Signify Annual General Meeting of Shareholders 2025

Presentation by Member of the Remuneration Committee Pamela Knapp

April 25 2025 | Eindhoven, the Netherlands

Agenda Item: Remuneration Report

Thank you Gerard.

Ladies and Gentlemen, our current Remuneration Policy for the Board of Management was introduced last year, in 2024. There are no further changes to our Remuneration Policy for 2025. As such, I would like to focus on the Remuneration Report and the execution of our policy during the year as detailed in Chapter 10 of the 2024 Signify Remuneration Report.

As a part of our ongoing process, we engage with multiple stakeholders for discussions on remuneration and our report. During 2023 and early 2024 we invited investors representing a total of 37% of our shareholder base, including proxy advisors, other stakeholders and our Dutch Works Council to discuss this topic further. Ultimately meetings were held with shareholders representing 18% of the shareholder base, excluding passive investors.

On behalf of the Remuneration Committee and the Supervisory Board, I would like to thank those stakeholders for the ongoing very constructive discussions. These meetings are a very important part of our governance process.

[Remuneration Board of Management – Structure

In line with our Remuneration Policy, this slide illustrates the remuneration of the Board of Management in 2024: salaries as well as target levels for the annual and long-term incentives.

As I described earlier, there were no overall structural changes to the Remuneration of the Board of Management in 2024 nor is any proposed for 2025. Therefore, these target levels for the annual incentive and long-term incentive have remained the same.

For 2024, base salaries were increased with 3%, which was in line with the collective and merit increase budgets allocated for CLA employees in the Netherlands as well as budgets allocated for the broader employee population for 2024.

For 2025, salaries were also increased by 3% in accordance with global salary increase budgets.

I would like to have a look now at the details of the incentive plans.

Incentive Structures – Annual Incentive

To refresh our understanding, this slide details the structure of the annual incentive according to our 2024 remuneration policy. This slide illustrates both the structure and the actual outcomes for 2024.

From a structure perspective for 2024, 80% of the opportunity was related to financial metrics while 20% was allocated to team and individual performance as per prior years. For 2024, we selected as financial performance metrics Comparable Sales Growth and Adjusted EBITA as two key metrics which was in line with prior years. For the 2024 incentive plan, we replaced the metric of Free Cash Flow with WoCa in direct response to feedback received during the stakeholder meetings I described earlier.

The remaining 20% of the annual incentive for the Board of Management reflects team and individual metrics that are set at the beginning of the year.

For 2024, these metrics included culture change & people engagement, customer satisfaction, and finally the implementation of the announced new operating model and delivery of the committed cost reduction program.

Now shifting from the structure to the outcomes of the 2024 annual incentive plan, the details of which are included on this slide.

Targets for the annual incentive plan were set at the beginning of 2024, were applicable for the full year, and were not adjusted during the year despite the ongoing volatility and unpredictability in the global environment. The result was that the 2024 performance year was a mixed performance year.

For the financial component of the annual incentive, as detailed in the top right-hand side of the slide, two out of the three financial metrics – Comparable Sales Growth and WoCa – achieved results that were above threshold levels, while the remaining metric – Adjusted EBITA – did not meet threshold levels of performance. This overall performance resulted in an outcome of 29% on the total financial metrics.

For the realization of the financial metrics of the annual incentive for 2024, the Supervisory Board considered whether any adjustments or discretion should be applied. The Supervisory Board concluded not to make any discretionary adjustments to the performance outcomes of any of the metrics, and the 29% reflects the outcome of the financial components of the plan.

The second component of the annual incentive plan relates to team and individual measures, as detailed on the bottom right-hand table. From an individual and team performance measure perspective, the Supervisory Board conducts an assessment at the end of the year relative to the objectives set for the year.

The Supervisory Board was pleased with the performance relative to the team and individual components that were achieved during a period of significant internal change. The Supervisory Board therefore determined an 80% performance outcome. Equally, the employee NPS and customer NPS both finished the year very strongly. From an employee NPS perspective, the Q4 outcome of 34 was 2 points below the historical best score for NPS. Customer NPS improved over 2024, to a high of 59, reflecting a significant improvement compared to 2023. These improvements in both scores reflected a continued focus on two key stakeholders – employees and customers – during this period of change.

Finally, the implementation of the restructuring, new operating model and delivery of the committed cost reduction program was done very well. Signify verticalized the business, improved Customer NPS and delivered the cost reduction program realizing EUR 131 million in 2024 in line with the commitment. Finally, the employee population adopted the changes very positively with a change index measure from the quarterly employee survey achieving an outcome of 84% indicating strong alignment, understanding and adoption of the change.

The results for the 2024 annul incentive outcome was 45% across all measures and the final payout per Board of Management member is shown on the left side of this slide.

2022 LTI Performance Achievement & Vesting

With respect to the long-term incentive grant made in 2022, the performance period was 3 years as of the beginning of 2022 to the end of 2024. The grant vests on April 28.

As such, at the end of the performance period, an assessment is made relative to the targets set at the beginning of 2022.

As with the Annual Incentive, it is important to note that no changes were made to the targets during the three-year performance period.

Additionally, the Supervisory Board did not apply any discretion to the achieved outcomes, nor to the corresponding realizations on these metrics.

This then is the result of performance over that three-year period.

<u>Relative TSR</u>

- TSR achieved by Signify over the period was -38.9%

- Positioned Signify as 14th out of 15 companies in our peer group.
- As Signify was not at a position of 8th or higher relative to the peer group, the resulting final achievement on this metric was 0%

<u>Free Cash Flow</u>

- Over the 3-year performance period, an amount of EUR 1.468 billion free cash was generated.
- Represents 7.2% of sales; below the threshold of 9.6%.
- Resulting final achievement was 0%

<u>ROCE</u>

- For 2024, ROCE was based on the outcomes in the last year of the plan period (2024), excluding pension liabilities.
- The ROCE for 2024 was 9.9%; below the threshold of 11%
- Resulting final achievement was 0%

<u>Sustainability</u>

- The Sustainability objectives for 2024 were based on the intent to double our impact in the areas of climate action, circular economy, brighter lives revenues and women in leadership positions as per our Brighter Lives, Better World 2025 program.
- In all areas significant progress has been made relative to the trajectory to deliver on the ambitions by 2025.
- Carbon footprint reduction actions are reflecting a steady decrease of emissions (scope 1, 2, 3) on track with our 2025 ambitions with 487 million tonnes of cumulative carbon reduction.
- Circular revenues surpass the 2025 targets at 35%.
- Brighter Lives revenues have exceeded the ambitions set for 2024 with an outcome of 33%.
- Women in leadership positions has increased by 11% from 2019 to be 28% in 2024, although this declined by 1% from 2023. It falls behind the trajectory needed to double the percentage of women in leadership positions by 2025.
- Over the period of the LTI plan, Signify remained a leader in sustainability and continues to be recognized as such externally.
- Resulting final achievement was 150% for the sustainability outcome.

The final total performance across the 4 measures is 37.5% for the 2022 long-term incentive grant.

In line with Dutch best practices of corporate governance, the members of our Board of Management hold all after-tax shares received for at least five years from the date of grant, and until the internal ownership guidelines are met.

This concludes my remarks on the Remuneration Report of 2024.

Thank you.