) how it integrates the commitments into organizational strategies, operational policies, and operational procedures; iii) how it implements its commitments with and through its business relationships; iv) training that the organization provides on implementing the commitments.</p>	<p>4.1.2 Sustainability governance (a)</p> <p>13.1 Establish strong risk management environment (a)</p> <p>Sustainability Supplements 2023 (a)</p>
GRI 2-25 Processes to remediate negative impacts	<p>a. Describe its commitments to provide for or cooperate in the remediation of negative impacts that the organization identifies it has caused or contributed to;</p> <p>b. Describe its approach to identify and address grievances, including the grievance mechanisms that the organization has established or participates in;</p> <p>c. Describe other processes by which the organization provides for or cooperates in the remediation of negative impacts that it identifies it has caused or contributed to;</p> <p>d. Describe how the stakeholders who are the intended users of the grievance mechanisms are involved in the design, review, operation, and improvement of these mechanisms;</p> <p>e. Describe how the organization tracks the effectiveness of the grievance mechanisms and other remediation processes, and report examples of their effectiveness, including stakeholder feedback.</p>	<p>4 Brighter Lives, Better World (a, b, c)</p> <p>13 Risk factors and risk management (a, b, c)</p> <p>4.1.4 Materiality assessment (d, e)</p> <p>4.3.5 Business ethics (b,c,e)</p>
GRI 2-26 Mechanisms for seeking advice and raising concerns	<p>a. Describe the mechanisms for individuals to: i) seek advice on implementing the organization's policies and practices for responsible business conduct; ii) raise concerns about the organization's business conduct.</p>	<p>13.1 Establish strong risk management environment (a)</p> <p>4.3.5 Business ethics (a)</p>

GRI SRS	Disclosure requirements	Reference to the Annual Report 2023
GRI 2-27 Compliance with laws and regulations	<p>a. Report the total number of significant instances of non-compliance with laws and regulations during the reporting period, and a breakdown of this total by: i) instances for which fines were incurred; ii) instances for which non-monetary sanctions were incurred;</p> <p>b. report the total number and the monetary value of fines for instances of noncompliance with laws and regulations that were paid during the reporting period, and a breakdown of this total by: i) fines for instances of non-compliance with laws and regulations that occurred in the current reporting period; ii) fines for instances of non-compliance with laws and regulations that occurred in previous reporting periods;</p> <p>c. describe the significant instances of non-compliance;</p> <p>d. describe how it has determined significant instances of non-compliance.</p>	Through our internal audit and compliance processes, we have determined that Signify has not had any significant instances of non-compliance with laws and regulations during the reporting period. (a, b, c, d).
GRI 2-28 Membership associations	<p>a. Report industry associations, other membership associations, and national or international advocacy organizations in which it participates in a significant role.</p>	Sustainability Supplements 2023 – GRI content index (a)
GRI 2-29 Approach to stakeholder engagement	<p>a. Describe its approach to engaging with stakeholders, including: i) the categories of stakeholders it engages with, and how they are identified; ii) the purpose of the stakeholder engagement; iii) how the organization seeks to ensure meaningful engagement with stakeholders.</p>	4.1.4 Materiality assessment (a)
GRI 2-30 Collective bargaining agreements	<p>a. Report the percentage of total employees covered by collective bargaining agreements;</p> <p>b. For employees not covered by collective bargaining agreements, report whether the organization determines their working conditions and terms of employment based on collective bargaining agreements that cover its other employees or based on collective bargaining agreements from other organizations.</p>	<p>88.4% (a) Effective December 31, 2023. Excludes interns and Signify Employment Scheme employees.</p> <p>The payment terms and conditions are determined by Signify Rewards team which reviews benchmarks to determine the salary levels, and budgets for salary raises, Long Term Incentive's lease car conditions, holiday entitlements and other benefits. Employees have to follow guidelines, procedures which are applicable to all employees and which are being set and arranged based on legal requirements as well as via specific agreements with works councils (where applicable). (b)</p>
GRI 3-1 Process to determine material topics	<p>a. Describe the process it has followed to determine its material topics, including: i) how it has identified actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights, across its activities and business relationships; ii) how it has prioritized the impacts for reporting based on their significance;</p> <p>b. Specify the stakeholders and experts whose views have informed the process of determining its material topics.</p>	4.1.4 Materiality assessment (a, b)

GRI SRS	Disclosure requirements	Reference to the Annual Report 2023
GRI 3-2	a. List its material topics; List of material topics b. Report changes to the list of material topics compared to the previous reporting period.	4.1.4 Materiality assessment (a, b) Signify reported its first double materiality assessment, therefore the methodology is not comparative with that reported in 2022. The following are no longer material in 2023: Business ethics, Social impact of light, Innovation, Operational excellence, Geopolitical instability, Responsible packaging, Hazardous substances, Biodiversity and Water usage. (b)
GRI 3-3 Management of material topics	a. Describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights; b. Report whether the organization is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships; c. Describe its policies or commitments regarding the material topic d. Describe actions taken to manage the topic and related impacts, including: i) actions to prevent or mitigate potential negative impacts; ii) actions to address actual negative impacts, including actions to provide for or cooperate in their remediation; iii) actions to manage actual and potential positive impacts; e. Report the following information about tracking the effectiveness of the actions taken: i) processes used to track the effectiveness of the actions; ii) goals, targets, and indicators used to evaluate progress; iii) the effectiveness of the actions, including progress toward the goals and targets; iv) lessons learned and how these have been incorporated into the organization's operational policies and procedures; f. Describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-f).	3.2 Our impact (a, b, e) 10.2.5 Long-term equity-based incentive 13.5 Key risks (a, b, c, e) 4 Brighter Lives, Better World (d) 4.1.1 Materiality assessment (f) Sustainability Supplements 2023 – Data definitions, boundaries, and scope (f)
GRI 302-1 Energy consumption within the organization	a. Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used. b. Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used. c. In joules, watt-hours or multiples, the total: i) electricity consumption, ii) heating consumption, iii) cooling consumption, iv) steam consumption d. In joules, watt-hours or multiples, the total: i) electricity sold, ii) heating sold, iii) cooling sold, iv) steam sold e. Total energy consumption within the organization, in joules or multiples. f. Standards, methodologies, assumptions, and/or calculation tools used. g. Source of the conversion factors used.	4.4.1 Climate action (a, b) (c) i) 262,924 MWh; ii) 1,614 MWh iii) Not applicable and iv) 0 MWh (d) 0, Signify does not sell energy. (f) Signify reports actual energy consumption data based on invoices. (g) None, Signify reports energy consumption absolute values. Sustainability Supplements 2023 – Data definitions, boundaries, and scope (f,g)
GRI 302-2 Energy consumption outside of the organization	a. Energy consumption outside of the organization, in joules or multiples. b. Standards, methodologies, assumptions, and/or calculation tools used. c. Source of the conversion factors used.	Not applicable as Signify does not have energy consumption outside of its organization.

GRI SRS	Disclosure requirements	Reference to the Annual Report 2023
GRI 302-3 Energy intensity	a. Energy intensity ratio for the organization. b. Organization-specific metric (the denominator) chosen to calculate the ratio. c. Types of energy included in the intensity ratio; whether fuel, electricity, heating, cooling, steam, or all. d. Whether the ratio uses energy consumption within the organization, outside of it, or both.	4.4.1 Climate action. Signify reports operational energy intensity which includes stationary fuels, electricity, heating and steam. (a,b, c) Sustainability Supplements 2023 – Data definitions, boundaries, and scope (a,b,c)
GRI 302-4 Reduction of energy consumption	a. Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples. b. Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all. c. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it. d. Standards, methodologies, assumptions, and/or calculation tools used.	4.4.1 Climate action (a) Sustainability Supplements 2023 – Data definitions, boundaries, and scope (b, c, d)
GRI 302-5 Reductions in energy requirements of products and services	a. Reductions in energy requirements of sold products and services achieved during the reporting period, in joules or multiples. b. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it. c. Standards, methodologies, assumptions, and/or calculation tools used	435 million MWh (a) Sustainability Supplements 2023 – Methodology for calculating societal impact, based on Signify scope 4 methodology, the reduction in energy consumption of sold LED and connected LED products in 2023 compared to conventional lighting products. (b, c)
GRI 305-1 Direct (Scope 1) GHG emissions	a. Gross direct (Scope 1) GHG emissions in metric tons of CO <sub>2</sub> equivalent. b. Gases included in the calculation; whether CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , or all. c. Biogenic CO <sub>2</sub> emissions in metric tons of CO <sub>2</sub> - equivalent. d. Base year for the calculation, if applicable, including: i) the rationale for choosing it; ii) emissions in the base year; iii) the context for any significant changes in emissions that triggered recalculations of base year emissions. e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. f. Consolidation approach for emissions; whether equity share, financial control, or operational control. g. Standards, methodologies, assumptions, and/or calculation tools used.	4.4.1 Climate action (a, b, d, e, f) Not applicable as this data is not material for Signify (c)
GRI 305-2 Energy indirect (Scope 2) GHG emissions	a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO <sub>2</sub> equivalent. b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO <sub>2</sub> equivalent. c. If available, the gases included in the calculation; whether CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , or all. d. Base year for the calculation, if applicable, including: i) the rationale for choosing it; ii) emissions in the base year; iii) the context for any significant changes in emissions that triggered recalculations of base year emissions. e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. f. Consolidation approach for emissions; whether equity share, financial control, or operational control. g. Standards, methodologies, assumptions, and/or calculation tools used	4.4.1 Climate action (a, b, d, e, f) Sustainability Supplements 2023 – Data definitions, boundaries, and scope (g)

GRI SRS	Disclosure requirements	Reference to the Annual Report 2023
GRI 305-3 Other indirect (Scope 3) GHG emissions	a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO2 equivalent. b. If available, the gases included in the calculation; whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all. c. Biogenic CO2emissions in metric tons of CO2equivalent. d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation. e. Base year for the calculation, if applicable, including i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions. f. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. g. Standards, methodologies, assumptions, and/or calculation tools used.	4.4.1 Climate action (a, b, d, e, f) Not applicable as this data is not material for Signify (c) Sustainability Supplements 2023 – Data definitions, boundaries, and scope (g)
GRI 305-4 GHG emissions intensity	a. GHG emissions intensity ratio for the organization. b. Organization-specific metric (the denominator) chosen to calculate the ratio. c. Types of GHG emissions included in the intensity ratio; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3). d. Gases included in the calculation; whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3 or all	4.4.1 Climate action (a, b, d, e, f) Sustainability Supplements 2023 – Data definitions, boundaries, and scope (g)
GRI 305-5 Reduction of GHG emissions	a. GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO2 equivalent. b. Gases included in the calculation; whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3 or all. c. Base year or baseline, including the rationale for choosing it. d. Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3). e. Standards, methodologies, assumptions, and/or calculation tools used	4.4.1 Climate action (a, b, d, e, f) Sustainability Supplements 2023 – Data definitions, boundaries, and scope (g)
GRI 305-6 Emissions of ozone-depleting substances (ODS)	a. Production, imports, and exports of ODS in metric tons of CFC-11 (trichlorofluoromethane) equivalent. b. Substances included in the calculation. c. Source of the emission factors used. d. Standards, methodologies, assumptions, and/or calculation tools used.	Not applicable as emissions from ODS are not material for Signify.
GRI 306-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	a. Significant air emissions, in kilograms or multiples, for each of the following: i) NOX ii) SOX iii) Persistent organic pollutants (POP) iv) Volatile organic compounds (VOC) Emissions from NOX and SOX are at nonmaterial levels for Signify. 24 v) Hazardous air pollutants (HAP) vi) Particulate matter (PM) vii) Other standard categories of air emissions identified in relevant regulations b. Source of the emission factors used. c. Standards, methodologies, assumptions, and/or calculation tools used	42 tonnes CO2e for N2O, others are not material for Signify (a) Sustainability Supplements 2023 – Data definitions, boundaries, and scope (b, c)
GRI 406-1 Incidents of discrimination and corrective actions taken	a. Total number of incidents of discrimination during the reporting period. b. Status of the incidents and actions taken with reference to the following: i) Incident reviewed by the organization; ii) Remediation plans being implemented; iii) Remediation plans that have been implemented, with results reviewed through routine internal management review processes; iv) Incident no longer subject to action	This topic is covered under the Signify Integrity Code and Supplier Sustainability Declaration, our code of conduct for suppliers. 13.1 Establish strong risk management environment Signify Integrity code 4.3.5 Business ethics, discrimination incidents are included under human resources (a,b)

GRI SRS	Disclosure requirements	Reference to the Annual Report 2023
GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	a. Operations and suppliers in which workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk either in terms of: i) type of operation (such as manufacturing plant) and supplier; ii) countries or geographic areas with operations and suppliers considered at risk.  b. Measures taken by the organization in the reporting period intended to support rights to exercise freedom of association and collective bargaining.	This topic is covered under the Signify Integrity Code and Supplier Sustainability Declaration, our code of conduct for suppliers.  13.1 Establish strong risk management environment - Signify Integrity code 4.3.3 Human rights, Supplier Sustainable Performance (a, b)
GRI 408-1 Operations and suppliers at significant risk for incidents of child labor	a. Operations and suppliers considered to have significant risk for incidents of: i) child labor; ii) young workers exposed to hazardous work.  b. Operations and suppliers considered to have significant risk for incidents of child labor either in terms of: i) type of operation (such as manufacturing plant) and supplier; ii) countries or geographic areas with operations and suppliers considered at risk.  c. Measures taken by the organization in the reporting period intended to contribute to the effective abolition of child labor	This topic is covered under the Signify Integrity Code and the Supplier Sustainability Declaration, our code of conduct for suppliers  4.3.3 Human rights, Supplier Sustainable Performance (a,c)  4.3.3 Human rights, Responsible Mineral Sourcing (b)

## Supplement to GRI Content Index 2023

### GRI Standard 102-8

#### Contract type by gender in % in 2023

	Permanent	Temporary
Female	98%	2%
Male	98%	2%
Not disclosed	100%	-%

#### Contract type by geography in % in 2023

	Permanent	Temporary
Europe	96%	4%
Americas	100%	-%
Rest of the world	98%	2%

#### Time schedules by gender in % for 2023

	Full-time	Part-time
Female	96%	4%
Male	98%	2%
Not disclosed	80%	20%

### GRI Standard 401-1

#### Turnover rate by management level in % of total employee base

	Percentage
Staff	72%
Professional	22.41%
Mid-level professional	3.87%
Senior-level professional	1.47%
Leadership	0.23%

#### Turnover rate by gender

Female	47%
Male	53%
Not disclosed	0.01%

#### Turnover rate by age group

Under 30	41%
30-50	46%
Over 50	13%

### GRI Standard 405-1: Workforce gender breakdown 2023

Share of women in total workforce (as % of total workforce)	40%
Share of women in all management positions, including junior, middle and top management (as % of total management positions)	27%
Share of women in junior management positions, i.e. first level of management (as % of total junior management positions)	29%
Share of women in top management positions, i.e. maximum two levels away from the CEO or comparable positions (as % of total top management positions)	29%
Share of women in management positions in revenue-generating functions (e.g. sales) as % of all such managers (i.e. excluding support functions such as HR, IT, Legal, etc.)	20%
Share of women in STEM-related positions (as % of total STEM positions)	41%

### GRI Standard 415-1: Public policy

Signify actively engages with governmental organizations, emphasizing the environmental and socioeconomic benefits of energy efficiency, the potential of connected LED lighting and joining public debates addressing sustainability issues. We share updates on initiatives and developments in this area on our website and in our Press Releases.

As formalized in our Integrity Code, Signify adopted a policy of prohibition of contributions, in money or in kind, to political parties, political organizations or individuals engaged in politics. Signify takes part in industry associations and coalitions for sustainable growth and we share our contributions. The total contributions and expenditures amounted EUR 3.19 million in 2023.

The largest contributions and expenditures are made by Signify to:

- The National Electrical Manufacturers Association 'NEMA' to develop performance standards and promote product interoperability to increase market demand, while improving safety to mitigate risks (EUR 0.48 million).

- World Economic Forum which engages the foremost political, business, cultural and other leaders of society to shape global, regional and industry agendas (EUR 0.36 million).
- Lighting Europe to engage on Lighting Industry Standards (EUR 0.24 million).

At Signify we address the following main issues with our contributions and expenditures:

- Signify considers climate action a key focus area. Moving towards renewable energy and focusing on energy efficiency (total of contributions and expenditures of EUR 0.41 million).
- Within our industry we engage with associations to develop uniform standards in lighting technology and connectivity (total of contributions and expenditures of EUR 2.75 million).

Type of trade organization	Geographic scope	Spend (€ millions)	Focus of membership (non-exhaustive)
Industry Associations	Global	2.51	Sustainable innovation in the industry, climate action, scaling up action on the UN SDGs, common standards.
Coalitions for sustainable growth	Global	0.68	Carbon pricing, sustainable cities, standards for impact measurement, UN SDG contribution.
Political contributions	Global	0	

# 7 EU Non-Financial Reporting Directive (NFRD)

Category	Criterion	Reference to the Annual Report 2023
Company business model	Description	3 Creating sustainable long-term value 5 Corporate performance
Diversity	Policy description	4.3.2 Diversity, equity & inclusion
	KPI / result	7 Board of management 8 Supervisory board
Social matters	Policy description	4.3 Brighter Lives
	KPI / result	
	Risk	4.3 Brighter Lives 13 Operational risks
Environmental matters	Policy description	4.4 Better World
	KPI / result	
	Risk	4.4 Better World 13 Climate risk
Human Rights	Policy description	4.3.3 Human rights
	KPI / result	4.3.3 Human rights 4.3.5 Business ethics
	Risk	4.3.3 Human rights
Bribery and corruption	Policy description	13.1 Establish strong risk management environment
	KPI / result	4.3.5 Business ethics 13.1 Establish strong risk management environment
	Risk	13.1 Establish strong risk management environment 13.3 Risk assessment and control

