

©signify



Green Finance
Allocation Report

Signify
Jun 27, 2024

Signify Green Finance Allocation Report

Signify (Euronext: LIGHT) is the world leader in lighting for professionals, consumers and the Internet of Things. Our Philips products, Interact systems and data-enabled services deliver business value and transform life in homes, buildings and public spaces. In 2023, we had sales of EUR 6.7 billion, approximately 32,000 employees and a presence in over 70 countries. We unlock the extraordinary potential of light for brighter lives and a better world. We have been in the Dow Jones Sustainability World Index since our IPO for seven consecutive years and have achieved the EcoVadis Platinum rating for four consecutive years, placing Signify in the top one percent of companies assessed.

In alignment with the broader Signify sustainability strategy, Signify has published a green finance framework¹. Signify is committed to promoting sustainable business activities in the industry sector and regions where the company is operating. By issuing green finance instruments, the group will provide additional transparency around funded projects that carry environmental benefits through this allocation report.

The goal of this allocation report is to provide information regarding the allocation of proceeds according to an Eligible Green Project Portfolio of Sustainable Innovation² costs and Property, Plant and Equipment supporting manufacturing, storage and selling of sustainable products and systems³.

Property, Plant and Equipment values shall qualify for refinancing with no look-back period, while Sustainable Innovation costs qualify with a maximum three-year look-back period.

The allocation report is based on the Green Project Portfolio as per 31 December 2023 to align with the date of the most recent publication of the consolidated financial statements.

Use of Proceeds for Eligible Green Project Portfolio									
Use of Proceeds	2021	2022	2023	Amount (EURm)	Instrument (ISIN)	Issuance Date	Due Date	Coupon	Amount (EURm)
<i>Outstanding Portfolio as of 31st December 2023</i>									
Green Use of Proceeds									
Eco-Efficient and/or circular economy adapted products, production technologies and processes				1,317	Schuldschein Loan ⁴	01.12.2023	Dec-26	EURIBOR + 1.3%	400
Property, Plant and Equipment			516	516					
Sustainable innovation costs	266	264	271	801					
Total Portfolio of Eligible Green Projects				1,317	Total Green Finance Instruments Allocated				400
Percentage of Green Finance Instruments allocated to Eligible Green Projects Portfolio				100%	Impact Indicators				2023
Percentage of Eligible Green Project Portfolio allocated (usage)				30%	Avoided GHG emissions (tCO ₂ e/year) from product use ⁵				240m
					EU Taxonomy Climate Delegated Act Eligibility				100%

¹ [link to green finance framework](#)

² All research and development activities contributing to lighting technologies considered for sustainable products, systems or services. This means all products, systems, or services that demonstrate a measurable positive impact in one or more of the sustainable focal areas: Energy & solar, Circularity, Packaging, Substances, Weight & materials, Safety & security, Health & well-being, or Food availability. Sustainable innovation cost is the total spending of all R&D projects contributing to sustainable innovation as defined in the Sustainability Statements of the Annual Report 2023 (page 32). The R&D costs are divided in various categories, representing phases of the R&D process. The new product development and launch phase relates to the most mature state and the largest category of the R&D process. In 2023, sustainable innovation represented 88% of the total costs in the new product development and launch phase. As the other phases of the R&D process are in support of or adjacent to the new product development and launch phase, this percentage has also been applied to those other categories of the total R&D costs.

³ Such as land & buildings (including right-of-use assets), machinery & installations and other equipment as defined in the notes to the Consolidated Financial Statements of the Annual Report 2023 (page 120), based on the led-share per business to calculate the pro-rata asset base. For functions which do not generate sales independently, the Signify average LED-share of 85% has been used, as presented in the Annual Report 2023 (page 5).

⁴ Loan agreement signed on 01-Dec-2023 with settlement in two tranches of EUR 221.5m and EUR 178.5m on 21-Dec-2023 and 29-Jan-2024

⁵ Avoided GHG emissions are calculated based on LED-based products replacing less energy efficient conventional lighting products, as presented in the Annual Report 2023 (page 49).

Limited assurance report of the independent auditor on the Allocation of Proceeds

To: the board of management and the supervisory board of Signify N.V.

Our conclusion

We have performed a limited assurance engagement on the Allocation of Proceeds in the accompanying Green Finance Allocation Report for the period ended 2023 of Signify N.V. (hereinafter: Signify) at Eindhoven, the Netherlands.

The Allocation of Proceeds are included in the Green Finance Allocation Report 2023 as the "Total Green Finance Instruments Allocated" with a total of €400 EURm (hereinafter: Allocation of Proceeds or subject matter).

Based on our procedures performed and the assurance information obtained, nothing has come to our attention that causes us to believe that the subject matter is not prepared, in all material respects, in accordance with the applicable criteria as included in the section 'Criteria'.

Basis for our conclusion

We have performed our limited assurance engagement on the subject matter in accordance with Dutch law, including Dutch Standard 3000A, "Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten)" (Assurance engagements other than audits or reviews of historical financial information (attestation engagements)). Our responsibilities in this regard are further described in the section Our responsibilities for the assurance engagement on the subject matter of our report.

We are independent of Signify in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for Professional Accountants).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Criteria

The criteria applied for the preparation of the subject matter are the criteria developed by Signify and are disclosed in the Green Finance Framework 2023 and supplemental criteria applied as disclosed in the Green Finance Allocation Report 2023.

The comparability of the subject matter between entities and over time may be affected by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques.

Consequently, the subject matter needs to be read and understood together with the criteria applied.

Limitations to the scope of our assurance engagement

Our assurance engagement is restricted to the subject matter. We have not performed assurance procedures on any other information as included in the Green Finance Allocation Report 2023 in light of this engagement.

The references to external sources or websites are not part of our assurance engagement on the selected indicators. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect of these matters.

Responsibilities of the board of management and the supervisory board for the subject matter

The board of management is responsible for the preparation of the subject matter in accordance with the criteria as included in the section 'Criteria'. The board of management is also responsible for selecting and applying the criteria and for determining that these criteria are suitable for the legitimate information needs of the intended users, considering applicable law and regulations related to reporting. The choices made by the board of management regarding the scope of the subject matter and the reporting policy are summarized in the Green Finance Framework and supplemental reporting criteria as disclosed in the Green Finance Allocation Report 2023.

Furthermore, the board of management is responsible for such internal control as it determines is necessary to enable the preparation of the subject matter that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the reporting processes of Signify which result in the inputs to the subject matter.

Our responsibilities for the assurance engagement on the subject matter

Our responsibility is to plan and perform the assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Our assurance engagement is aimed to obtain a limited level of assurance to determine the plausibility of the subject matter. The procedures vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is therefore substantially less than the assurance that is obtained when a reasonable assurance engagement is performed.

We apply the Nadere voorschriften kwaliteitssystemen (NVKS, regulations for quality management systems) and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Our assurance engagement included amongst others:

- ▶ Performing an analysis of the external environment and obtaining an understanding of the sector, insight into relevant sustainability themes and issues and the characteristics of the company as far as relevant to the subject matter
- ▶ Evaluating the appropriateness of the criteria applied, their consistent application and related disclosures on the subject matter. This includes the evaluation of the reasonableness of estimates made by the board of management

- ▶ Obtaining through inquiries a general understanding of the internal control environment, the reporting processes, the information systems and the entity's risk assessment process relevant to the preparation of the subject matter, without obtaining assurance information about the implementation or testing the operating effectiveness of controls
- ▶ Identifying areas of the subject matter where misleading or unbalanced information or a material misstatement, whether due to fraud or error, is likely to arise. Designing and performing further assurance procedures aimed at determining the plausibility of the subject matter responsive to this risk analysis. These procedures consisted amongst others of:
 - ▶ Making inquiries of management and relevant staff at corporate level responsible for the strategy, policy and results relating to the subject matter
 - ▶ Interviewing relevant staff responsible for providing the information for, carrying out controls on, and consolidating the data in the subject matter
 - ▶ Obtaining assurance evidence that the subject matter reconciles with underlying records of Signify
 - ▶ Reviewing, on a limited sample basis, relevant internal and external documentation
 - ▶ Considering the data and trends in the information submitted for consolidation at corporate level
- ▶ Reconciling the relevant financial information with the financial statements
- ▶ Reading the information in the Green Finance Allocation Report 2023 that is not included in the scope of our assurance engagement to identify material inconsistencies, if any, with the subject matter
- ▶ Considering whether the subject matter is presented and disclosed free from material misstatement in accordance with the criteria applied

Amsterdam, 27 June 2024

Ernst & Young Accountants LLP

signed by R.T.H. Wortelboer