

A nighttime cityscape featuring a central roundabout with a fountain, surrounded by illuminated skyscrapers. The scene is overlaid with several glowing green circular patterns. The word 'signify' is written in a green, sans-serif font with a circular icon containing a stylized 'S' to its left.

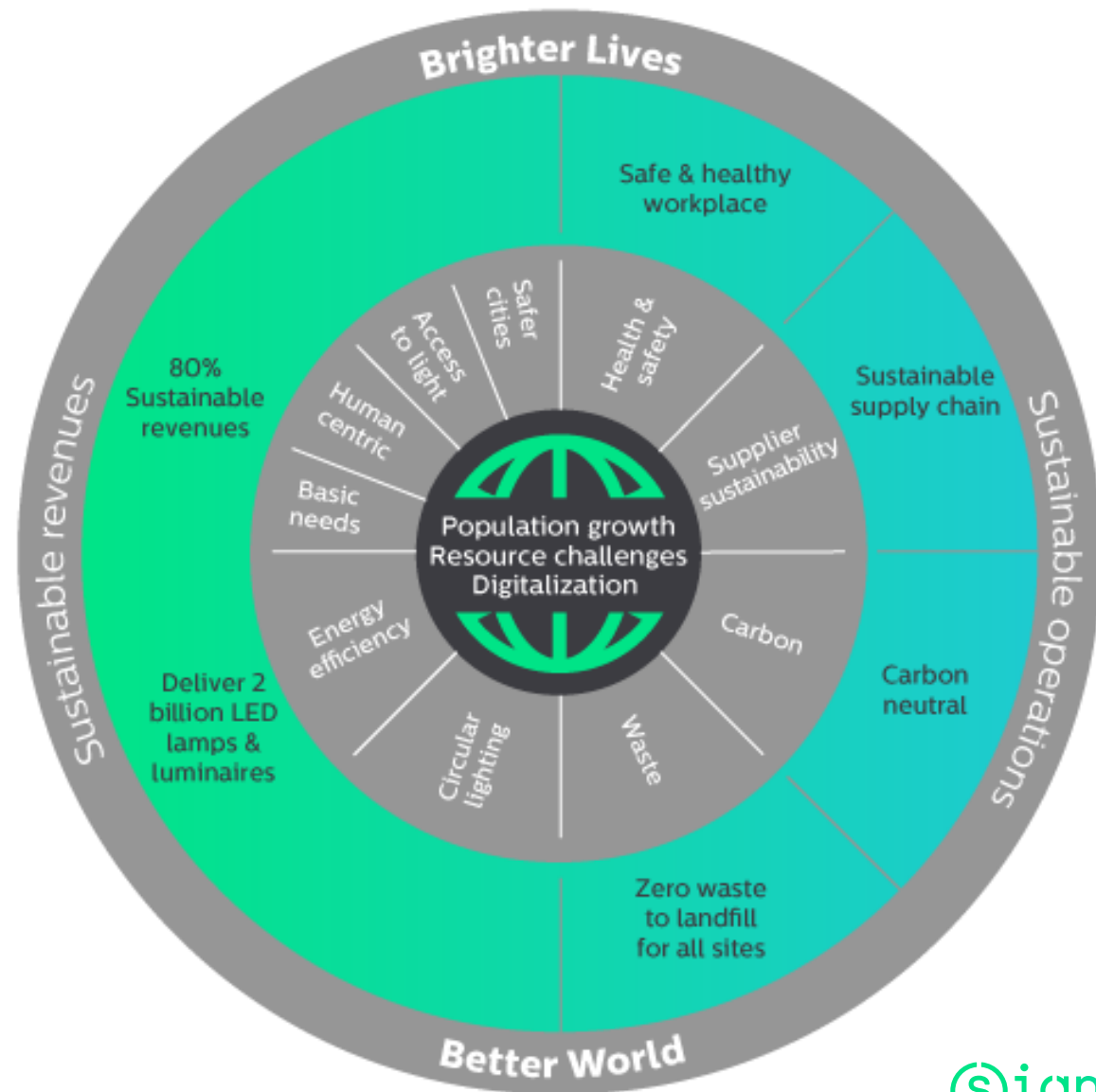
signify

Sustainability







*Unlock the extraordinary potential of light for
brighter lives and a better world*

Our Purpose and Sustainability strategy

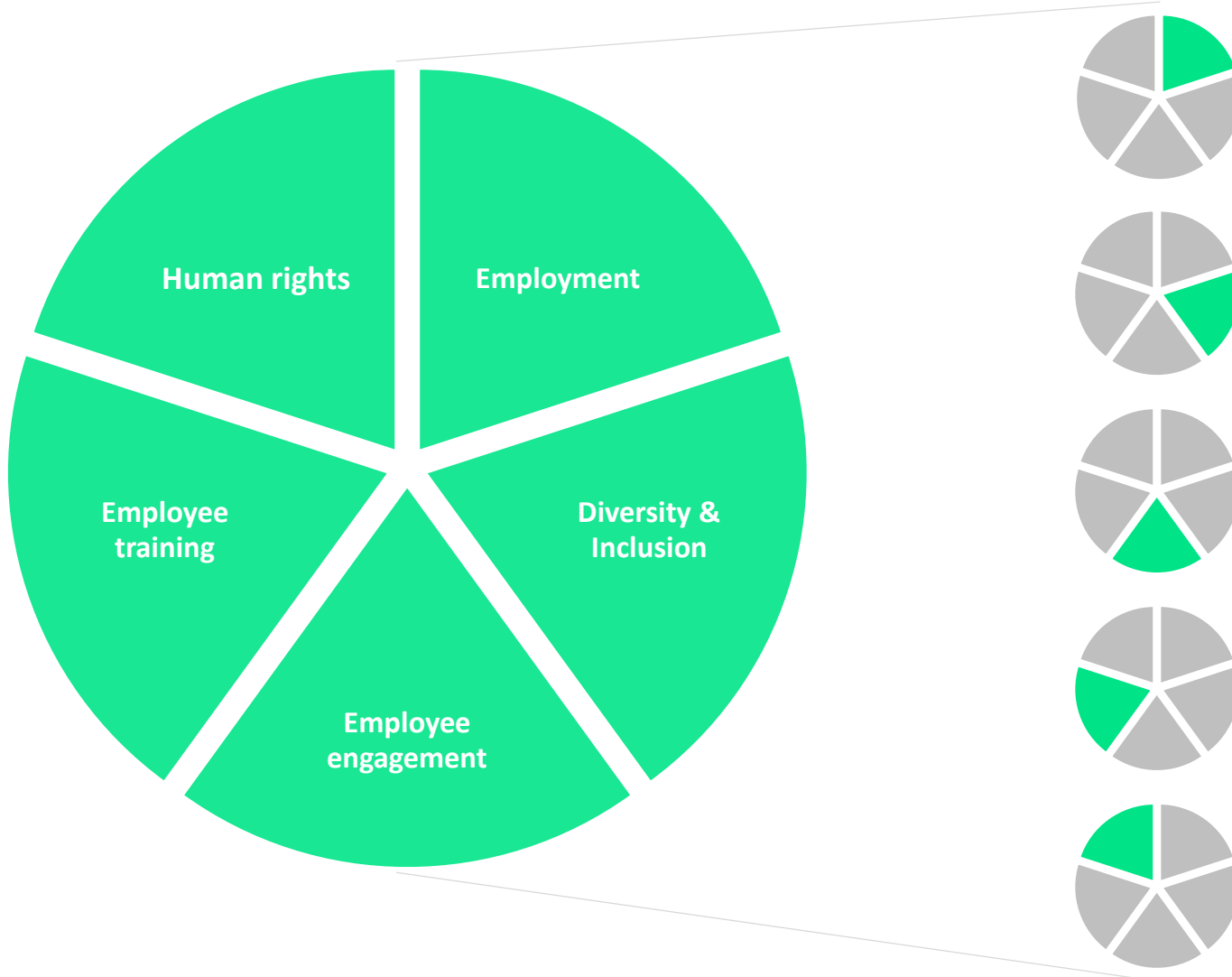
To unlock the extraordinary potential of light for brighter lives and a better world



Our 2018 results

			2018 result	Achievement	2020 target
Sustainable revenues	Sustainable revenues		79.0%	Increasing energy efficiency of portfolio	80%
	LED lamps & luminaires delivered		1.7 billion (cumulative from 2015)	87% of our commitment completed	>2 billion
Sustainable operations	Carbon footprint		Net 146 kt CO2	49% decrease vs 2017 9 markets carbon neutral	Net 0 kt CO2
	Waste to landfill		2.4 kt	17% decrease vs 2017	0 tonnes
	Safe & healthy workplace		TRC = 0.29	59% improvement from our 2015 baseline	TRC = 0.35
	Sustainable supply chain		93% performance rate	93% of risk suppliers passed the audit	90% performance rate

Our employee programs



Employment

29,237 employees at end of 2018
75% of executive level vacancies were filled internally

Diversity & Inclusion

20% of management is female
>70 nationalities in workforce

Employee engagement

Survey employees on a quarterly basis
We measure NPS and adherence to our values

Employee training

210,000+ e-learning courses taken
EUR 8.21 million spent on training

Human rights

Full workforce trained in code of conduct
Our sites in risk countries are audited

How we create value

Input

Financial



We use financial capital to innovate and lead the lighting industry.

- EUR 288 million R&D investments with 82% sustainable innovation
- EUR 2,119 million total equity
- EUR 6,181 million total assets

Environmental



We use environmental capital to create sustainable lighting for our customers.

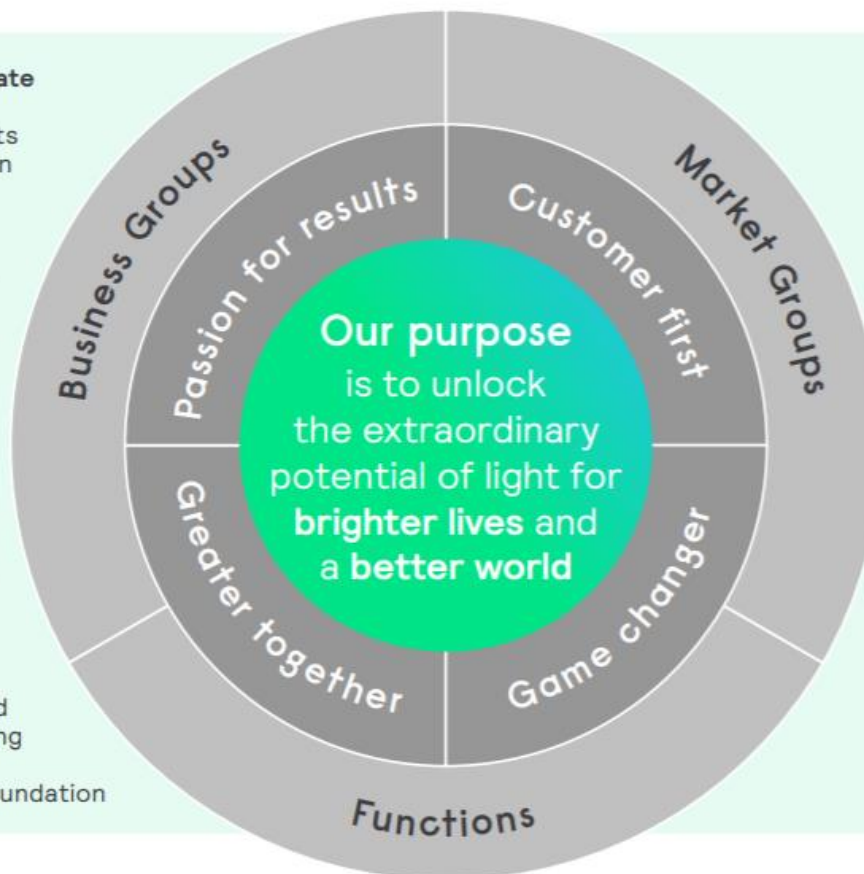
- 4,054 terajoules energy with 89% renewable electricity
- EUR 2,806 million materials
- 1,266 thousands m³ water

Social



We use social capital to improve people's wellbeing.

- 29,237 FTE in 74 countries
- 4,600 learning modules offered
- EUR 8.21 million spent on training
- 96 supplier audits
- EUR 2.1 million to the Signify Foundation



Output

- EUR 6,358 million sales
- EUR 640 million adjusted EBITA
- EUR 306 million free cash flow
- 18,250 patent rights

- 146 kilotonnes net CO₂ emitted
- 41 kilotonnes waste with 82% recycled
- 1,749 million LED lamps & luminaires, avoiding 43,701 kilotonnes of CO₂
- 79% sustainable revenues

- 210,000+ e-learning courses taken
- 93% supplier sustainability performance
- 21 projects delivered through the Signify Foundation
- 0.29 total recordable case rate

Impact

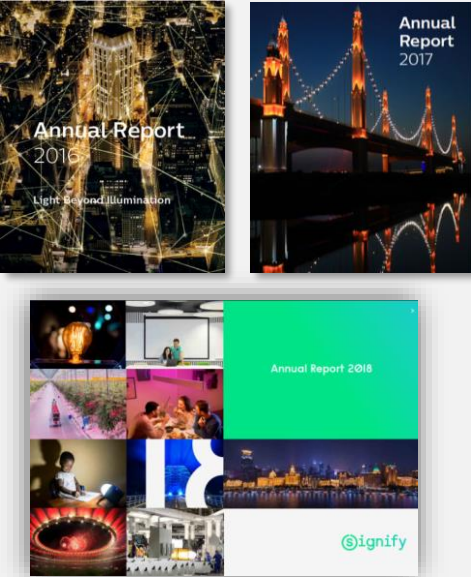
We create EUR 629 million in value for society through total shareholder returns and tax and interest payments.

We caused EUR 20 million in costs to society through our own environmental footprint. At the same time, we helped create EUR 1,419 million in value through CO₂ avoided by LED and solar LED delivered and increased biodiversity.*

We create EUR 1,032 million in value for society through employees' salaries & wages and learning & development combined with the costs to society of injuries & illnesses at work.

Communicating our non-financial performance

Annual report with reasonable assurance on ESG



Analyst decks including ESG dashboards



Taskforce on climate-related financial disclosures (TCFD)

Strategy
Disclosures on the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning where such information is material.

Recommended Disclosure a)
Opportunities: Change in customer requirement; We have pioneered many key breakthroughs

Risk Management
Disclose how the organization identifies, assesses, and manages climate-related risks.

Recommended Disclosure a)
Describe the organization's processes for identifying and assessing climate-related risks and opportunities where such information is material.

Refer to sections 12.1 and 12.2 of the 2017 annual report for a description of our approach to risk management and control.

Metrics and Targets
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Recommended Disclosure a)
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

Refer to sections: 16.3.1: Sustainable revenues, 16.3.2: Sustainable innovation, 16.3.3: Carbon footprint

Recommended Disclosure b)
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3

Refer to section: 16.3.3: Carbon footprint

We are recognized as one of the world's most sustainable companies



Industry Leader in the Electrical Components and equipment industry for the second consecutive year



Categorized as ESG leader with 'AA' rating



CDP A-list company for our leadership on environmental performance



Top 4 industry position with 'Outperformer' rating



CDP engagement leader for our approach to tackling emissions in the supply chain



Top 3 industry leader position with 'Prime' status

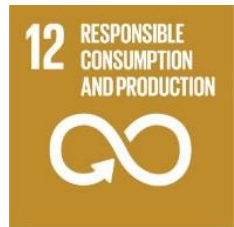
We contribute to the 17 UN Sustainable Development Goals (SDGs)



SDG 7 Affordable and clean energy is addressed through our Carbon neutral program and our Sustainable revenues program



SDG 11 Sustainable cities and communities is addressed through our Sustainable revenues program



SDG 12 Responsible consumption and production is addressed through our Carbon neutral, Zero waste to landfill, Sustainable supply chain, and Sustainable revenues programs



SDG 13 Climate action is addressed through our Carbon neutral, Sustainable revenues and Sustainable supply chain programs

Los Angeles benefits from connected LED lighting

Los Angeles, The United States

Los Angeles mayor Eric Garcetti launched a Great Streets Initiative to revitalize the city.

Our Interact City was selected due to its numerous capabilities, like remote monitoring, automatic notification of outages, accurate lighting asset information and more.

Los Angeles reduced its energy consumption of street lighting by 63% and saved USD 9 million. Safety was improved – there were 30% less night time car accidents in LA and crime rates reduced by 21% over the 10 cities studied.



Light as a Service for Schiphol Airport

Amsterdam, The Netherlands

Schiphol Airport has the ambition to be the most sustainable airport in the world.

Signify introduced Light as a Service at Schiphol, supporting the transition to a circular economy. Schiphol pays for performance.

Energy use was reduced by 50% and Schiphol is guaranteed performance and the re-use and recycling of the lighting at the end of the contract.



Optimized office lighting all day

Edificio Pórtico Madrid, Spain

Edificio Pórtico's priority is to provide a pleasant environment and ensure that tenants are as comfortable as possible.

The lighting in all work areas were upgraded and adjusted to levels to suit the tasks being performed, while making the best possible use of natural light.

The system not only provides the higher lighting levels specified, it also uses 65% less energy and optimizes user comfort.



Increased crop growth with LED

Iwasaki Bros., Inc., Oregon, USA

The cloudy and rainy climate in the proximity of the Pacific Ocean is problematic for Iwasaki's spring growing and prime sales season.

Iwasaki decided to transition from energy-consuming HPS fixtures to highly-efficient LEDs.

Philips GreenPower LED top lighting resulted in faster rooting by 5 to 7 days, reduced crop losses and the crops were ready for market 1 to 3 weeks faster



Providing Access to light in off-grid villages

1.3 billion people live without access to electric light and the use of kerosene lamps causes 1.2 million deaths per year. Our Foundation is helping to provide access to light for these villages.

In 2017, we our foundation helped 650 000 people by providing access to light and creating lighting entrepreneurs.

Our solar indoor and road lighting help save lives and enable activities related to education, social activities or generating income.



Signify delivers one billion LED lamps and luminaires

Signify commits to deliver more than 2 billion LED lamps & luminaires by 2020 as our contribution to the Global Lighting Challenge.

We are the first company to break through the one billion LED milestone.

Our LED lamps and luminaires sold since 2015 have saved 32 thousand kilotonnes of carbon – the equivalent of 30 coal fired power plants.



Our path to carbon neutral

Today, our full North American operations are already powered with 100% renewable electricity.

Through our PPA with EDP Renewables North America 112,500 MWh/annum of electricity for the next 15 years will be delivered from the Hidalgo Wind Farm in Texas.

We are already carbon neutral in 7 markets and aim to be carbon neutral globally by 2020.



Philips Hue White Ambiance helps people sleep better

Light impacts us physically and emotionally, we experience this every day when waking up and going to sleep.

With Philips Hue white ambiance, people have control of the impact that white light has on their wellbeing at home. It can be connected with several sleep apps, which collectively have over 10 million active users.

It gently increases in brightness to naturally wake people up in the morning and gradually dims, preparing the body for falling asleep. The proven light recipes are designed to help people relax, unwind, get energized, read and concentrate on work.



People centric healing environment

Norrland's University Hospital, Sweden

The psychiatric ward of Norrland's University Hospital aimed to develop clinical processes and behavior by creating a better experience for patients, staff and relatives.

Signify installed an integrated, tunable lighting system on the whole ward, including Healwell in the patient's room.

The people centric design creates a positive, recover-focused environment. It supports the daily rhythm of the patients and benefits the staff routine.



Yuxi Village Lights-up Project

Yuxi City, China

Yuxi City aimed to light up 673 remote villages with no access to electricity and no local maintenance electricians.

Signify installed 50,000 solar street lights and a quality-assurance service contract. It is a convenient, cost-efficient, low maintenance and off-grid outdoor lighting system.

The solar lighting is off-grid, improves the comfort and safety of the villagers and fulfills the 'beautiful country development' policy.



Signify