SUMMARY OF THE DISCUSSION AT THE
ANNUAL GENERAL MEETING OF SHAREHOLDERS OF SIGNIFY N.V.
HELD ON MAY 18, 2021, IN EINDHOVEN, THE NETHERLANDS // VIRTUAL MEETING

Start of the meeting: 14:00 CET

Chair: Arthur van der Poel

Opening

The Chair welcomes all participants to the webcast of the annual general meeting of shareholders of Signify N.V. and opens the meeting. In view of the coronavirus and in accordance with the Dutch emergency legislation, shareholders were only allowed to attend this meeting virtually. Shareholders were invited to vote by proxy and could submit questions by email prior to the meeting. In addition, shareholders who registered for this, can ask questions via chat during the meeting.

The Chair introduces the members of the Board of Management and Supervisory Board who are physically present at the meeting, the secretary of the meeting, the notary public and the external auditor from Ernst & Young, LLP (EY). The other members of the Board of Management and Supervisory Board follow the meeting via the webcast. The Chair addresses some practicalities.

The presentation of the general meeting of shareholders is published on the company's website: link.

1. Presentation by CEO Eric Rondolat

The Chair invites CEO Eric Rondolat to give his presentation. The full text of the speech of Mr. Rondolat is published on the company's website: link.

After the presentation of the CEO, the Chair explains that the first agenda items are closely connected and for that reason, he suggests discussing questions received in relation to these items together, after the presentations.

2. Remuneration report 2020

The Chair explains that the remuneration report is included as a chapter in the Annual Report 2020. The remuneration report discusses the remuneration policy of the Board of Management and of the Supervisory Board as well as the implementation thereof in 2020.

The Chair gives the floor to the Chair of the Remuneration Committee, Gerard van de Aast, to discuss some key elements of the remuneration report 2020.

Mr. Van de Aast notes that a new remuneration policy for the Board of Management was introduced in 2020. For 2021, no changes or additions to the remuneration policy are being proposed. At today's meeting, the focus is therefore on the remuneration report 2020 and the execution of the policy during the year.

Mr. Van de Aast explains that over the course of the year, the company engaged with multiple stakeholders to speak on remuneration in general and on remuneration during the COVID-19 crises, and to solicit feedback on the remuneration report. Valuable conversations were held with key stakeholders and the Dutch works council. In response to the feedback, the company made several changes to the remuneration report. Mr. Van de Aast expresses his thanks for the constructive discussions held.

Mr. Van de Aast refers to the table on slide 20 showing the remuneration of Signify's Board of Management in 2020, in line with the remuneration policy: the salaries as well as the targets for the annual and long-term incentives. In 2020, base salaries were increased in line with employees in the Netherlands, with a 2.5% increase in January 2020 and 1% in October 2020. The Board of Management agreed to take a voluntary 20% reduction in their base salary in Q2 2020 in response to the COVID-19 crisis. The company also welcomed two new members to our Board of Management: Javier van Engelen and Maria Letizia Mariani.

Mr. Van de Aast refers to slide 21 showing the structure of the annual incentive and the long-term incentive according to the remuneration policy. For the 2020 annual incentive, the following financial performance measures were selected: comparable sales growth, adjusted EBITA and free cash flow. In addition, 20% of the annual incentive for the Board of Management reflects individual and team measures. For 2020, these measures included customer and employee net promoter scores, operational efficiency, sales growth for new growth engines, and progress on the integrations of the acquired companies Cooper Lighting Solutions and Klite. Over the course of 2020, as the potential and breadth of the COVID-19 impact became clearer, mitigating that impact on the business and the safety of employees became a key team goal. For the long-term incentive plan, four metrics are applicable: Relative TSR, Free Cash Flow, Sustainability and Return on Capital Employed.

Mr. Van de Aast explains the actual realization for the annual incentive 2020 shown on slide 22. Targets for the annual incentive plan were set at the beginning of 2020 and were applicable for the full year. Relative to the targets set at the beginning of 2020, the performance was good despite the impact of COVID-19. *Financial performance measures*: The company experienced a decline in demand which impacted the overall sales growth (realization of 0% on comparable sales growth). However, the Board of Management managed very well the profitability and the free cash flow of the company in 2020 (realization of 57.1% and 200%, respectively). Mr. Van de Aast notes that this was the performance on the targets set at the beginning of the year, with no changes made for the COVID-19 impact. The Supervisory Board did not apply any discretion to the achieved outcomes, nor to the corresponding pay-out on these metrics. *Individual and team performance measures*: The

Supervisory Board assesses these at the end of the year, relative to the targets set for the year. Mr. Van de Aast provides details to the individual and team performance (see also Annual Report 2020, p. 50-51). Mr. Van de Aast explains that the Supervisory Board was very pleased with the overall performance against the targets set despite the turbulence during the year and the business environment. The Supervisory Board particularly appreciated the excellent management of the company during the pandemic with well managed profitability and excellent cash flow results. The realized performance on these individual and team measures is 150%, and 100% for the CFO for his positive impact in a shorter time frame on these outcomes. *AI realization*: The final result across all measures was less than target performance with a final realization of 87.1%.

Mr. Van de Aast discusses the performance of the 2018 long-term incentive grant, shown on slide 23. This grant had a performance period running from the beginning of 2018 to the end of 2020, and vested in May 2021. At the end of the period, performance was assessed against the targets set at the beginning of 2018 with no changes made for the COVID-19 impact. The Supervisory Board did not apply any discretion to the performance achieved, nor to the corresponding pay-out. Despite the challenges faced in 2020 by the COVID-19 pandemic, the results for the three-year period are as follows: Relative total shareholder return: 19.5%, whereby Signify positioned 7th out of 15 companies in the peer group. This resulted in a performance for total shareholder return of 120%. Mr. Van de Aast notes that under the new remuneration policy that was adopted in 2020, ranking 7th would result in a considerably lower pay-out, though this was in accordance with the policy that applied to this three-year period. Over the three-year period, an amount of EUR 1,546 million free cash was generated (excluding pension de-risking and IFRS 16), representing 8.1% of sales, which resulted in a final achievement of 200%. Mr. Van de Aast discusses the achievement on the sustainability performance measure: The company became carbon neutral in September 2020, there was zero waste to landfill, the sustainability revenue increased and achieved above target, LED lamps and luminaires delivered at 2.9 billion (which is 46% above the target for 2020), on safe and healthy workplace the total recordable case rate was at best with a reduction of incidents by 67% over five years, together resulting in a final achievement of 200% on sustainability. In aggregate, this results in a pay-out of 168% for the 2018 long-term incentive grant.

Slide 24 summarizes the remuneration of the members of the Supervisory Board. Mr. Van de Aast notes that the Supervisory Board members also volunteered a 20% reduction in their Q2 fees, in line with the other actions taken for the other stakeholders of Signify. There were some changes in the Supervisory Board composition, including the welcome of Pamela Knapp and Frank Lubnau to the Board.

For 2021, the base salaries of the members of the Board of Management have been adjusted by 2% in line the budgets, both collective and merit increases, allocated for the collective labour agreement population in the Netherlands. In addition, Ms. Mariani's salary was increased to ensure alignment with the salary of the CFO and to reflect the additional scope of her responsibilities. The incentives illustrated on slide 26 relate to target levels and therefore, what the total direct compensation will be for each Board of Management member if performance will be on target.

3. Explanation of the policy on additions to reserves and dividends

The Chair thanks Mr. Van de Aast and gives the floor to CFO Javier van Engelen to explain the company's policy on additions to reserves and dividends.

Mr. Van Engelen highlights that Signify will continue to exercise strict financial discipline in the generation and use of cash. As part of its capital allocation policy, Signify continues to focus on the generation of free cash flow and on maintaining a robust capital structure. The company's priority remains deleveraging to support and maintain an investment grade rating.

In terms of cash uses, the company will prioritize de-leveraging in order to reduce its overall debt and achieve leverage ratio of reported net debt/EBITDA of less than 1 by the end of 2022. This was demonstrated by the repayment of EUR 350 million of our outstanding term loan debt in 2020 and by the company announcing its commitment to repay a minimum of EUR 350 million in 2021. The company will also continue to invest in R&D and other organic growth opportunities, while pursuing selective M&A opportunities in line with strategic priorities.

Signify's dividend policy is aimed at paying an increasing annual dividend per share in cash year-on-year. The company proposes a 2020 dividend of EUR 1.40 per share plus an extraordinary dividend of EUR 1.35 per share, both to be paid in cash in 2021. The proposed extraordinary dividend of EUR 1.35 per share is in line with the dividend proposal for 2019, which was withdrawn last year to ensure the company's resilience and to strengthen our financial position during the COVID-19 crisis. This extraordinary dividend will be in addition to the proposed regular dividend of EUR 1.40 per share from the net income for full-year 2020.

Mr. Van Engelen then discusses the net debt development in 2020. The net debt increased by EUR 657 million from EUR 618 million in 2019 to EUR 1,275 million at year-end 2020, mainly due to the acquisition of Cooper Lighting Solutions. Following the repayment of a EUR 350 million term loan in September 2020, the company's gross debt was EUR 2,307 million at year-end 2020. This included EUR 1,275 million bonds due in 2024 and 2027, and long-term loans consisting of EUR 390 million and USD 500 million with maturities in 2023 and 2025. In March 2021, the company converted EUR 350 million of the long-term loans to a short-term facility maturing in December 2021. Signify is therefore fully committed to repaying EUR 350 million of debt in Q4 2021. Signify's cash amounted to EUR 1,033 million at year end 2020. The company generated EUR 817 million of free cash flow. In addition to the cash available, Signify also has a unutilized revolving credit facility of EUR 500 million. Signify's net leverage, calculated as net debt over reported EBITDA was 1.7 at year-end 2020.

4. Financial statements 2020

The Chair makes a couple of introductory comments on the annual report 2020: The report, including the financial statements, was made available for inspection at the company's office and was published on its website at the end of February. The annual report combines the financial statements and the sustainability statements in a single report. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), and was audited by EY, which firm is represented at this meeting by Mr. Jonker as the audit partner. The Chair gives Mr. Jonker the floor.

Mr. Jonker notes that he is the company's auditor since 2016 and that this is the fifth time that he addresses the Annual General Meeting of Shareholders. Mr. Jonker states to have issued a combined unqualified auditor's report for both the 2020 financial statements and the sustainability information.

The audit plan for the fifth audit year was agreed with the Audit Committee and the Board of Management in April 2020. For the audit, a materiality threshold of EUR 26 million was applied, based on the results before taxes adjusted for incidentals. The materiality indicates the threshold for differences in the figures of which EY assesses that it may influence the decisions of its users. The threshold for reporting any audit differences to the company's Audit Committee was set at EUR 1.2 million.

Mr. Jonker explains how EY organized the audit activities: As the company's auditor, he and his team decided on the scope of the activities, and instructed the local teams on the nature and depth of the activities to be performed. EY selected 28 components in 12 countries. There was regular contact with the local teams via telephone conference. Due to the COVID-19 pandemic, it was not possible to visit the teams. EY addressed this by increasing the frequency of its contacts, also with teams that it would otherwise not visit. EY attended the final meetings with local management. The review of control files was performed fully digitally and remotely. Stock takes on the various locations were generally organized physically.

Mr. Jonker addresses this year's key audit matters included in the auditor's report, which were revenue recognition, the valuation of goodwill, the valuation of deferred tax assets and obligations for uncertain tax positions and the acquisition of Cooper Lighting Solutions. The key assurance matters for the sustainability information were the reporting criteria for sustainable revenues and the estimates and assumptions in determining the reduction of CO2 emissions as presented in the value creation model. The audit approach for these matters has been further explained in the auditor's report.

In testing the internal controls and automated data processing systems, EY did not identify any important findings.

In its risk analysis, EY must take into account the risk of material differences as a result of fraud, whereby it specifically looks for signs of fraud and an adequate follow-up thereof. For the audit of Signify, EY used forensic specialists in the risk identification and performance of activities.

EY assessed the management report, and concluded that the management report meets the requirements.

As part of the audit, EY has weekly contact with the company. Each quarter, EY discusses its findings with the CFO, the Board of Management and the Audit Committee. In 2020, it met with the Audit Committee six times, and also without the Board of Management being present. Throughout the year, EY was in contact with the Audit Committee also outside the regular formal meetings.

Mr. Jonker concludes that the fifth audit year has been successfully concluded. In view of the mandatory rotation term of five years, this was the last year of Mr. Jonker as the external auditor of Signify. His colleague, Mr. Wijnsma, will take over Mr. Jonker's role.

The Chair thanks Mr. Jonker.

The Chair then continues to the questions that were received prior to the meeting. Signify received question from the Association of Investors for Sustainable Development (*Vereniging voor Beleggers voor Duurzame Ontwikkeling*, VBDO), Triodos Investment Management that is also representing Eumedion during this shareholders meeting (Triodos/Eumedion) and the Dutch Investors Association (*Vereniging van Effectenbezitters*, VEB). The Chair gives the floor to Ms. Gerdes, Head Investor Relations of Signify, who asks the questions that Signify received ahead of the meeting.

VBDO congratulates Signify with reaching carbon neutrality and achieving 100% renewable electricity for its own operations in 2020 but remains critical on carbon offsetting projects. VBDO asks how Signify ensures or inquires that its own conservation efforts and tree plantations are not leading to land grabbing and displacement of communities, human rights violations, freshwater scarcity, biodiversity loss and other negative impacts. VBDO also asks whether Signify can lead the way in transparent and comparable disclosure on the impact of its offsetting projects.

The CEO Mr. Rondolat responds that in the past ten years, from 2010 to 2020, the company reduced its carbon footprint by 70% through increased energy efficiency and the shift to 100% renewable electricity. The remaining unavoidable emissions are compensated through carbon offsetting. The selection of offsetting projects is important to the company. To this end, the company partners with a reputable partner South Pole to select carbon offsetting projects aligned with Signify's purpose and to deliver social and environmental benefits that the company expects. The selected projects are certified by an independent standard, either Gold or Verra, which monitors and verifies enduring carbon reductions and ensures no negative impacts. The company communicates about its projects and their positive impact on the company's website and in its annual report. In short, about 50% of the company's offsetting projects are going towards renewable energies and about 30% towards protecting forests and reforestation. The company also captures benefits like biodiversity through reforestation projects, for instance in its value creation model, which is also in the company's annual report.

VBDO notes that CDP has recognized Signify as one of the 29 leading companies in reducing emissions and limiting climate-related risks in its supply chain. The number of Signify's suppliers responding to the program is steadily increasing, which will enable Signify to lower its downstream scope 3 emissions. VBDO asks how Signify incentivizes its suppliers to proactively initiate and develop carbon emissions reduction activities, and whether Signify can provide more insight in this part of its strategy.

To this question, Mr. Rondolat responds that the company is increasing efforts to reduce emissions at suppliers, which is also key to lower scope 3 emissions. In 2020, the company audited 248 risk suppliers, reaching more than 70,000 of their employees. The company audits its suppliers. The initial score before audit is about 72. Currently, about 99% of the company's suppliers reach a score of more than 90 after the audits and recommendations being implemented. The company has implemented a program called Tritium, enabling us to select, incentivize and reward the company's suppliers to secure a best-in-class supply chain: Suppliers are rewarded for carbon emission reductions; they get points for participation, disclosing emissions, setting a target and reducing their footprint.

VBDO notes that Signify has high-quality supplier sustainability management systems for its direct suppliers. This is shown through the 2020 supplier sustainability performance of 90%. In 2020, Signify acquired Cooper Lighting and Klite. VBDO asks how Signify is aiming to bring the suppliers of these recent acquisitions into its high ambition supplier program, and whether Signify expects difficulties in integrating Signify's sustainability ambitions at the two newly acquired businesses.

Mr. Rondolat explains that the company is actively engaging Cooper and Klite on Signify's supplier sustainability and other sustainability commitments. Cooper is already fully integrated in Signify's supplier sustainability program as from Q1 2021. For Klite it will take a bit longer: 50 suppliers are shared with Signify, and thus already included in the program. The company will add 4 additional suppliers in 2021 and 42 will be integrated in 2022.

VBDO states that Signify sets a new target of 34% women in leadership positions by 2025 and focusses its global diversity efforts on gender and age. VBDO wishes to know how Signify is employing concrete strategies towards the inclusion of the following diversity groups: people of color, members of the LGBT+ community and people with a disability. In addition, VBDO asks whether Signify is measuring the inclusion of underrepresented groups, for example through voluntary, anonymous or targeted portions of employee surveys.

Mr. Rondolat responds that there is a fundamental belief at Signify: we want to reflect the society we live in. The company put in place a global diversity, equity and inclusion board, and has a network of 70 champions across the world. The company drives diversity, equity and inclusion with what it calls a "2+1 approach": This means that there are two global priorities, on gender and generational diversity. In addition, the local entities select one locally relevant diversity topic; in the US this is for instance about African heritage and in the DACH region it is about disability inclusion. In addition, the company put in place an awareness training for the leadership on unconscious bias, which had a positive effect. As a last note, the company added a question on inclusive culture to its quarterly anonymous employee team survey, which survey has an average participation rate of above 80%. Employees around the world are now requested to rate inclusion at Signify. In the first survey where it was included, it received a score of 88 on a scale from 0-100.

Triodos/Eumedion notes that it is pleased with how the company has performed in 2020. It commends the company for the improvement in the adjusted EBITA margin and strong cash flow generation. Triodos/Eumedion states that this was not expected at the time of last year's AGM and that it has resulted in the company meeting most of its objectives for the annual cash incentive. It notes that as a result, the annual cash incentive is relatively high, and that partly due to this, the pay ratio has increased significantly, from 47 to 63. It also notes that the company is currently restructuring some parts of the organization. Triodos/Eumedion therefore believes some restraint with regards to the annual cash incentive could have been appropriate, and asks what is the Supervisory Board's view on this.

The Chair of the Remuneration Committee, Mr. Van de Aast responds that this question particularly focusses on the pay ratio, which indeed increased. He explains that the pay ratio has two elements, which he will zoom into: one element is the total compensation of the CEO, and the other the average employee salary. The base salary of the CEO over the last few years increased in line with the central wage agreements. On the annual incentive for 2020: Despite an excellent performance on managing cash and managing the COVID-19 crisis, the achievement on the annual incentive for 2020 was below target. Mr. Van de Aast refers back to his presentation earlier during this meeting for further details. The third component of the total compensation of the CEO is the long-term incentive. The long-term incentive 2018 grant was overachieved, in particular because of an excellent performance on cash and sustainability. Mr. Van de Aast clarifies that the numbers were not adjusted, targets were not re-set, and no discretion was applied; the realized performance numbers came out as they are. As to the other element of the pay ratio, the average employee compensation: As a result of the acquisition by the company of Cooper and Klite, there has been a shift in where employees are located towards lower wage countries. The European population, for example, went down from 36% to 30%. As a result of the average employee compensation decreasing, the pay ratio increases. As to the reference in Triodos/Eumedion's question on restructuring, Mr. Van de Aast notes that in a large multinational, restructuring is an ever-ongoing effort, aimed to remain fit for the future, and this also applies to Signify. The company does this in a responsible manner with respect for people and with an aim of building a better company for the future.

Triodos/Eumedion also had a question related to diversity and inclusion. It comments that it was happy to see Signify achieving its 2020 sustainability objectives and launching a new program for the period until 2025. On the new program specifically, it is pleased to see targets for women in leadership but would encourage the company to focus on diversity from all angles. Triodos/Eumedion asks whether Signify is open to this suggestion.

With reference to his answer to the earlier question from VBDO, Mr. Rondolat confirms that Signify is indeed very open to that suggestion, and already looks at diversity from many angles.

Triodos/Eumedion makes note that Royal Dutch Shell and Unilever have submitted their climate transition action plans for an advisory vote at their 2021 AGMs, and asks whether Signify is willing to do this in 2022.

Mr. Rondolat responds that Signify is extremely committed to sustainability. The company has always found it a good idea to engage with investors and does this, though in a different way. Given the company's strategic focus on climate actions and beyond, Signify has many ESG investors. Signify thus has permanent exchanges with them on these subjects. In September 2020, the company launched its ambitious commitment to double its impact and the speed to the Paris Agreement 1.5-degree scenario. It was discussed with the Supervisory Board and it was a key engagement topic during the company's Capital Markets Day. Thereafter, the company had six events where it engaged with about 200 investors on its climate commitment, not only to explain but also to obtain their feedback.

Triodos/Eumedion observed a significant (26%) increase in audit fees. When reading the auditor's report, it did not become clear to Triodos/Eumedion what was driving this increase. Therefore, Triodos/Eumedion would like to hear what is driving the increase in audit fees.

The CFO Mr. Van Engelen confirms that there was indeed an increase in the audit fee from EUR 5.8m to EUR 7.3m. Most of this increase comes from an increase in the audit fees relating to the consolidated financial statements, which increase is mainly due to an expansion of the scope and additional procedures performed by EY in relation to the important Cooper acquisition and subsequent financing transactions. It is therefore a scope enlargement and not related to inflation.

Triodos/Eumedion applaud the establishment of a digital committee and hope this is an example other companies will follow. It would like to know how this committee will report to shareholders.

The Chair Mr. Van der Poel responds that the company is pleased to hear that Triodos welcomes the establishment of the digital committee. As to the reporting on how it fulfills its duties, the Supervisory Board will follow a similar manner as we usually do for the other committees.

The VEB notes that Signify is eliminating 600 positions globally from its innovations group and from supporting functions, including marketing, communications and human resources. The VEB asks whether this decision will not hamper the company's innovative strength in the long term.

Mr. Rondolat responds that the company's objective is to get its costs as a percentage of sales between 25% and 29%, whereas it is currently above 30%. That is the reason why the company is making structural changes, with a focus on reducing the central part of the organization. Out of the 600 positions mentioned, about 10-15% of the positions are in the innovations domain. Even after the suggested changes, the company will still invest more in R&D than its nearest four competitors combined. Therefore, the company is not concerned that it will be less innovative in the future.

The next question of the VEB is related to raw material costs. The VEB states that Signify is confident that faced with raw material inflation, it is able to keep gross margin stable by raising prices, in particular in Digital Solutions. The VEB asks to what extent this ability is the consequence of low customer inventories and shortages, and thereby temporary.

Mr. Rondolat responds that in 2020, the company increased its gross margin because of the situation. In 2021, the company is proving that it can compensate the effect of the increased raw material prices by raising its prices. The company expects that it will be able to continue compensating higher raw material prices with pricing, hence that the gross margin will remain stable.

The VEB asks to what extent Signify can meet customer demand now that chip shortages keep getting worse. It asks whether deliveries of computer chips have by Signify been secured and if so, how.

Mr. Rondolat responds that so far, component shortages have not resulted in cancellation of orders, though merely in a delay in orders. For example, the company was not able to invoice EUR 50 million in Q1, which have shifted into Q2. Signify expects an improvement in the second half of 2021, mainly in its connected and professional businesses. In the short term, the company has put in place an escalation mechanism whereby its Chief Operations Officer is directly involved in and follows, on a daily basis, the availability of about 180-185 components. The company also has a joint effort between supply chain and procurement task forces to drive component redesign. And last but not least, Signify has long standing working relationships with its suppliers and actively works with them to define short-, medium-, and long-term integrated planning cycles together.

The VEB observes that Signify increased its UV-C lighting production capacity and expanded its UV-C product portfolio. VEB asks whether Signify is able to meet the demand for UV-C lighting and whether the company is able to increase production capacity in the case of even higher demand.

Mr. Rondolat responds that the company had to increase the capacity to meet last year's demand. Signify does not see a need to increase its current capacity for 2021.

The VEB states that the global pandemic has shown that companies that have a strong digital channel are benefiting greatly from their online presence. It wishes to know what percentage of total sales is derived from online sales and what, if any, consequences this has on gross margins compared to in-store sales.

Mr. Rondolat responds that the company does not disclose its sales per channel. He does confirm that the company has seen sales increase through its digital channels, especially in consumer. There is no difference in gross margins in e-tailers or offline retailers. There is an accretive margin if the company sells directly through its own online portals.

The VEB notes that the LED lighting market has attracted many new competitors, particularly from Asia. The VEB states that to counter the Asian competitors, Signify needs to continuously invest in innovation. It asks whether the integration of software in products improve the competitiveness of the product offering.

Mr. Rondolat explains that the company's strategy to develop its activity through connected lighting requires the company to increasingly develop software, both embedded software and standalone software. Looking at the company's offering in the consumer segment, with a Hue and Wiz application, and in the professional segment with its Interact suite of software, the company has much more software integration in its offering, improving the competitiveness of these offerings.

The VEB states that the decline in sales caused by the global pandemic had a large impact on Signify's Digital Solutions segment. It notes that during the first quarter Signify experienced a partial recovery across Europe. The VEB asks whether the company expects this to accelerate during the year with the vaccination rollout and workers returning to the office.

With reference to the presentation of the company's Q1 results, Mr. Rondolat responds that Signify expects the continued vaccination rollouts and easing of lockdowns to drive an upswing in demand for its professional portfolio, and hence Digital Solutions, in the second half of the year. This will also be supported by various stimulus packages in Europe and the US. With these developments, the company is confident that it will see a recovery of the professional segment in the second half of the year.

The VEB notes that the US government under President Biden has outlined a USD 2.3 trillion plan to re-engineer the nation's infrastructure, including modernizing highways, roads, and main streets. The VEB asks what revenue impact, if any, this will have on Signify.

Mr. Rondolat responds that this major USD 2.3 trillion plan will be voted in September and it is expected that the funds will be available at the end of the year. The plan extends between 2022 and 2031. The company believes that it could bring to the lighting industry an additional market of USD 3 to 4 billion dollar. The segments that the VEB refers to are segments in which Signify is very active and the company thus expects to be able to benefit from this stimulus program.

The VEB notes that Signify aims for an Adjusted EBITA margin of 11-13% in 2023. It states that last year and during the first quarter of this year, Signify almost reached the lower end of that medium-term guidance. The VEB asks whether this medium-term target is ambitious enough.

The CFO Mr. Van Engelen explains that versus Signify's 2020 Adjusted EBITA margin, the mid-term guidance requires the company to deliver an annual Adjusted EBITA margin improvement of slightly above 70bps per year, which does thus not show a lack of ambition. The company was expecting the margin progress to be slightly faster in the early years, helped by the stronger early sales recovery post COVID-19. The company is obviously pleased with the margin progress made in Q1, and is indeed now expecting to achieve an Adjusted EBITA margin of 11.5-12.5% for 2021. However, after just one quarter of COVID-19 recovery, the company finds it premature to now change its mid-term guidance.

The Chairman concludes that these were the questions, which the company received prior to the meeting.

In addition to its questions, the VEB shared a statement on agenda item 2 (remuneration report). The VEB noted that it will vote against the remuneration report. The reason for this vote is that the VEB finds the transparency on ambition levels regarding the short-term incentive measures insufficient. The VEB states that for the short-term incentives, for example, it was unclear what was the ex-ante ambition level as well as what threshold and maximum levels of performance were applicable for each individual performance criterion. Given that it concerns high-level objectives, which are also part of Signify's medium-term guidance, the VEB does not believe these are commercially sensitive and would appreciate that Signify reports this information in next year's remuneration report.

In response to this statement, Mr. Van de Aast notes that in the 2020 remuneration report, Signify improved the disclosure relating to the annual incentive program and the results for the year 2020. The company trusts that VEB recognizes the spirit of transparency and continuous improvement with which these changes were implemented. Signify believes that these changes significantly improve the transparency on the annual incentive program. At this stage in Signify's evolution however, the company continues to view the ambition levels that are set, on which the annual incentive targets are based, as commercially sensitive information, particularly since many of Signify's direct competitors are subject to different expectations for disclosure in Asia and the US. As with the 2020 report preparation, Signify will however continue to evaluate its reporting annually and identify improvements that may be made within the confines of the business environment in which it operates.

After a short video on the activities of Signify (link), the Chair then continues to the questions received during the meeting via chat, which are again asked by Ms. Gerdes, Head Investor Relations.

VBDO thanks Signify for the responses, and as a follow-up, asks whether Signify is also required to change or stop the current Cooper and Klite contracts with their suppliers, and how these changes are directed towards sustainability.

Mr. Rondolat responds that to date, the company has not stopped though adapted some contracts. For Cooper, many suppliers were shared, and these suppliers moved to the environment of the Signify contract, also regarding sustainability. For Klite it will take a bit longer: 50 suppliers shared with Signify are already included in the program, 4 additional suppliers are integrated this year with audits & trainings, and about 40 will be integrated in 2022.

Triodos/Eumedion requests some more details about the topics that the Digital Committee will report on, and whether it can, for example, also expect specific information about cybersecurity.

Mr. Van Engelen explains that the fourth frontier of Signify's five-frontier strategy is digitalization. The Digital Committee will therefore focus and report on the company's progress on its overall digitalization effort. This relates to how Signify works with its customers, how it organizes its processes, how it continues to develop products and services and on enablers to do that. Cybersecurity is on top of mind and will also be in scope of the activities of the Digital Committee and the Supervisory Board. It will be reported on accordingly.

The VEB asks what where the specific points in the management letter.

Mr. Jonker clarifies that EY attends the meeting to elaborate on its audit, and not on its reporting to management. The important items that EY noted are in the financial statements and in its auditor's report.

The VEB notes that Mr. Van Schooten received a termination payment of EUR 598,000. It asks whether the step down was of free will, and if so, why a termination fee was paid. If it was not, the VEB would like to know if the Supervisory Board had special reasons to end.

Mr. Van de Aast responds that as mentioned in the remuneration report, the Supervisory Board decided not to renew Mr. Van Schooten's contract. There were no special reasons not to renew the contract. For further details, Mr. Van de Aast refers to p. 48 of the Annual Report 2020.

The VEB asks what progress LiFi is making.

Mr. Rondolat responds that Signify has continued to invest in the LiFi technology, though slightly paused during the pandemic. At this point in time, the company counts more than 200 pilots worldwide. Recently, the relevance of the technology to the sector of congress centers was illustrated as Signify equipped the World Forum in The Hague with this secure and reliable connectivity technology.

The Chair indicates that these were the questions relating to agenda items 1 through 6.

The Chair moves to the voting results of this meeting and gives the floor to the notary.

The notary states that at today's meeting, 96,166,648 shares are represented, giving right to the same number of votes. The notary explains that these votes were exercised in writing prior to the meeting by notary Cindy Smid of Zuidbroek Notarissen as independent notary and proxy holder of shareholders who granted a proxy to her. In view of the number of issued shares of the company on the record date that can be voted on, 77.36% of the issued share capital is represented at today's meeting. Notary Cindy Smid confirmed that she voted in accordance with the voting instruction received.

The Chair presents the voting results relating to agenda items 2, 4, 5 and 6 of this meeting. For practical reasons, all voting results will be stated in rounded percentages. The Chair indicates that the full voting results will be published on the company's website (link) and will also be included in the minutes of today's meeting in summary form.

Agenda item 2: Advisory vote on the remuneration report 2020: 93% voted in favor of the proposal. The Chair concludes that the remuneration report is approved.

Agenda item 4: Proposal to adopt the financial statements for the financial year 2020: 99% voted in favor of the proposal. The Chair concludes that the proposal is adopted, and that the annual accounts 2020 are adopted.

5. Dividend

Agenda item 5a: Proposal to declare an extraordinary cash dividend of EUR 1.35 per share against the freely distributable reserves: 97% voted in favor of the proposal. The Chair concludes that the proposal is adopted.

Agenda item 5b: Proposal to adopt a cash dividend of EUR 1.40 per share from the 2020 net income: 97% voted in favor of the proposal. The Chair concludes that the proposal is adopted.

6. Discharge of members of the Board of Management and the Supervisory Board

Agenda item 6a: Proposal to discharge the members of the Board of Management: 98% voted in favor of the proposal. The Chair concludes that the proposal is adopted.

Agenda item 6b: Proposal to discharge the members of the Supervisory Board: 98% voted in favor of the proposal. The Chair concludes that the proposal is adopted.

7. Composition Supervisory Board

The Chair continues with the proposed re-appointment of Mr. Van de Aast for a term of four years. He refers to the explanatory notes to the agenda for more details on this proposal. The Chair explains that for a re-appointment or an appointment, the Supervisory Board takes into account its desired board profile, including its diversity policy and the desired expertise and experience. For re-appointments, the respective performance and board evaluations are also taken into consideration.

The Chair explains that the proposed re-appointment of Mr. Van de Aast relates to the expiry of his current term. The Supervisory Board nominated him for re-appointment, amongst other in view of his extensive managerial experience and expertise in the technical services and construction services industry. Mr. Van de Aast knows Signify well. He brings valuable experience and knowledge to the Supervisory Board. Mr. Van de Aast has fulfilled his roles on the Supervisory Board, including as Vice Chair and Chair of the Remuneration Committee, with great professionalism and dedication in the past four years. He has highly contributed to Signify and the Supervisory Board has trust in his ability and willingness to continue to do so in the years to come.

The Chair states that prior to the meeting, no questions have been received in relation to this agenda item. However, at the request of the VEB, Ms. Gerdes shares the VEB's comment on the proposed appointment of Mr. Van de Aast: The VEB indicated that it will vote against the reappointment of Mr. Gerard van de Aast as member of the Supervisory Board. The VEB states that as chairman of the Board of Management, Mr. Van de Aast had ultimate responsibility at Imtech at the time of the bankruptcy. The VEB notes that whether this bankruptcy would have taken place despite or partly due to the efforts of Mr. Van de Aast is currently the subject of investigation by the Imtech trustees. The VEB therefore finds it too early – as no research results are available yet – to express its confidence in Mr. Van de Aast.

The Chair dedicates a few words in response of this statement. The Supervisory Board is obviously aware of the still ongoing investigations by the receivers in bankruptcy into the causes of the bankruptcy of Imtech, in which also Mr. Van de Aast is requested to provide information. Back in 2017, when his appointment to the Supervisory Board was proposed for a first time and now, the Supervisory Board carefully discussed and concluded to fully support the nomination to its board.

No questions were received on this agenda item during the meeting.

The Chair presents the voting result of this item.

Agenda item 7: Proposal to re-appoint Gerard van de Aast as member of the Supervisory Board: 96% voted in favor of the proposal. The Chair concludes that the proposal is adopted.

8. Authorization of the Board of Management to issue shares or grant rights to acquire shares, and restrict or exclude pre-emptive rights

The Chair continues with agenda item 8: Authorizations of the Board of Management to (a) issue shares or grant rights to acquire shares, and (b) restrict or exclude pre-emptive rights, subject to the conditions set out in the annotated agenda. The Chair clarifies that these are two separate voting items that will be voted on separately. He explains that the proposal is to grant an authorization for a period of eighteen months, starting today.

These proposals are customary for listed companies. In line with the market developments and voting trends among institutional investors, the authorization requested today is for a single 10% of the issued share capital. The Board of Management believes that this will give the board sufficient flexibility to finance the company efficiently. Both management decisions require the approval from the Supervisory Board.

No questions were received on this item.

The Chair presents the voting results on agenda items 8a and 8b.

Agenda item 8a: Proposal to authorize the Board of Management to issue shares or grant rights to acquire shares: 99% voted in favor of the proposal. The Chair concludes that the proposal is adopted.

Agenda item 8b: Proposal to authorize the Board of Management to restrict or exclude pre-emptive rights: 99% voted in favor of the proposal. The Chair concludes that the proposal is adopted.

9. Authorization of the Board of Management to acquire shares in the company

The Chair introduces the next agenda item, the proposal to authorize the Board of Management to acquire shares in the company, subject to the conditions set out in the annotated agenda. He explains that the proposal is to grant an authorization for a period of eighteen months, starting today. The authorization is restricted to 10% of the current issued share capital plus an additional 10% of the issued share capital for repurchases to reduce the share capital. A decision from management to acquire shares requires the approval from the Supervisory Board. This is a customary authorization for listed companies.

No questions were received on this item.

The Chair presents the voting results on agenda this item.

Agenda item 9: Proposal to authorize the Board of Management to acquire shares in the company: 98% voted in favor of the proposal. The Chair concludes that the proposal is adopted.

10. Cancellation of shares

The Chair continues to agenda item 10, the cancellation of shares, subject to the conditions set out in the annotated agenda. The Chair explains that this proposal concerns the cancellation of shares held by the company or to be acquired by the company under the authorization referred to under 9 to the extent that these are not used for share-based remuneration or to meet other obligations. The number of shares to be cancelled will be determined by the Board of Management. This again, is a customary proposal for listed companies.

No questions were received on this item.

The Chair presents the voting results on this agenda item.

Agenda item 10: Proposal to cancel shares in one or more tranches as to be determined by the Board of Management: 97% voted in favor of the proposal. The Chair concludes that the proposal is adopted.

11. Any other business

The Chair moves to the last point of the agenda of today's meeting: any other business.

Before the Chair opens the floor to questions, he dedicates words of thanks to Mr. Van Schooten who stepped down as member of the Board of Management at the end of 2020. On behalf of the Supervisory Board, the Chair expresses his sincere gratitude to Mr. Van Schooten for his rich contribution to Philips Lighting and later to Signify over the past 20+ years. Mr. Van Schooten has been a valued member of the company's Board of Management from its IPO and twice took up the role as

CFO on an ad interim basis. The Supervisory Board highly appreciated his loyalty and in-depth knowledge of the company's business.

No further questions were received.

The Chair thanks everybody for their attention and closes the annual general meeting of shareholders of Signify for 2021.

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