

Signify N.V.

Remuneration Policy  
Supervisory Board

## 1 Introduction

The objective of the remuneration policy of the Supervisory Board is to support long-term value creation of the company. The following principles apply for this remuneration policy:

- The remuneration policy aims to attract, reward and retain qualified Supervisory Board members, together forming a diverse and balanced Supervisory Board with the appropriate level of skills, competences and experience for overseeing the (execution of the) Company's strategy and performance, whilst taking the interest of all the company's stakeholders into account.
- Given the nature of the responsibilities of the Supervisory Board as an independent body, the remuneration is not dependent on the performance of the company and therefore consists of fixed components only.
- The remuneration reflects the time spent and responsibilities of each individual member of the Supervisory Board.
- Remuneration levels are to be competitive and in line with market practice of comparable companies.

## 2 Remuneration components

The compensation package for the members of the Supervisory Board consists of the following fixed components:

- annual fee, depending on the member's position on the board
- additional fee for the function of chair or member of committees
- allowance for travel

The total remuneration of members of the Supervisory Board is targeted around the median level of a representative labor market peer group and benchmarked periodically. This peer group is the same as used for benchmarking the remuneration of the Board of Management. The peer group consists of 50% Dutch headquartered cross-industry companies that are included in the AEX or AMX, and 50% European sector specific companies. For use for the remuneration of the Chairman of Supervisory Board, peer group companies having a one-tier board structure are excluded.

As of January 2020, the labor market peer group consists of the following 14 companies:

### Signify labor market peer group

Aalberts	DSM	Prysmian Group
AkzoNobel	KPN	Rexel
ASML	Legrand	Rheinmetall Group
BAM	Nexans	Siemens Gamesa
Boskalis	Osram	

The Supervisory Board reviews the peer group on a regular basis and may adjust to ensure that the companies in the group remain relevant peers.

## 3 Remuneration

The remuneration of individual members of the Supervisory Board as well as additional remuneration for its Chairman, Vice Chairman and members of its committees is determined by the General Meeting of Shareholders. The fees and allowances for travel has not changed since the company's IPO in 2016 and are as follows:

## Remuneration Supervisory Board in EUR

Supervisory Board fixed annual fee	
Chairman	110,000
Vice Chairman	85,000
Member	75,000
Committee fees	
Audit Committee	
Chairman	22,500
Member	13,000
Remuneration Committee	
Chairman	15,000
Member	10,000
Nomination Committee	
Chairman	15,000
Member	7,500
Allowance for travel	
Intercontinental	5,000
Continental	2,500

## 4 Expenses

Reasonable expenses incurred by Supervisory Board members are reimbursed.

## 5 Loans

The company does not extend loans to members of the Supervisory Board.

## 6 Shares and share ownership

Shares or rights to shares shall not be granted to a member of the Supervisory Board. If a Supervisory Board member holds shares in the share capital of the company, this will be for the purpose of long-term investment.

## 7 Other arrangements

Members of the Supervisory Board are appointed and re-appointed based on the provisions of the law and the company's articles of association. The terms and conditions of the (re-)appointment are confirmed in a contract of appointment. No (additional) pension, severance, change of control or claw-back arrangements are in place for members of the Supervisory Board.

## 8 Ad hoc committee

When the activities of the Supervisory Board or other circumstances so require, the Supervisory Board may establish an ad hoc committee formed from among its members and assign certain tasks to such committee. In such event, the Supervisory Board may determine additional fees to be paid to the members of the ad hoc committee. The fees will be in line with the fees for the existing committees.

## 9 Adoption, review and implementation of the remuneration policy; stakeholder engagement

### Roles

The Supervisory Board is responsible for proposing the remuneration policy for its members for adoption by the General Meeting of Shareholders. The remuneration of the individual members of the Supervisory Board is also determined by the General Meeting of Shareholders based on this policy.

The Supervisory Board has established a Remuneration Committee with members from among its midst. This committee reviews and prepares proposals for the

Supervisory Board on the remuneration (policy) for its Board. The role, responsibilities and functioning of the Remuneration Committee is described in more detail in its charter, which is available on the company's website.

### **Review process and stakeholder engagement**

The previous remuneration policy as well as the amounts of fees and allowances for the Supervisory Board were determined at the time of the company's IPO in May 2016.

In 2019, the Remuneration Committee initiated a review of the remuneration policy. The Remuneration Committee was supported by the rewards experts of the company and an independent external advisory firm. Various matters were considered as part of this review, including the company's purpose, values and strategy, a benchmark among similar companies and stakeholder feedback. In view of the nature of the responsibilities of the Supervisory Board, the remuneration and employment conditions of the company's employees were not taken into account in formulating this remuneration policy. The works council is embedded within the organization of Signify Netherlands B.V. and does not have a formal role in setting the remuneration policy at the level of Signify N.V.

### **Proposal to adopt remuneration policy by the AGM 2020**

The Supervisory Board and its Remuneration Committee found that the existing remuneration policy and remuneration for the Supervisory Board are still adequate. Therefore, no changes will be proposed. However, the policy is brought in line with the recently introduced statutory requirements.

The Supervisory Board proposed the remuneration policy as set forth in this document to the Annual General Meeting of Shareholders 2020 for adoption, taking effect as from January 1, 2020.