

Signify N.V. Annual General Meeting 2024

Type of meeting	Annual General Meeting
Date	14:00 CET, May 14 th , 2024
Location	High Tech Campus 48, 5656 AE Eindhoven, the Netherlands
Speaker	Diana Trif (Robeco)
Opt-in members	Robeco, Triodos
Attendance AGM	82.03% of the issued share capital represented.

	Agenda item	Vote	Result (% F)
2.	Remuneration Report 2023	F	96.18%
5.	Proposal to adopt the financial statements for the financial year 2023	F	99.81%
6.	Proposal to adopt a cash dividend of EUR 1.55 per ordinary share from the 2023 net income	F	99.84%
7a.	Proposal to discharge the members of the Board of Management in respect of their duties performed in 2023	F	98.09%
7b.	Proposal to discharge the members of the Supervisory Board in respect of their duties performed in 2023	F	87.14%
8.	Proposal to re-appoint Eric Rondolat as member of the Board of Management	F	99.91%
9a.	Proposal to appoint Jeroen Drost as member of the Supervisory Board	F	84.60%
9b.	Proposal to re-appoint Rita Lane as member of the Supervisory Board	F	84.83%
9c.	Proposal to re-appoint Pamela Knapp as member of the Supervisory Board	F	80.62%
10a.	Proposal to adopt the remuneration policy for the Board of Management, including the proposal to approve changing the long-term incentive plan for the Board of Management	F	96.64%
10b.	Proposal to adopt the remuneration policy for the Supervisory Board	F	99.47%
11.	Proposal to appoint PricewaterhouseCoopers as external auditor of the company for 2026-2028	F	99.89%
12a.	Proposal to authorize the Board of Management to issue shares or grant rights to acquire shares	F	97.94%
12b.	Proposal to authorize the Board of Management to restrict or exclude pre-emptive rights	F	86.84%
13.	Proposal to authorize the Board of Management to acquire shares in the company	F	99.24%
14.	Proposal to cancel shares in one or more tranches as to be determined by the Board of Management	F	98.92%

Agenda item 2 - Advisory vote on the remuneration report; Agenda Item 5 - Proposal to adopt the financial statements for the financial year 2023

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 first thank Signify for our ongoing dialogue covering 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.

If I may please ask for an additional clarification regarding the disagreement mentioned before, between the company and Maria Letizia Mariani. While we understand that there is no additional information that can be shared at this point regarding this disagreement, could you elaborate on whether you implemented any changes to ensure that similar disagreements will not occur in the future?

Another topic is related to the restructuring discussed in the earlier presentations. This restructuring, which is expected to generate annualized savings in excess of EUR 200 million, impacted 1000 of your employees.

Layoffs come with significant risks. In fact, research has found that downsizing a workforce by just 1% can lead to a 31% increase in voluntary staff turnover the next year.

Considering that your employee net promoter score significantly decreased following the restructuring announcement, and that retaining your talent is a key priority for you, could you reflect on any new initiatives implemented to ensure that the negative impacts of the restructuring on your employees are mitigated, and through which indicators you are monitoring the effectiveness thereof?

With regards to the first question, the Chairman of the Remuneration Committee highlighted that the new proposed remuneration policy clarifies that in the case of termination of a service contract, unvested awards granted under the LTI plan shall forfeit unless the Supervisory Board decides otherwise, or in case of retirement, in which case pro-rata vesting will apply.

The Chief Executive Officer addressed our question related to the restructuring. He first emphasized that, when the reorganization was implemented, they communicated directly with the people losing their jobs as quickly as they could, but also with people staying, to ensure that the new parameters of their responsibilities were clear. The Chief Executive Officer noted that they received very positive feedback from their people regarding where Signify is going from an organizational standpoint.

Furthermore, the Chief Executive Officer noted that they put in place additional measures. One of them is a training of people managers; specifically, there is a dedicated training for people managers on how to apply people management in different shapes and forms. There will be around 500 people trained by the end of 2024, and around 1500 people managers by the middle of 2025. The objective of the training is to motivate and stimulate the people who are working with them. In addition, they increased the number of people who have access to the long-term incentive plan and are encouraging more people to be part of the share repurchase program. Finally, they are continuing to prioritize internal promotions versus bringing people from the outside.

The Chief Executive Officer noted that the internal KPIs are twofold. The first is the attrition rate, which is similar to other companies at this point, and which is closely monitored. The second is the net promoter score, which is done quarterly with an 80% response rate. The score has gone down following the restructuring announcement yet remains reasonably well positioned in absolute terms. That said, they are vigilant and monitoring these two indicators.

Agenda item 9 - Composition of the Supervisory Board

We would like to thank you for the thorough disclosure on the assessment and selection process that led to the proposals to appoint Mr. Drost and to re-appoint Ms. Knapp and Ms. Lane to the supervisory board. To this end, the supervisory board skills and expertise matrix is particularly helpful for us to understand how you view the supervisory board profile. We couldn't help but notice that, according to this matrix, only one member of the board is regarded as having IT and cybersecurity expertise.

Nonetheless, cyber-attacks and security breaches are identified by you as a key operational risk, and there is growing scrutiny of the board's oversight of cybersecurity risk.

Could you reflect on the board's role in cybersecurity risk oversight, including how often the board or a committee thereof receives reports on cybersecurity risk?

The Chairman of the board addressed our question. He noted that cybersecurity is an important topic which is primarily addressed by Signify's security and management, with the supervisory board supervising and advising on the matter. At least once a year, there is a session dedicated to the recent developments in cybersecurity. Each quarter, there is an update on cybersecurity topics. Cybersecurity is embedded in the larger control scheme of the company. To judge how good the company is on this topic, an external cybersecurity company was hired in 2023, which concluded that Signify does "quite well".

Regarding the expertise of the Supervisory Board, two people were shown last year in the skills and expertise matrix as having cybersecurity expertise. Based on feedback from shareholders, the number of "ticks" per person was reduced to focus on each individual director's key skills.

The Chairman of the board concluded by noting that the role of the supervisory board is not to give the answers but to ask the right questions. Overall, with the expertise around the table, Signify is well positioned to address this very important topic.

Agenda item 11- Appointment of the external auditor of the company

We did have some questions related to the exam fraud issue, but the clarifications offered earlier have been useful. We would therefore like to move on to our next question.

Circular revenues and Brighter Lives Revenues are identified as a key assurance matter in your 2023 Annual Report and the auditor noted that the assurance engagement "considered the risk of sustainability information being presented too optimistically." At the same time, companies' sustainability claims are under growing scrutiny due to greenwashing concerns.

Against this backdrop, do you plan to enhance disclosure on how you measure the positive impact of your products, systems, and services?

The Chief Executive Officer replied, noting that the method used for measuring Circular revenues and Brighter Lives Revenues is very granular, has been validated and received reasonable assurance from EY. They believe the process is robust and they will continue to measure it in the same way. That said, Signify is continuously improving their reporting and accuracy, and they are following regulatory developments. They use more and more established tools like life cycle assessments and have been able to publish Environment Product Data for about 17000 of their SKUs in March 2024. The process is robust, and they will continue reporting in this way while adapting to incoming regulations.

In response, we added a clarification. We noted that for us it is important to understand whether products, systems and products need to meet certain criteria in order to be included in the Brighter Lives revenues bucket. We emphasized that disclosure on this would be helpful.

The CEO confirmed that products, systems and products need to meet certain criteria in order to be included in the Brighter Lives revenues bucket and noted that they will explore how this can be disclosed.