
Signify
Climate Action
Report 2021

CEO Letter

In 2022, the world continues to warm at an alarming rate. There is a widespread sense of unrest that calls for action, not words, to minimize and avert the damage that humans have caused to the planet. For Signify, this means we need to amplify our efforts, not only in our operations, but across our entire value chain, and help our stakeholders play their role in minimizing the impacts of climate change.

Signify was built on the foundation of 130 years of heritage in sustainability and innovation. Our story as an independent company started in 2016, and in the same year, we launched our first sustainability program, Brighter Lives, Better World. By the end of 2020, we had achieved all our commitments, including becoming carbon neutral and using 100% renewable electricity in our operations. Our climate action journey continues with the second edition of our sustainability program: Brighter Lives, Better World 2025, which goes further to ensure we play our part in limiting global warming to less than 1.5 °C in line with the Paris Agreement.

Each of us plays a role in creating positive impact, but those roles are not of equal weight. What is required now is coordinated international planning and fundamental changes in governmental and business thinking. As a global company, we are ready to do our part for meaningful action and lasting change. In that quest, we are responsible for sharing the knowledge we develop on our climate journey in our operations, supply chain and product use with consumers, suppliers, fellow businesses, and other stakeholders. With this goal in mind, I am proud to invite you to join us in exploring our first Climate Action Report.

Eric Rondolat
CEO Signify

1891
Philips was founded in Eindhoven as a family business, and began producing light bulbs.

2016
Signify (formerly Philips Lighting) separated from Philips, becoming an independent corporation.

2016
Signify launched its **Brighter Lives, Better World** program with multiple climate action targets to be achieved by the end of 2020.

2018
Signify is one of the first 28 companies to commit to **Science-Based Targets** for carbon emmissions reductions to achieve the 1.5°C pathway in the Paris Agreement.

2019
Signify was the first company to sign a **Power Purchase Agreement** in Poland.

2020
Signify **fulfills all Brighter Lives, Better World commitments,** becoming carbon neutral and achieving 84% Sustainable revenues.

2021
Signify goes beyond carbon neutrality and starts the second edition of its sustainability program: **Brighter Lives, Better World 2025.**

We have developed strategic parterships with like-minded organizations to drive climate action

We have been using 100% renewable electricity since 2020

We are 100% carbon neutral since 2020

Our LED A-Class bulb is our most energy-efficient LED lamp to date

We will double the pace of the Paris Agreement 1.5°C scenario across our entire value chain by the end of 2025

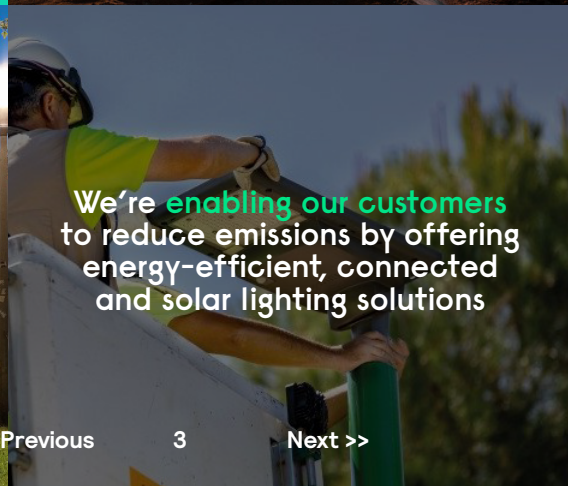
Report Highlights

We're accelerating the global transition to green electricity by investing in Power Purchase Agreements

We're on the CDP Climate A List and a Leader in CDP Supply Chain Engagement

We are member of the Dow Jones Sustainability World Index for the fifth consecutive year

We generated between 61% and 64% Climate action revenues by the end of 2021



We're enabling our customers to reduce emissions by offering energy-efficient, connected and solar lighting solutions

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Context & Strategy

The strategic importance of taking climate action

Climate change is one of the most important challenges we face. Human activities such as burning fossil fuels, deforestation, and use of polluting substances have led to a rapid increase in greenhouse emissions, warming the planet at an alarming rate. The latest Intergovernmental Panel on Climate Change (IPCC) report, issued during summer 2021, announced code red for humanity and laid out the disastrous effects of increased temperatures. We are witnessing the melting of ice caps raising our sea levels, endangering coastal human settlements. The warmer ocean waters lead to acidification, which diminishes animal life and vegetation. The increased temperature causes more intense storms, floods, heavy snowfalls, and longer and more frequent droughts. Reduced freshwater availability makes growing crops more difficult, ultimately reducing our capacity for food production.

Yet, years after the Paris Agreement, temperatures have increased by 1.1°C, and global emissions continue to rise. Even if we achieve all current national targets, the temperature will still increase by 2°C in the next 70 years. To maintain any hope of maintaining global warming under 1.5°C, we need to go beyond these targets and take action urgently: all of us, citizens, actors of the private and public sectors, and governments.

Sustainability and climate action have been at the heart of our purpose for more than a decade, since we actively took the lead in the transition from conventional to LED and connected lighting. Every year, that purpose comes to life in our offering to our customers and in the way we operate our company.

What is the Paris Agreement?[1]

In November 2015, 197 countries agreed to limit global warming to well below 2°C above pre-industrial levels and to pursue efforts to limit warming to 1.5°C. To achieve this, we need to cut global greenhouse gas emissions in half by 2030, and reach net-zero by 2050.

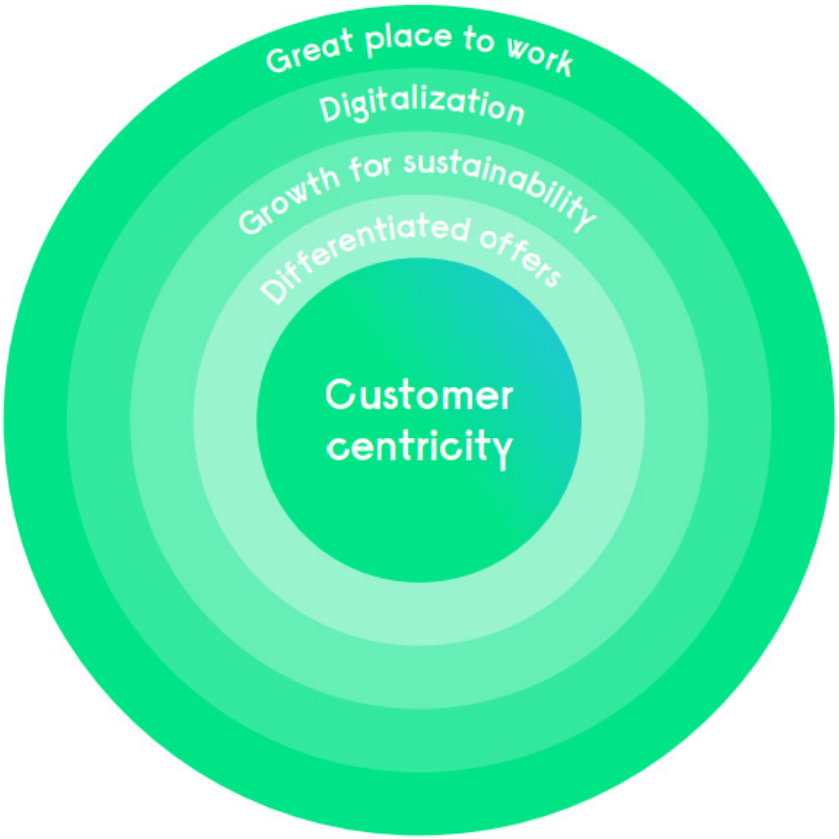
[1] Source: Science-Based Targets Initiative

In 2020, Signify introduced the 5 Frontiers strategy. It addresses the challenges and seizes the opportunities from major global shifts that are impacting the lighting market, captured under the strategic frontier Growth for sustainability. The transition to a lower-carbon economy presents 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. Climate action is set at the core of our strategy and purpose and further defined as part of our Brighter Lives, Better World 2025 sustainability program.

Every year, Signify conducts a materiality assessment to identify the most important topics to manage and report on. In this process, we review and identify future trends and our stakeholders' expectations at a global and local level. This assessment enables us to manage the risks and opportunities that could impact our long-term value creation.

Interactions with our stakeholders and assessing both our business impact on climate change and the impact of climate change on our business have, concluded that climate action remains the most important topic for Signify to address[2]. This assessment serves as input to re-assess and update our company strategy.

For Signify, Climate action means our actions to counter climate change and its impacts by going beyond carbon neutrality and doubling the pace of the Paris Agreement's 1.5°C pathway. This includes offering energy-efficient, connected, and solar lighting solutions to reduce the emissions of our customers, and driving carbon reductions at our suppliers.



[2] The details of our 2021 materiality assessment can be found in our Supplements of our 2021 Annual Report: https://www.signify.com/global/sustainability/downloads.

Our Approach

Governance

Supervisory Board

Signify's highest governance body reviews our strategy to combat climate change, acknowledging the strategic risks and opportunities.

Board of Management (BoM)

The BoM governs climate-related risks and opportunities. It consists of our Chief Executive Officer (CEO), Chief Financial Officer (CFO), and Chief Commercial Officer (CCO). Every quarter, Signify's BoM reviews climate-related issues of strategic importance together with our Chief Strategy and Sustainability Officer (CSSO), including action plans, risk management, 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. 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 critical risks and review progress on the implementation of risk responses, including climate-related risks. Because of the importance of sustainability to 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 target related to climate action.

Chief Strategy and Sustainability Officer (CSSO)

Signify's CSSO reviews climate-related issues of strategic importance together with our BoM including action plans, risk management, sustainability budget, and investment in climate-related opportunities. Further, the CSSO oversees a multi-discipline climate risk assessment taskforce team.

Climate risk assessment taskforce

The Taskforce consists of experts in Operations, Insurance, Risk Committee, Internal Audit, Sustainability, and Environment, Health & Safety. The Taskforce is responsible for continuously evaluating the company's short-term and long-term climate-related risks and opportunities. As part of Signify's integral risk management and business control, this contributes to maximizing climate-related opportunities and improving our resilience to climate change.

Climate action in the business

Climate action targets and programs are embedded in our organization and ways of working. Examples of departments that implement sustainability programs include sales, innovation, manufacturing, sourcing, and logistics. Climate action targets are set both at a corporate level and division level and are monitored by the sustainability function. The sustainability function consists of global and regional sustainability professionals and falls under the responsibility of the CSSO.

Taking action across our entire value chain

In September 2020, we became the first lighting company to achieve carbon neutrality in its operations, using 100% renewable electricity, ahead of our target and ahead of the aspirations set out by the Paris Agreement.

Going beyond carbon neutrality, in 2020, we launched Brighter Lives, Better World 2025, a sustainability program that addresses some of the most important challenges of our time. With the United Nations Sustainable Development Goals (UN SDGs) as our strategic compass, we set targets to double our positive impact on the environment and society by the end of 2025. With this program, we look beyond the performance of our own operations, increasing positive impact across our entire value chain.

In line with our commitment to Climate action (SDG 13) and Affordable and clean energy (SDG 7), we are committed to doubling the pace of the Paris Agreement's 1.5°C scenario to reduce greenhouse gas (GHG) emissions over our full value chain by the end of 2025. This means we will reduce value-chain emissions two times faster than the Paris Agreement 1.5°C scenario pathway. In other words, we will achieve the Paris Agreement goals for 2031, six years early, as defined by the Science Based Targets Initiative.

We will do so by increasing the energy efficiency of our portfolio, enabling our customers to reduce emissions, and driving carbon reduction at our suppliers.

Our commitment across our value chain

Working with like-minded advocates

Working with respected bodies creates a virtuous circle and amplifies our voice in the corridors of power. This is necessary, as governments must be on board to tackle the climate crisis head-on. Through advocacy, accountability, and collaboration, we learn from each other and move faster.

We work with various non-governmental organizations, including **The Climate Group**, a non-profit organization that works with business and government leaders to tackle climate change. This partner of the United Nations helps to organize Climate Week New York City and supports organizations to turn commitments into action. We joined its RE100 corporate leadership initiative, committing to 100% renewable electricity, as well as its EV100 program, aimed at making electric vehicles standard by 2030. Other worthy initiatives, like the **World Green Building Council's** (WGBC) Net Zero Carbon Buildings initiative, further underscore the need to learn from each other, make a commitment and most importantly, act.

Working with these groups introduces us to other organizations that are taking the same journey. It allows us to transfer inspiration into collaboration and action, and to do it at speed.

Setting targets

Our Brighter Lives, Better World 2025 sustainability program, launched in September 2020, encompasses our sustainability commitments. These targets are set to be achieved by the end of 2025. To ensure our efforts are in line with the targets of the Paris Agreement, we have set Science-Based Targets for our emission reductions.

Commitment	Baseline year	Target year	Definition
Brighter Lives, Better World 2025 program			
Double the pace of the Paris Agreement 1.5°C scenario	2019	2025	Cumulative carbon footprint reduction of our full value chain relative to the targets of the 1.5°C scenario of the Paris Agreement
Increase Climate action revenues to 72% (as % of total revenues)	2019	2025	Percentage of total revenues coming from energy-efficient and solar products, systems and services meeting strict luminous efficacy thresholds, which help to save energy and reduce carbon
100% Carbon-neutral operations	2020	2025	Percentage of our full operations (Manufacturing sites, non industrial locations, logistics and business travel) that is carbon neutral
100% Renewable electricity	2020	2025	Percentage of electricity from renewable sources
Approved Science-Based Targets, 1.5°C scenario			
70% reduction from scope 1 and 2	2015	2030	Percentage of absolute scope 1 and 2 GHG emissions
30% reduction from scope 3 product use	2015	2030	Reduction of absolute scope 3 GHG emissions from use of sold products

What are Science-Based Targets?

Targets are considered ‘science-based’ if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.

Science-based targets provide a clearly defined pathway for companies to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and future-proof business growth.

Climate action and impact

Risks and opportunities assessment

The potential impacts of climate change pose a challenge to the stability and continuity of businesses over the short, medium, and long term. 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.

Due to potential financial impacts attributed to climate-related risks, the assessment of climate risks becomes imperative and to be future-proof. 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 the opportunities during the transition to a low-carbon economy, under different scenarios.

Following the Task Force on Climate related Financial Disclosures (TCFD) recommendations and guidance, Signify is conducting an ongoing climate risk assessment in line with the four core elements of operations: governance, strategy, risk management, and metrics & targets. For more details, please refer to our Annual Report Supplement 4: Task Force on Climate-related Financial Disclosures (TCFD).

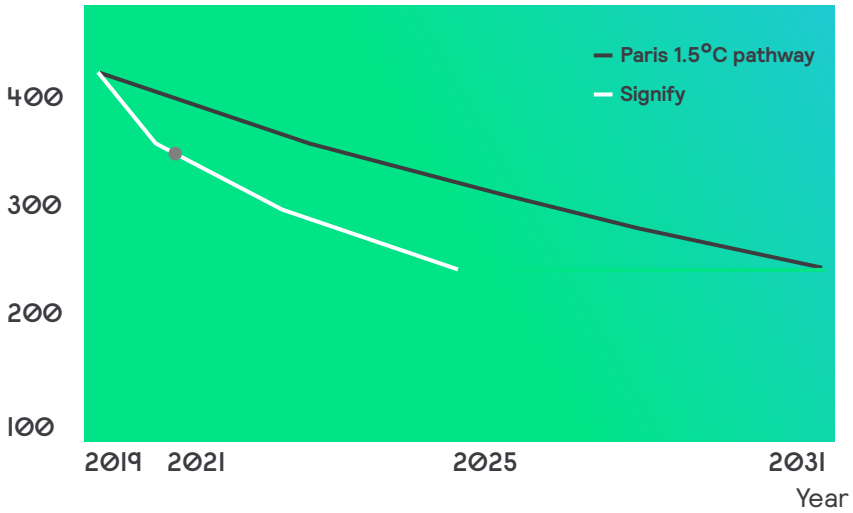
Taking action

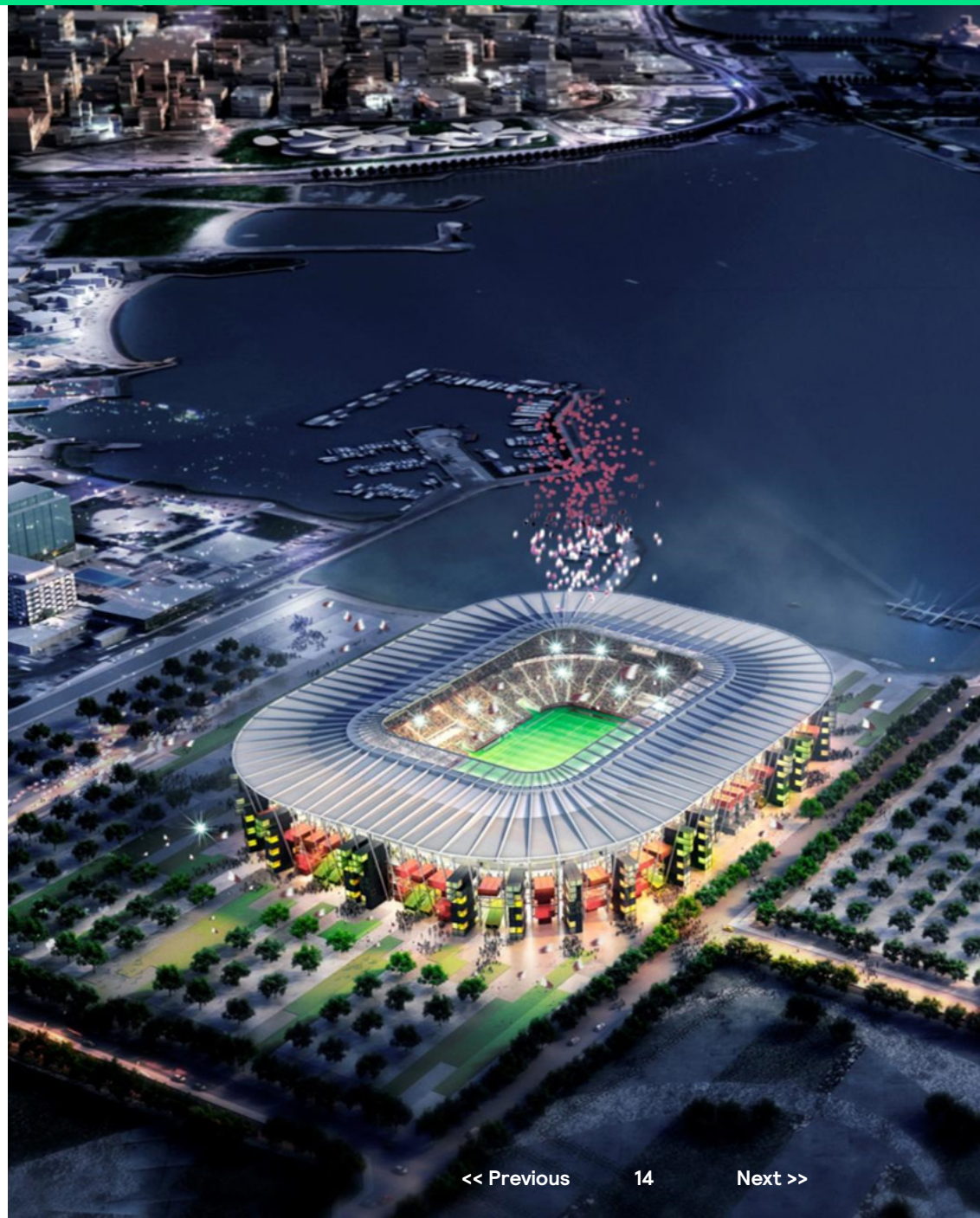
With our Brighter Lives, Better World 2025 sustainability program, we go beyond carbon neutrality and commit to doubling the pace of the Paris Agreement's 1.5°C pathway to decarbonize our entire value chain. By the end of 2025, we will reduce our scope 1, 2, and 3 emissions by 35%, from a 2019 baseline.

By the end of 2021, we were on track to deliver against our ambitious goal of doubling the pace of the Paris Agreement's 1.5°C scenario. We did so by reducing our GHG emissions at three different levels: in our operations, at our suppliers and for our customers.

Doubling the Pace of the Paris Agreement

CO_2 (million tonnes)
including product use & supply chain

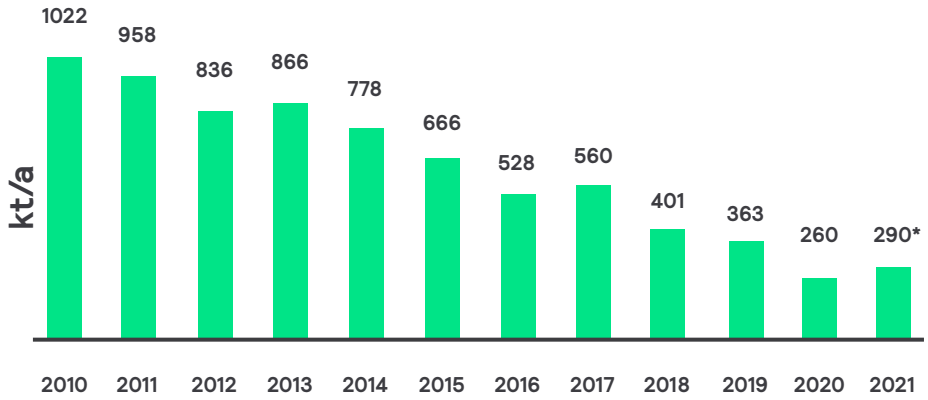




In our operations – (Scope 1, 2 and partly 3)

Over the last decade, Signify reduced its operational footprint by more than 70% and has been driving hundreds of initiatives to reduce emissions in factories, offices, logistics, and business travel. As a result, Signify was the first lighting company in the world to become carbon neutral in September 2020. This means GHG emissions from our manufacturing and non-industrial locations (scope 1 and 2), upstream and downstream logistics activities (scope 3), and business travel (scope 3) are all carbon neutral. We continue sourcing 100% renewable electricity in our global operations, contributing to the green energy transition.

Our operational carbon footprint



*Increase due to the inclusion of our new acquisition in our reporting in 2021

How we did it*

46% lower emissions

Energy efficiency measures, such as:

- LED lighting & optimized HVAC
- Industrial process optimization
- 100% renewable electricity

92% lower emissions

Same as industrial sites, and:

- 100% renewable electricity
- Increased office space utilization
- Automated building processes

52% lower emissions

Shift to sustainable transport modes:

- Shift to sea freight
- Improved logistics operational efficiency

80% lower emissions

Changed business travel:

- Travel less
- Travel cleaner

*The reductions mentioned compare 2020 with 2015 data

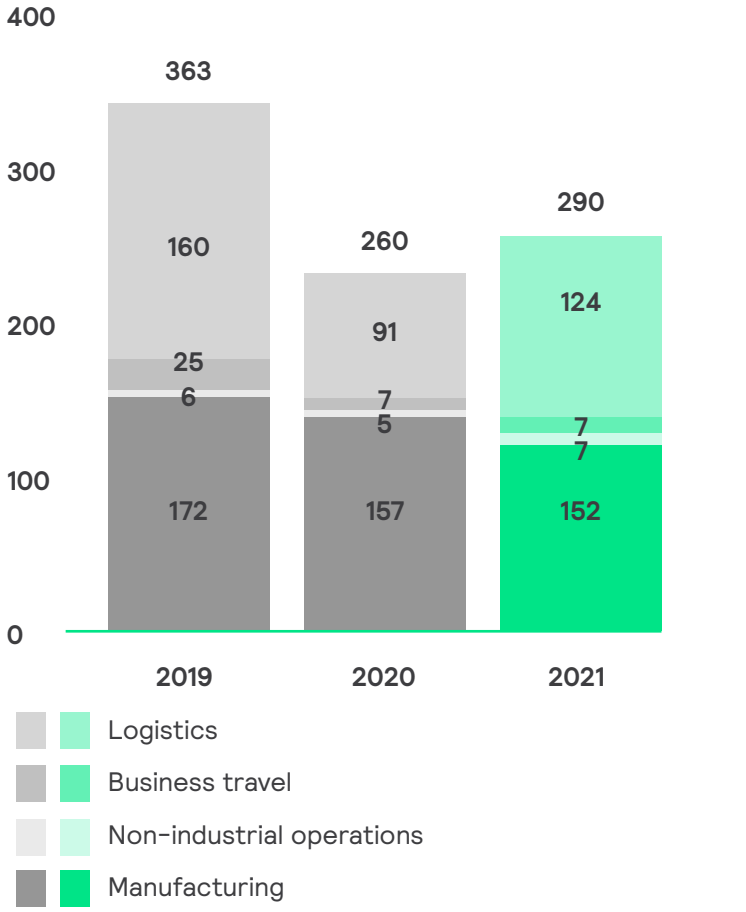
As a manufacturing company, we still have residual emissions; for example, emissions from fossil fuels for transportation, so we invest in certified carbon offsetting projects with our partner South Pole. Among others, we enabled off-grid renewable energy generation with solar panels in India, and we support reforestation and forest conservation in Uruguay and Zimbabwe. Our partnership with South Pole enables us to offset 100% of our residue emissions, resulting in achieving carbon neutrality in our operations.

Carbon offsetting project in India

Our offsetting projects are chosen to have a positive impact on communities. With South Pole, we co-developed a tailor-made project in Gumla District, India, where more than 500,000 people lack access to electricity. The Gumla project develops renewable energy power plants which avoid burning fossil fuels and thereby reduce greenhouse gas emissions. Through this project, we are able to help people who would not normally be served by a commercial energy company. Bringing light to the people of Gumla is not just about covering their basic needs. It catalyzes a full transformational journey towards employment, better health, and improved overall well-being.

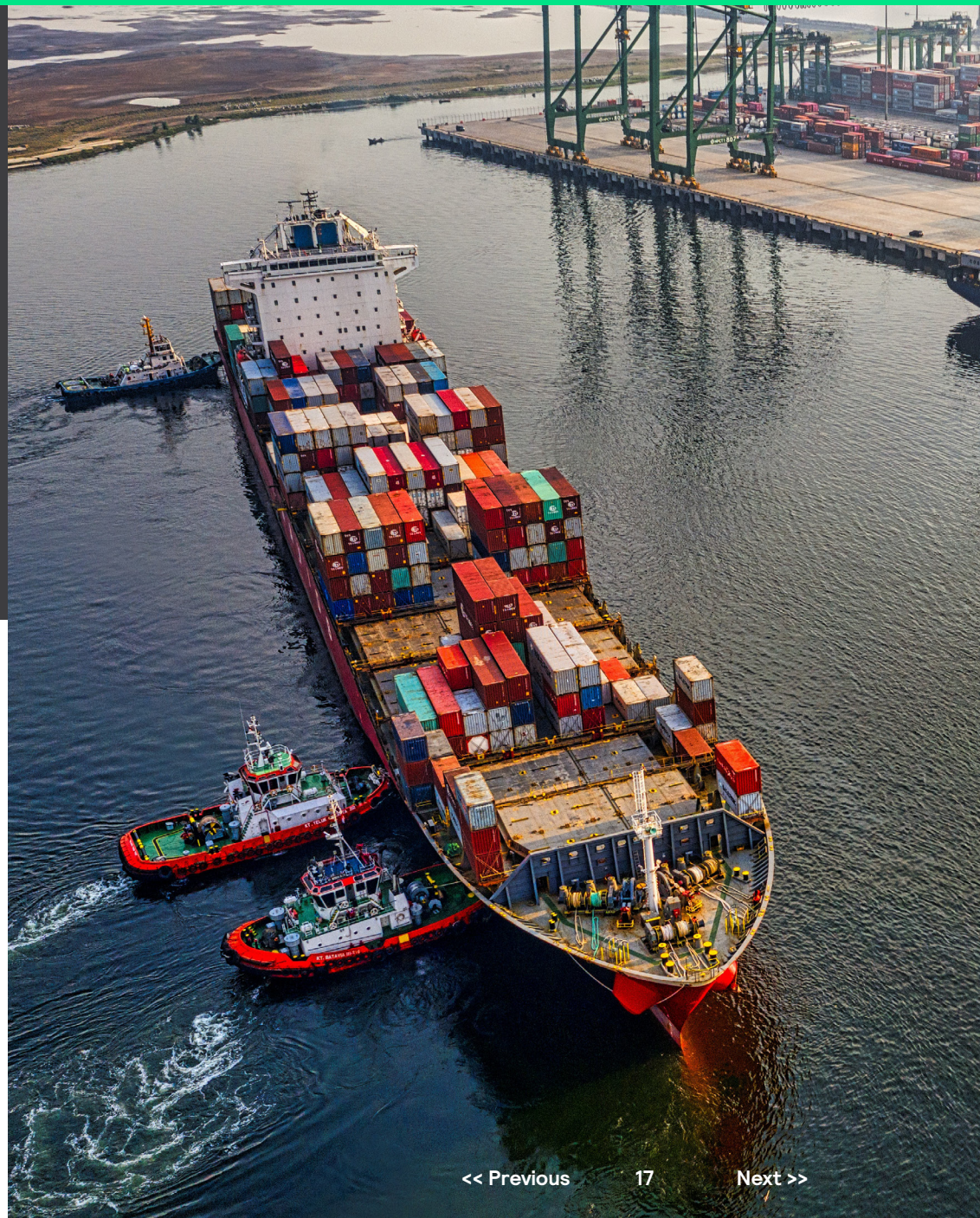
At the end of 2021, our operational carbon footprint was **290 kilotonnes**.

Operational carbon footprint in kilotonnes



"Today, the world is finally waking up to the climate crisis. The next decade must be one of climate action. Our renewed partnership with Maersk will help us to scale zero carbon solutions in our supply chain and logistical operations, providing rich pickings for emission reductions"

– Maurice Loosschilder
Global Head of Sustainability at Signify



Our partnership with Maersk

We are proud to support Maersk in launching eight new vessels that operate on zero-carbon fuels. Maersk has been one of our key partners in ocean logistical operations. The new vessels will play an important role in reducing our emissions at our suppliers.

Opting for digital learning

By switching to digital learning in 2021, we decreased our business travel and prevented 500 tonnes of CO_2 emissions. This is equal to the volume of emissions that 22,000 trees can sequester in a year, or equal to taking 188 petrol-fueled cars off the road for a year.

In 2021, by **switching in-person trainings to virtual ones**, we help prevent the emissions of approximatively **500 tonnes** of **CO_2**, which is equivalent to:

- >22,000 trees absorbing CO_2 in over one year
- 200,000 bricks
- 193,233 litres of gasoline consumed
- 1300 economy flights from Amsterdam to Rome
- Talking 188 cars off the road for one year

Our Power Purchase Agreements (PPA)

Sourcing 100% of our electricity from renewable sources has been an important building block in achieving carbon neutrality. Over the past years, Signify invested in three different PPAs in the US, Poland, and Finland. Corporate PPAs not only support us in achieving our ambitions, but also play a role in accelerating countries transition to greener power grids.

What is a Power Purchase Agreement (PPA)?

A corporate (renewable) Power Purchase Agreement is a long-term contract between a green power producer and a corporate power offtaker to purchase green electricity. The participation of a company in a PPA makes the project financially feasible, thereby contributing to the acceleration of green power transition.

With our employees

On our climate action journey, one thing is certain: we cannot do it without the dedication to sustainability of our colleagues. To continue expanding our positive impact, we rely on them to think and act sustainably.

Every quarter, colleagues can participate in sustainability-themed activities that highlight Signify's sustainability ambition and inspire employees to consider their individual actions. We select challenges that offer all employees the opportunity to create and share their positive impact. Examples of activities include writing a short essay on the importance of carbon neutrality, an invitation to join the Human Race challenge organized by the United Nations, and a carbon neutral cook-along challenge.

Through our learning platform, we develop learning content related to sustainability and climate action to empower our employees and customers to upskill anytime, anywhere.

Together with our suppliers (Scope 3 – Supply chain)

Signify works with many global and local suppliers. As a baseline to build a sustainable business relationship with our suppliers, we require our suppliers to conform to the Signify Supplier Sustainability Declaration. This Declaration sets out the standards and behavior we require of our suppliers to improve conditions in the chain, including regarding climate.

Additionally, since our IPO in 2016, we have been engaging our suppliers in our climate action journey by proactively initiating, developing and supporting carbon emission reduction activities at our suppliers through our partnership with the **CDP Supply Chain program**.

Each year, we encourage our strategic suppliers to report on scope 1 and 2 emissions and emission reduction activities. We support them with training and tools to enhance transparency. We have set targets for the number of suppliers reporting emissions data via the Carbon Disclosure Project (CDP) platform and we've gradually increased the number of suppliers we approach every year. To encourage our suppliers, carbon footprint reduction actions are part of our Tritium program, which rewards suppliers based on their performance. The better the supplier's performance, the higher it scores and the more beneficial the relationship becomes for the supplier. Examples of incentives offered as part of the program are recognition through the Supplier Awards, a preferred business relationship and a higher level of engagement with Signify through, for example, the innovations workshops or a joint management agenda. This communicates clearly to suppliers that Signify is truly committed to sustainability and is fully willing to do its part in helping the supplier to improve.

CDP
SUPPLIER ENGAGEMENT LEADER
2021

"Science demands that we rapidly decarbonize our economy and reach net zero emissions by 2050 to limit global warming to 1.50C. That won't be done without leadership from businesses, who play a critical role in answering this existential challenge by innovating and rapidly transitioning to low-carbon products and services. On CDP's climate change A List of leaders since 2007, Signify has shown its willingness to act and reduce the impact. It's science-based target to reduce its emissions in line with the 1.50C is one of the most ambitious in the world: it is increasing its use of renewable energy, and it is effectively engaging its value chain, by requesting its suppliers to disclose through CDP."

Maxfield Weiss
Executive Director, CDP Europe

Not only do we monitor the percentage of responding suppliers, but we also check the quality of their input regarding scope 1 and 2 emissions disclosures, emissions reductions activities defined and followed, and commitments on RE100 or Science-Based Targets.

Thanks to these efforts, we have made the top spot in CDP's first ever Supplier Engagement Rating and are recognized as a leader for our work with suppliers to reduce emissions and lower climate-related risks in the supply chain. We're participating in the Science-Based Target project of CDP – engaging our key suppliers in China. We will follow the CDP engagements in the coming years to further reduce carbon emissions at our suppliers.

At the end of 2021, our suppliers undertook more than **260 initiatives** in 2021, leading to almost **39 million metric tons of CO_2 emissions saved**.

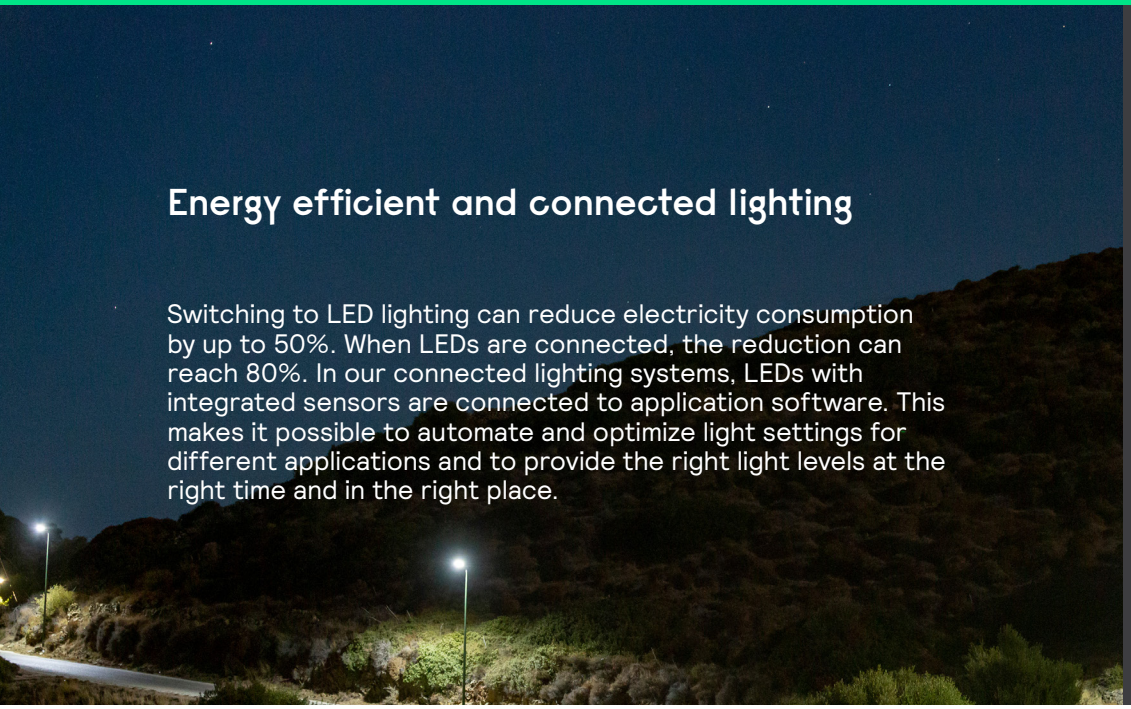
By enabling our customers (Scope 3 – Use phase)

A large part of our value-chain emissions lies in the product use phase. Helping our customers reduce emissions through energy efficiency is a vital aspect of our innovation process.

As part of our Brighter Lives, Better World 2025 sustainability program, we commit to growing our Climate action revenues to 72% by the end of 2025.

To define a product as contributing to Climate action revenues, we assess its lumen output. Products must have a luminous efficacy of 85 lm/W to 110 lm/W to qualify as a contributor to Climate action revenues.

At the end of 2021, between **61% and 64%** of our revenues contributed to climate action.



Energy efficient and connected lighting

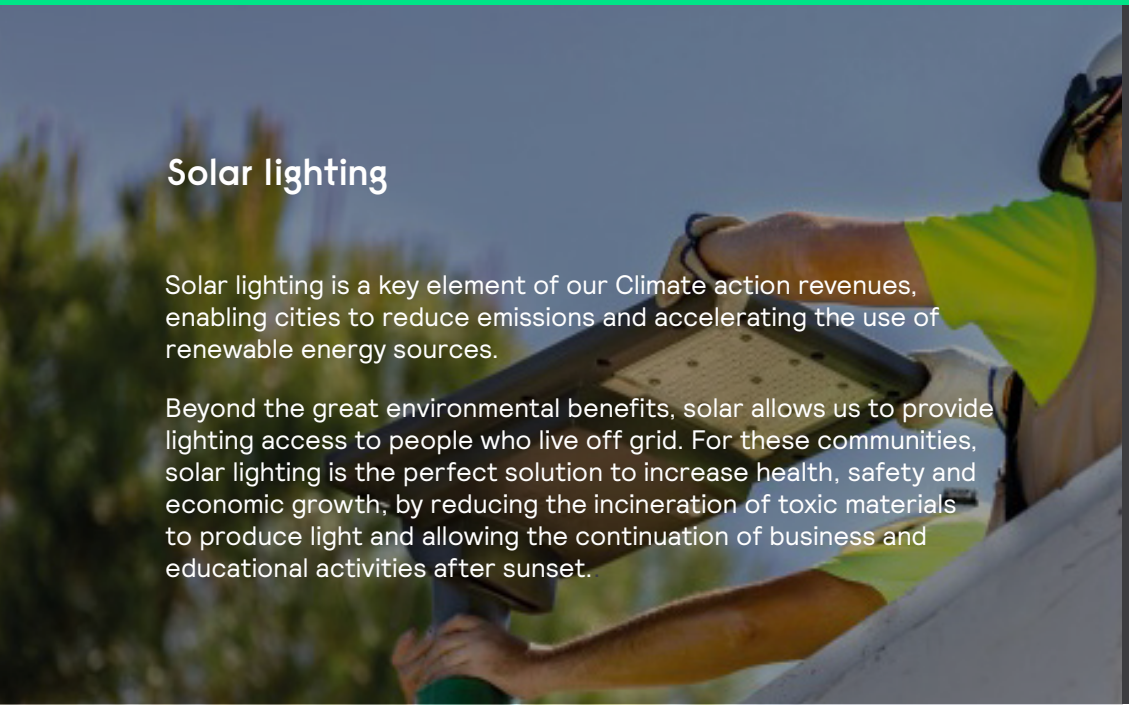
Switching to LED lighting can reduce electricity consumption by up to 50%. When LEDs are connected, the reduction can reach 80%. In our connected lighting systems, LEDs with integrated sensors are connected to application software. This makes it possible to automate and optimize light settings for different applications and to provide the right light levels at the right time and in the right place.

Did you know?

In December 2006, lighting accounted for 19% of global electricity consumption. This level was down to 12% in 2021 and is on track to decline further to 8% by 2030, while the number of light points continue to grow. Phasing out energy-inefficient conventional lighting and switching to energy-efficient LEDs, introducing solar lighting, and further enhancing energy saving with smart connected lighting has significant environmental benefits, contributing directly to the achievement of SDG 7: Affordable and clean energy.

Case study 1: Our most energy-efficient LED

Signify has introduced the Philips Ultra Efficient LED bulb, the first that meets the more stringent Ecodesign rules in Europe. We developed and designed four regular A-shape light bulbs that consume 60% less power to achieve the same light output and quality as standard Philips LED bulbs. Thanks to this technological breakthrough, the new products are the first in a range of new Philips LED A-class bulbs that meet the highest level in the new EU energy labeling categories.



Solar lighting

Solar lighting is a key element of our Climate action revenues, enabling cities to reduce emissions and accelerating the use of renewable energy sources.

Beyond the great environmental benefits, solar allows us to provide lighting access to people who live off grid. For these communities, solar lighting is the perfect solution to increase health, safety and economic growth, by reducing the incineration of toxic materials to produce light and allowing the continuation of business and educational activities after sunset.

Did you know?

In Europe, 75% of greenhouse gas emissions come from energy production and use, making it a crucial area to take climate action. Solar lighting helps by being up to 75% more energy efficient and eliminating dependency on fossil fuels. Moreover, solar panels require low maintenance and have a lifespan of up to 30 years.

Case study 2: Solar lighting in Senegal

In rural Senegal, many households still rely on candles and kerosene lamps or low-quality battery torchlights for lighting. The situation has become increasingly dangerous during the COVID-19 pandemic. The absence of energy and lighting has hampered health workers and health centers in their ability to save lives. The Signify Foundation provided a recoverable grant to **Little Sun**, a social enterprise seeking to improve quality of life through designing and delivering affordable clean energy solutions. Mamadou Mansour, a Community Health Worker, shared his story: “Only a month ago, I was called for an emergency at night. I sent the patient to another health center, which is much further away, because I don’t have light to work. Now, the situation has changed. The solar system is bringing us lots of good things, among others: better healthcare for patients, improvement in my working conditions, and being able to fulfill my passion for health research and reading, now both during the day and night.”

By advocating for the achievement of global climate ambitions

Today, the world is finally waking up to the climate crisis. At Signify, we engage with strategic stakeholders to support the achievement of global ambition levels, interrelations, and alignment of global and regional 2030 and 2050 climate goals with the economic recovery programs of the world's major economies.

Every year, we participate in international climate conferences (e.g., London Climate Action Week, Climate Week NYC and COP26 in Glasgow for 2021). During these conferences, we issue calls to action, highlighting the multiple benefits of switching to connected LED lighting.

Throughout 2021, we were deeply involved in the European Green Deal and Recovery process, providing supporting messaging across our markets and exploring opportunities in the National Recovery & Resilience Plans. A dedicated "Green Switch" program has been launched. In parallel, and mainly through our partnerships with the Corporate Leaders Group Europe, the European Alliance to Save Energy and the World Economic Forum, we were involved in the concurrent policy developments that led to the creation of the "Fit for 55" package with the goal for the EU to reduce GHG emissions by at least 55% by 2030. Through NEMA and the Business Council for Sustainable Energy, we contributed to the "Build Back Better" economic recovery planning in the US leading to the encouraging approval of the American Infrastructure and Jobs Act in November 2021.

Our dedicated programs for global green recovery (Green Switch in Europe, Brighten America in the US, and similar programs in Asia) support economies taking action without delay.

External recognition

Our climate action and performance have been recognized externally. We engage with external bodies who evaluate us on our Environmental, Social, and Governance (ESG) performance, compared to our peers. These evaluations differ in terms of methodology, coverage, and focus areas. We allocate our efforts to engage with bodies with robust and transparent methodologies. Thanks to our ambitious sustainability program and performance, we are recognized as a leader in sustainability and for our climate action.

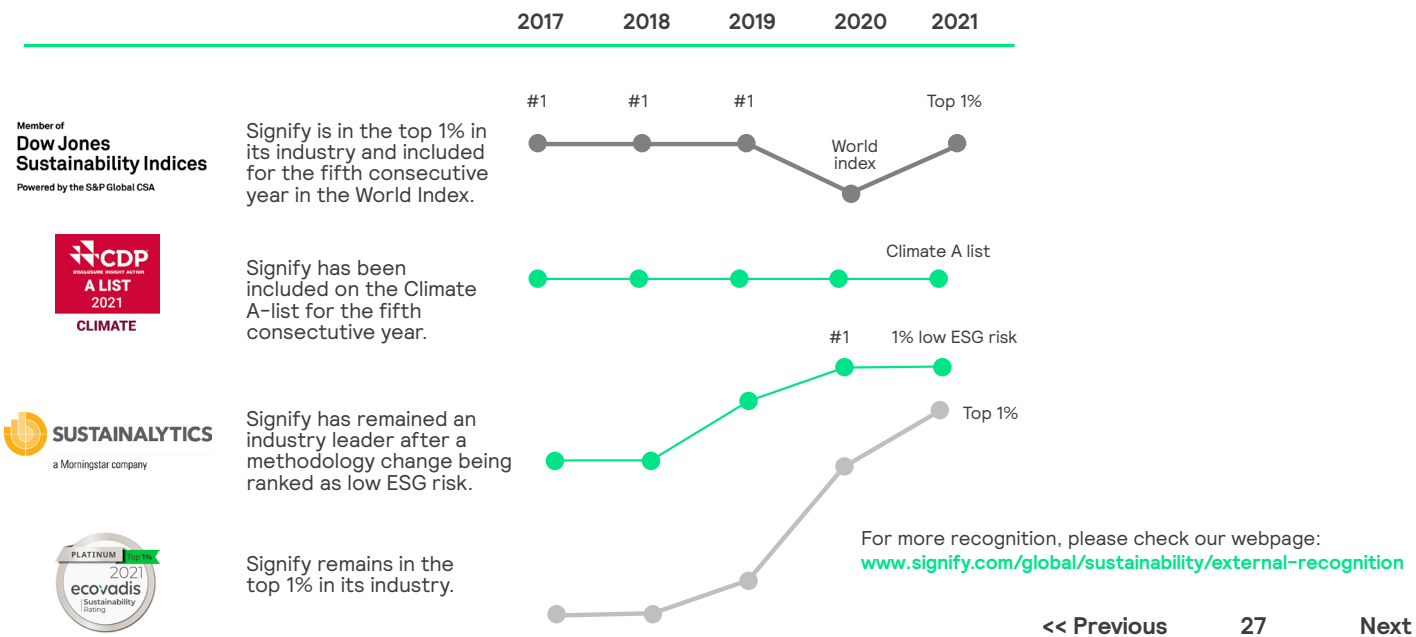
United Nations Framework Convention on Climate Change

Climate Action Award

The United Nations Framework Convention on Climate (UNFCC) **has awarded us with a UN Climate Action Award** for our leadership on climate action during the Award ceremony at COP 26 in Glasgow.

How do we report?

We believe in the importance of standardization of sustainability disclosures. Therefore, we report on climate action in alignment with universal frameworks. In the Supplements to the Annual Report 2021 Sustainability Statements, we share our GRI Content Index, a mapping to the recommendations of the Task-Force on Climate-related Financial Disclosures (TCFD) and to the EU Directive on non-financial information.



For more recognition, please check our webpage:
www.signify.com/global/sustainability/external-recognition

Conclusion

Conclusion

2021's UN Climate Change Conference (COP26) called for accountability on emission targets and for fast action to avert, minimize and address the loss and damage that is already occurring due to climate change.

For us, this is more than clever speak: we have committed to playing our role and adapting our business strategy to put our impact as an environmentally responsible organization at the very heart of our business strategy. This is how we achieved carbon neutrality for our operations in September 2020. Changing how we run our company is a key driver of growth. It's also a commitment to working with our clients and our partners, whether they be corporations, governments, educational institutions, or consumers, to make the lighting industry a force for positive environmental change.

Indeed, governments and industry must act, but individuals can also play an important role. There are many residential light points and replacing those with LEDs can have a significant positive impact. While there are close to 30 billion light points in the world, and while the transition to LED lighting is well advanced, two-thirds of all installed lighting still consist of conventional lighting technology. This shows the significant potential for further reduction of electricity consumption and GHG emissions.

All of us: world leaders, businesses, and individual households, can and must play our part in securing a sustainable future of our planet for our children, our grandchildren, and for the generations to come.

Our lessons learned so far

01 **Embed sustainability in your company strategy**
We created integrated emission reductions efforts as growth drivers within our core business goals, ensuring that everything we did commercially also brought us closer to achieving our sustainability ambitions. Examples include connected lighting and the A-class bulb.

02 **Analyze operational energy use**
We made a comprehensive plan to improve our operational footprint by installing energy-efficient lighting and new HVAC systems, optimizing industrial processes and office space utilization, switching to 100% renewable electricity, and more sustainable transportation modes. These actions helped us reduce our operational carbon footprint by more than 70% in the last ten years.

03 **Embrace renewables**
The use of 100% renewable electricity is an important pillar of our commitment to sustainability. We started our switch to renewables in strategic geographies with relatively high electricity consumption and countries with a more developed renewable electricity infrastructure.

04 **Find the right partners**
It was important that we find the right partner for carbon offsetting to ensure that what we do is credible and traceable. We found this partner in South Pole, a specialist firm that helps us navigate options to find programs that align with our corporate social responsibility programs and meet our requirements to reduce our environmental impact while also contributing to the well-being of the communities where these projects take place.

05 **Work with like-minded advocates**
In addition to finding the right partners, we collaborate with organizations with a similar vision. The Climate Group is a non-profit organization that works with business and government leaders to tackle climate change. And we have also partnered with initiatives like the World Green Building Council's (WGBC) Net Zero Carbon Buildings initiative.

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