

Signify N.V. Annual General Meeting 2023

Type of meeting	Annual General Meeting
Date	14:00 CET, May 16 th , 2023
Location	High Tech Campus 48, 5656 AE Eindhoven, the Netherlands
Speaker	Diana Trif (Robeco)
Opt-in members	Robeco, Triodos
Attendance AGM	80.41% of the issued share capital represented.

	Agenda items	Result (%)	
		Vote	F
1.	Presentation by CEO Eric Rondolat		
2.	Remuneration Report 2022	F	92.93%
3.	Explanation of the policy on additions to reserves and dividends		
4.	Proposal to adopt the financial statements for the financial year 2022	F	99.92%
5.	Proposal to adopt a cash dividend of EUR 1.50 per ordinary share from the 2022 net income	F	99.32%
6a.	Proposal to discharge the members of the Board of Management in respect of their duties performed in 2022	F	96.30%
6b.	Proposal to discharge the members of the Supervisory Board in respect of their duties performed in 2022	F	96.31%
7.	Proposal to appoint Harshavardhan Chitale as member of the Board of Management	F	99.88%
8.	Proposal to appoint Sophie Bechu as member of the Supervisory Board	F	99.98%
9	Proposal to re-appoint Ernst & Young as external auditor of the company for 2023-2025	F	100%
10a.	Proposal to authorize the Board of Management to issue shares or grant rights to acquire shares	F	97.20%
10b.	Proposal to authorize the Board of Management to restrict or exclude pre-emptive rights	F	97.13%
11.	Proposal to authorize the Board of Management to acquire shares in the company	F	93.94%
12.	Proposal to cancel shares in one or more tranches as to be determined by the Board of Management	F	96.95%

Agenda Item 2, Remuneration Report 2022

My name is Diana Trif, I work at Robeco, and today I speak on behalf of a group of institutional investors which includes Robeco and Triodos.

I would like to start by thanking Signify for our dialogue prior to this AGM on a broad range of topics including remuneration, strategy and board nominations. We very much appreciate the open, insightful discussions we have had so far and look forward to continuing this dialogue going forward.

Last year, nearly 30% of the votes were cast Against the remuneration report. After shareholder consultation, several improvements were implemented. We welcome these improvements, particularly the increased disclosure on the annual cash incentive financial performance metrics, and the commitment to address the key shareholder concerns identified following the consultations as part of the next policy review.

Next year, a new remuneration policy will be up for approval. We would appreciate the opportunity of providing feedback on the draft remuneration policy and would already like to hear your thoughts on two relevant topics.

The past years brought major challenges in setting performance targets under compensation plans and we see in the Netherlands and across the world that executive compensation is receiving more and more scrutiny. Can the remuneration committee elaborate on how new targets will be set, and how you will ensure that these are sufficiently stretching and that payouts are appropriate?

In general, overlapping STI and LTI metrics are not viewed as best practice and we see that free cash flow will account for 30% of the annual cash incentive and 25% of the long-term incentive in 2023. Can the remuneration committee reflect on the current choice and weightings of the STI and LTI performance metrics and whether you are considering changes to these as part of the remuneration policy review?

The Chairman of the Remuneration Committee thanked us for the positive feedback and assured us that we will continue the dialogue. He noted that the work on the remuneration policy has already been initiated and that Signify will run a consultation process involving all stakeholders as part of the policy review.

With regards to the first question, he noted that performance targets are an integral part of the budget cycle and it is good practice that targets for management are equal to the budgets agreed with the board for the company as a whole. He highlighted that they are very strict on not applying any discretionary powers to change targets or outcomes, noting that 4 of the 8 targets set under the STI and LTI were missed last year. He indicated that they aim to ensure targets are sufficiently challenging but also doable.

Regarding the second question, he highlighted that Free Cash Flow is a very important performance indicator for them and that this is why it is present in both the STI and the LTI. He noted however that the overlap has been earmarked as a point that needs attention in the remuneration policy review.

Agenda Item 4, Proposal to adopt the financial statements for the financial year 2022

We are facing an exceptionally tough global context. The war in Ukraine is top of mind and it is important for investors to understand how companies responded to this conflict. We have seen that some Dutch companies have been under pressure over their decision to continue business in Russia.

In your recently disclosed quarterly report, you report incidental items related to operations in Russia. However, your business exposure to the country is not fully clear.

Hence, we have two questions for Signify. Could you elaborate on the decision-making within your board on exiting/not exiting Russia as a result of Russia's invasion of Ukraine? How has Russia's invasion of Ukraine impacted your disclosure controls and oversight? Are you planning to provide more disclosure pertaining to your business in Russia?

The Chief Executive Officer prefaced his response by noting the importance of this topic. He highlighted that, when the war started, Signify stopped all investments in the country and complied immediately with all the sanctions. They subsequently very quickly stopped all marketing activities and they have not taken any new customers since the onset of the war.

He then pointed out that Russia and Byelorussia represented about 1% of Signify's sales before the war and that this has substantially reduced in 2022 to half. At the same time, they had to let go many people in the Russian subsidiary, more than half of the people left the company.

He noted that the situation and the scope are still continuing to go down and they are analyzing different scenarios for what is going to happen in the future, taking into account two fundamental aspects. First, they do not have any industrial assets in Russia and Byelorussia, but just a commercial organization. Second, for any move, they have to make sure that they have the safety of their teams in mind. He ended by noting that they will provide a clearer picture as soon as they are able to.

Agenda item 8, Proposal to appoint Sophie Bechu as member of the Supervisory Board

Signify is recognized as a leader in lighting. Maintaining this position comes with unique challenges given the exceptionally tough conditions we are facing today - military conflicts, soaring energy prices, instability in the global economy and lingering supply chain disruptions.

In this context, we believe it is crucial to ensure that the supervisory board is adequately equipped to "weather this storm".

Hence, we would like to ask Signify two questions. Can you reflect on how you evaluate the prospective board candidates' current or past roles at other companies and how you plan to do this going forward? In addition, what is your long-term plan for ensuring that the board's level of independence, diversity and expertise remain in a solid state, so that the board is able to "weather storms"?

The Chairman of the Board commenced by describing the process for identifying Sophie Bechu as a candidate. He noted that one factor considered was the size of the board. With six board members, they are closely connected to the business and they see this as an advantage. They

consider that the optimal board size for Signify is at least six persons, to reduce vulnerability, and maximum eight, for a transition period. They concluded that they want to add an additional board member, particularly coming from the United States, in light of the recent Cooper Lighting acquisition. While they already have one member with such experience, two members would be desirable. Furthermore, they considered the diversity of the supervisory board. They concluded that they want to add a female member and, in view of the competence matrix, somebody with supply chain/logistics experience. The headhunter informed them during the recruiting process that Sophie Bechu was leaving Philips, she then entered the candidate list and came out as the preferred candidate. The Chairman noted that they want board members who can be tough in difficult times and they concluded that Sophie Bechu satisfies this requirement in light of her experience at Philips. He highlighted the Respiroics case, which required Philips to repair or replenish a lot of pieces of equipment in a time with logistic challenges and component shortages. He specified that it was on Sophie Bechu's shoulders to do this in the shortest possible time and they felt comfortable with her as a candidate.

More broadly, the Chairman pointed out that they have discussions at least once a year on the future composition of the board; they know the board rotation profile and consider the desired board profile, thinking ahead several years. He noted that they have a good process of ensuring a good profile of the people but also a competence matrix that is filled nicely. He concluded by specifying that they have been doing a solid board performance evaluation every year and that this year they will do it with an outside party.