



Annual Report 2020

About the Signify Foundation

The Signify Foundation is an independent, non-profit organization, primarily funded by Signify NV. Our mission is to enable underserved communities to access the benefits of sustainable lighting.

The Foundation's core activities support the supply of energy-efficient lighting to populations where access to the grid is either limited or non-existent. We promote a participatory approach through which recipients can maintain sustainable interventions. Our primary aim is to support local capacity development, particularly targeting women and youth. From technology manufacturers, logistics and distribution agencies to financing partners, training institutions and other donors, the Signify Foundation's choice of partners aligns with our objective to enable market-based ecosystems where the local need for light can be met through local supply.

The Signify Foundation employs Signify's expertise to help develop and provide accessible, sustainable lighting systems that have a meaningful impact on people's lives. Our projects and partnerships directly contribute to the United Nations' Sustainable Development Goals, in particular to 5 (*Gender Equality*), 7 (*Affordable and Clean Energy*), 8 (*Decent Work and Economic Growth*), and 11 (*Sustainable Cities and Communities*).

 signify foundation

Registered charity in the Netherlands (ANBI), RSIN number 857684553.



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Message from the Board

In our fourth year of operation, the Signify Foundation has remained committed to enabling access to the benefits of sustainable lighting in underserved communities around the world.



Harry Verhaar

At the time of writing, the COVID-19 pandemic continues to affect communities worldwide, but the impact is not evenly felt. Health infrastructures have been put under exceptional strain, intensifying issues like poverty, food insecurity, and increased gender, social and health inequities, particularly in emerging economies. The Signify Foundation responded quickly by allocating a quarter of our 2020 budget to global COVID-19 relief efforts. This has supported more than 590 hospitals, health clinics, and emergency care centers around the world with lighting and UV-C disinfection solutions.

The impact of lighting lives is made long lasting through investment rather than aid. In the last four years, the Signify Foundation has moved increasingly away from charitable intervention, instead supporting the development of market ecosystems where lighting becomes part of the economic ecosystem. In turn, we have shifted our strategic focus towards creating innovative financial support structures, such as recoverable grants or blended facilities, which aim to help social enterprises in the distributed energy sector overcome barriers to growth and scale.

As 2020 came to a close, the Signify Foundation marked the achievement of lighting six million lives across Asia, Sub-Saharan Africa, and Latin America, surpassing our 2020 goal. This feat is underpinned by our efforts in three key areas: lighting lives, training entrepreneurs, and providing humanitarian lighting.



Pieter de Haan

The outcomes and insights described in our annual report are the result of exceptional global teamwork. We owe much of this success to our former Director, Prajna Khanna, who left the Foundation to pursue other opportunities at the end of 2020. Now, the baton is in the capable hands of Foundation Director Yue Cui, who has been with us from day one. I look forward to the further development and impact of the Foundation under Yue's leadership as we begin this new and promising year.

Finally, I would like to extend my thanks to members of the Signify Foundation Board for their guidance and expertise, and to our extensive Signify network for their continued support as we further advance our mission to enable access to light for all.



Bas van Abel

Harry Verhaar, Chairman

On behalf of the Signify Foundation Board



Stanley Anyetei

Looking back and forward

With a global health pandemic raging through the world, the link between lighting and access to modern healthcare has never been more evident. From adequate lighting in and around primary healthcare centers to the disinfectant properties of UV-C light, efforts to strengthen health facilities have been the primary focus of our 2020 strategy.

An illuminated response

In 2020, we worked closely with our portfolio partners to address challenges accentuated by COVID-19 – disrupted supply chains, reduced customer affordability, and a lack of inventory capital for larger healthcare electrification projects. Accordingly, we have been able to provide bridge funding to improve business resilience and accelerate progress on energy access for off-grid communities.

In 2021, the Signify Foundation continues our mission with four guiding principles to achieve our goals:

1. Prioritize working with countries with largely unelectrified populations;
2. Create long-lasting impact by supporting local businesses that provide clean energy solutions;
3. Support interventions that lead to positive impacts on human rights and quality of life, such as better education, access to healthcare, gender equality, and income generation;
4. Be agile. Promptly adapt to new insights, new solutions, and new realities.

6 million lives lit

In 2017, we set ourselves a target to illuminate the lives of 5 million people by 2020. Through projects supported by the combined resources of Signify Corporate Social Responsibility programs and the Signify Foundation, we have outperformed our target, lighting 6 million lives in communities around the globe.

To multiply our impact, we have launched an Insights Portal, providing open access to insights and technical knowledge. Reports created this year include five market landscape analyses for the solar lighting sectors in five countries in Africa.

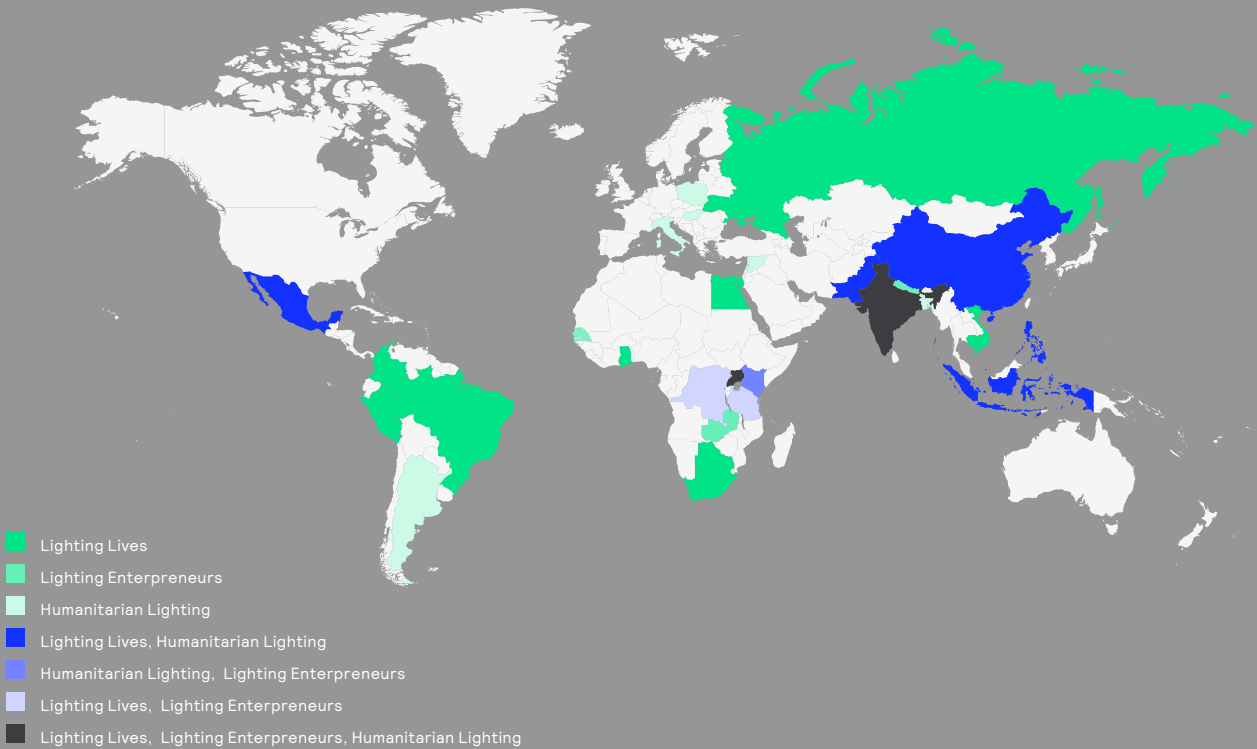
The aim of the Signify Foundation's 2020 Annual Report is twofold. We take pride in sharing our success stories and remarkable insights. And equally, we aim to highlight the challenges that continue to be faced by non-profits, social enterprises and start-up companies operating in the field. By sharing our success stories and remarkable insights we support further replication and scaling in the global pursuit of access to sustainable energy for all.



“In line with the Foundation’s growth and ambition, the Operations Team continues to catalyze, learn, and evolve. Since the Foundation’s establishment in 2017, we have supported close to one hundred projects. We learn from every one of them, keeping us grounded and agile in designing new interventions. The Foundation is fortunate to receive the voluntary support of Signify colleagues across functions: legal, finance, due diligence, strategy, lighting experts, and project managers. Our dynamic operational team focuses on creating real social impact through continuously building robust processes and frameworks. We are in a position to support NGOs and social enterprises with the expertise of Signify professionals who are at the top of their fields across diverse disciplines.”

Yue Cui

Key highlights



Lighting Lives



Enabling access to sustainable lighting technology for underserved communities

Lighting Entrepreneurs



Supporting local capacity building to enable community development and opportunities for livelihoods

Humanitarian Lighting



Increasing safety and security for vulnerable communities in natural & man-made disaster contexts

Universal access to sustainable energy is a fundamental element of the Signify Foundation's inclusive ambition. For communities underserved by the grid, access to affordable and high-quality energy and lighting solutions improves lives at a local level, while accelerating global efforts to address climate change.

Key highlights

In 2020, through our executed projects and programs

1.8 million

Lives were lit

400+

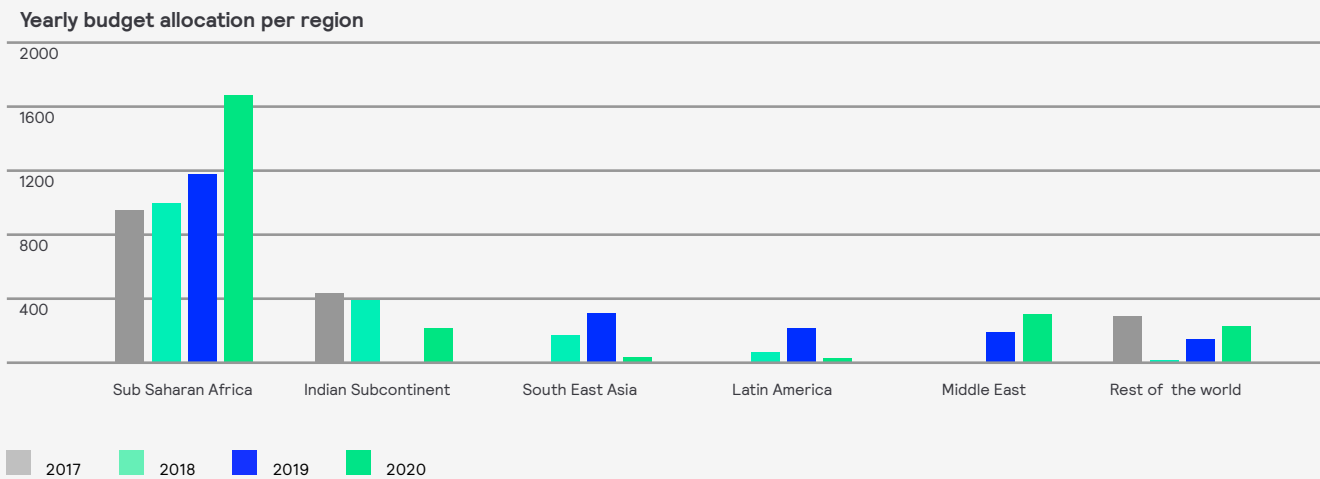
Entrepreneurs were supported

590+

Health centers were lit

Continued focus on emerging economies

Funding allocation per geography (2017 to date, in thousands of euros)



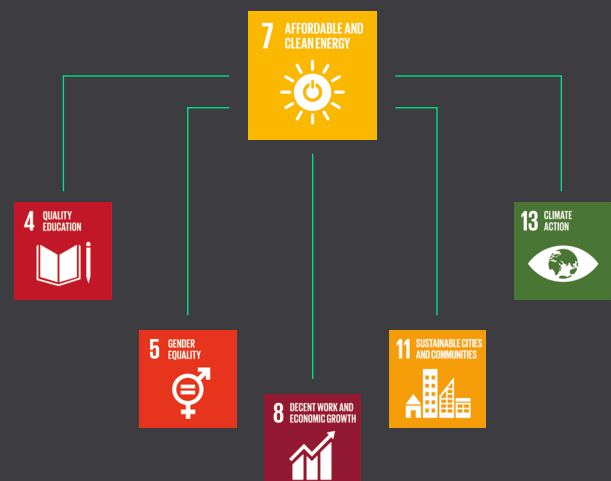
Increasing funding allocation towards recoverable grants

Recoverable grant 2019 – 2021 (forecast)



■ Recoverable grant 2019
■ Recoverable grant 2020
■ Recoverable grant 2021 (est.)
■ Unconditional grant

Access to light as an enabler for Sustainable Development Goals



Access to Light

Light is a fundamental part of our lives. With the flick of a switch, it transforms darkness into places where people can work, learn and create. Access to light, underpinned by access to affordable and clean energy, is a key enabler in providing fundamental services to diverse aspects of human life – education, gender equality, livelihood and income generation, community development, and climate action.

The Signify Foundation aims to extend our impact across the entire value chain, partnering with entrepreneurs and institutions that deliver clean-technology-based lighting systems to homes, communal spaces and institutions, empowering communities to be safer, more active, and economically productive after sunset.



Lighting Lives

The Lighting Lives program enables access to the use of clean-technology-based lighting systems that address the entire spectrum of lighting needs within a community.

The Signify Foundation supports a diverse array of sustainable projects. From pico solar lamps and solar home systems to mini-grids and solar street lighting, energy access products and services do not merely constitute a straightforward, one-off product donation and installation, but exist as a means to an end. Villages are safer, livelihoods opportunities are enhanced, economic development is greater, and quality of life is raised.



Solar micro-grids power homes and business growth in rural India

In 2020, we continued to support Husk Power, one of the largest rural mini-grid operating companies in India.

Husk Power understands that for reliable electricity to reach thousands of villages, it needs to be dependable and affordable. The needs of its users must be at the core of its innovative design.

After dark, lighting for homes, businesses and public spaces consumes the highest proportion of energy in India's villages. Husk Power and the Signify Foundation provide energy-

efficient LED luminaires to micro-grid subscribers, allowing customers to reduce energy costs while still enjoying reliable and safe lighting. In addition, LED street lighting has been installed in public spaces, lighting up villages after sunset.

Light enables small businesses to remain productive. Street lighting enhances the safety of pedestrians and commerce, promoting community engagement and quality of life.

Working through a long-term partnership, this intervention aims to create jobs and new industries, increase productivity, improve access to education and learning, and engage more communities in civic participation in rural Bihar and Uttar Pradesh.

“Enabled by light, small businesses are able to remain well-lit and productive. Street lighting enhances the safety of pedestrians and commerce, promoting community engagement and quality of life.”





“I’m amazed by the contribution lighting has made to the lives of thousands of Ugandans visiting these health centers. For example, for mothers delivering at night, it can be the difference between life, disability and death. Village Energy is proud to have partnered on this initiative.”

Waringa Matindi, CEO Village Energy, one of our implementing partners in Uganda.



Lighting up Uganda’s health centers

The COVID-19 pandemic has highlighted the many challenges faced by Uganda’s healthcare sector, including poor and limited access to lighting. As soon as the sun sets, health centers and ambulance bases are forced to operate in the dark, seriously impacting the overall function of the healthcare system. Installing solar-powered lighting in health facilities in Uganda strengthens local capacity to serve the population doubly impacted by COVID-19 and the overall lack of access to reliable energy.

In 2020, the Signify Foundation provided solar lighting to more than 80 health centers and essential services across Uganda, including the Rhino camp, which hosts more than 100,000 refugees.

Coordinating this intervention focused our attention on the long-term strategy to go beyond a response to immediate needs. Solar-powered lighting will be a catalyst for a reinforced healthcare system and a durable future.



Lighting entrepreneurs

Training provides a foundation for development, the groundwork on which social and economic wellbeing is built. Interventions enabling access to light can only be sustainable when technological, operational and maintenance know-how remains within local communities as part of a larger participatory approach.

The Signify Foundation supports this knowledge ecosystem with programs that provide essential business and technical skills to increase longevity of lighting interventions, enable income-generating activities, and develop and strengthen channels of last mile distribution and services.

Training projects funded by the Foundation include:

- Electrician and solar programs by certified training institutions;
- Business skills training;
- Technical installation and maintenance training.

Needs and gaps in human capital development for solar companies

This year, we conducted a survey with 19 partners operating in the off-grid solar sector, with the aim of better understanding the needs and gaps in human capital development through their lens.

Key insights gathered from the survey participants:

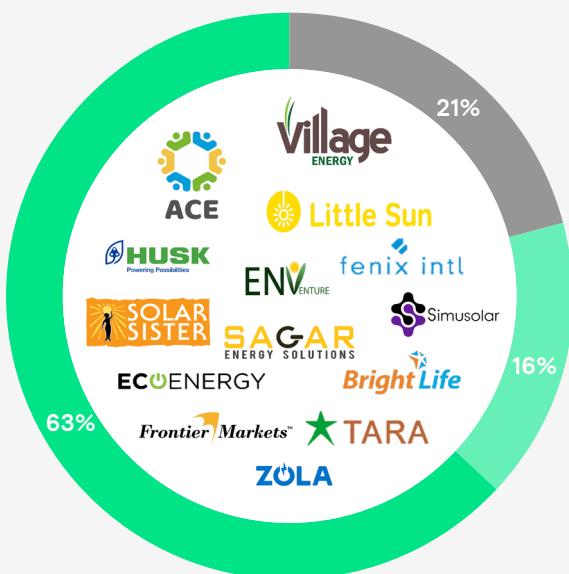
- The current training deployment in most companies is provided by managers or internal trainers;
- Very few external trainers are available in participants' countries for sales and soft skills;
- Cost, time, and management bandwidth are the main barriers for these organizations to invest in capacity building;
- The most recognized skills gap within these organizations lies with project management, soft skills and technical skills.

Most surveyed solar companies would welcome external training. They suggested that:

- Training programs and curricula are curated to their specific needs, considering particular context, culture, and products;
- 'Refresher' training would be an effective tool for information retention;
- A repository of various curricula be created which could be accessed by people working in the sector.

These voices and insights are valuable for us to consider when building and supporting new projects. Increasingly, we aim to share such learnings with both our peers and the broader sector in order to collaborate efforts in resource aggregation.

Survey participants



- NGO
- Solar Manufacturer
- Solar Distributor

Solar skills for a brighter future

The Signify Foundation is the proud founding partner of Enlight Institute, financially supporting the establishment of the solar technical training academy in 2017. The Institute provides solar business and technical skills training, bridging the human capital gap in the local solar sector.

The ultimate goal of the training program is to create jobs and income generation opportunities. Enlight has formed strategic partnerships with recruitment agencies and solar companies, helping graduates enter the formal employment sector while continuing to receive coaching.

As the training programs continue into their third year, Enlight's participant testimonials and impact studies reveal

the far-reaching value of the program. Beyond technical skills, participants have improved communication skills, self-confidence, sales abilities, and connection to company objectives.

At the end of 2020, Enlight set up the Enlight Vocational Institute, providing vocational skills training to young adults, with a strong focus on the productive use of clean energy. Many of the 18 to 35-year-old trainees come from rural Uganda, where there is limited access to on-grid electricity or clean cooking technologies. The new training programs will reach beyond lighting to introduce clean technologies for applications like cooking, computer science, and modern farming, sharing the power of clean energy as a nexus for advancement across multiple sectors.

The ultimate goal of the training program is to create jobs and income generation opportunities

“When Sharon got word that Enlight was looking for people to train for the role of solar sales agents, she joined the team, enrolling in Enlight's recruitment boot camp. She then successfully interviewed for a role at social enterprise African Clean Energy. For her, Enlight's training has opened doors that she could have never imagined, allowing her to be the remarkable role model her young children need. Sharon is also relieved to have the security of formal employment again.”

Martha Osiro, Country Director,
Enlight Institute, Uganda





Solar electrical training in Nepal with BRAC: project evaluation

In our 2018 annual report, we introduced the initiative 'Empowering Girls as Lighting and Electrical Technicians in Nepal'. BRAC (Bangladesh Rural Advancement Committee), through its existing Empowerment and Livelihood for Adolescent (ELA) clubs, provided soft skills, technical, and livelihood training to girls throughout the country. At the end of the two-year program, BRAC evaluated its outcomes.

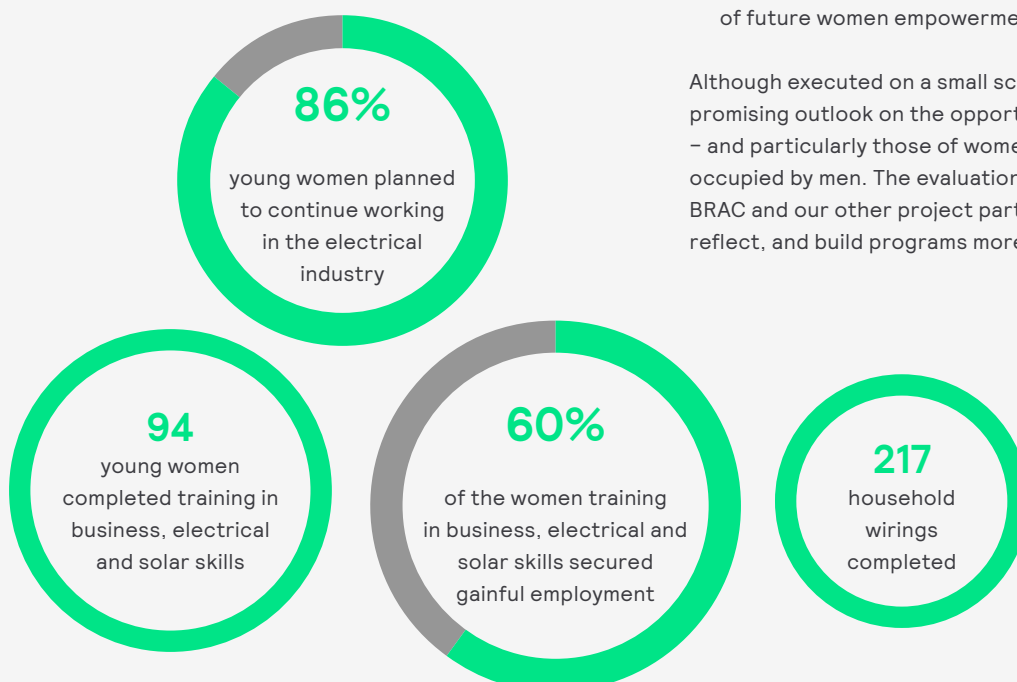
During the project, girls from Namo Buddha municipality were trained to become electrical and solar lighting technicians. This intervention aimed to address the social and economic marginalization of adolescent girls, while also rebuilding the Kaverpalanchowk district, which had been devastated by a 2015 earthquake.

The project has seen notable success in training target beneficiaries. 94 young women completed trainings in business, electrical and solar skills. 60% of them have secured gainful employment with local electrical entrepreneurs. The project also succeeded in using the existing BRAC ELA club infrastructure to identify and train the girls.

Along with good performance in these areas, BRAC's evaluation provided the Foundation with some valuable learnings for future projects.

1. **Market survey:** While the baseline survey suggested that there was sufficient demand for all the trainees, not all of them ended up with employment opportunities. A more robust market survey with a future-focused approach would address these issues;
2. **Nature of work:** Most electrical industry work is contractual, affecting steady income opportunities for the women. The girls reached an average of 3.9 households per month, earning NPE 7,000 (approx. EUR 50), which is below the average earning potential in Nepal. The precariousness of employment, particularly for recently qualified electricians is notable. This needs to be captured more effectively in future monitoring and evaluation frameworks;
3. **Community support:** Although the graduates' families were supportive, more awareness on the importance of financial, economic, and social empowerment of women was needed on a community level;
4. **Safety for women:** Women often worked in pairs due to safety concerns. While this improves their sense of security, it also lowers their levels of individual income. This aspect will need to be considered in the design phase of future women empowerment projects.

Although executed on a small scale, these programs provide a promising outlook on the opportunities of future generations – and particularly those of women in fields traditionally occupied by men. The evaluation information provided by BRAC and our other project partners is crucial for us to learn, reflect, and build programs more effectively in the future.



Humanitarian Lighting

When a humanitarian crisis impacts energy supply, either through political conflict, natural disaster, or global health crises, infrastructures must be repaired quickly. Sustainable and reliable lighting leads to increased general security, personal dignity and basic comfort in living spaces, including administrative, outdoor, and common areas like schools, playgrounds, places of worship, and health centers.

The Signify Foundation supports the overarching public policy precept that adequate, safe, and sustainable shelter are basic human rights. The effects of lighting systems traditionally used in refugee camps and emergency health centers are at the center of our approach.

For women and girls, lighting is a central element in improving security, reducing the incidences of Gender-Based Violence (GBV) outside the home, increasing health indicators related to Water, Sanitation and Hygiene (WASH) and contributing to people's overall sense of dignity.

In 2020, we donated 11,000 Philips Life Light portable solar lamps for distribution to vulnerable groups, including Internally Displaced People (IDPs), people living with a disability, and the elderly, in locations throughout Syria. Many communities across the country have limited or no access to electricity. This intervention's particular focus on women and adolescent girls aims to integrate lighting into the United Nations Population Fund (UNFPA)'s humanitarian response, enhancing women's protection by tackling GBV. Previous assessments of displaced populations in camps confirmed that protection issues, including lack of adequate lighting, lack of privacy, and harassment on the way to WASH facilities are considerable concerns for women and girls, limiting their ability to use the amenities due to their fear of violence. Providing solar lamps to women and girls will enhance their confidence and safety while they make use of essential hygiene services, and enable them to safely move and interact in the community.



Access to inclusive finance

Societies that are not yet on the electrical grid do not have to follow in the footsteps of other economies. With the right support, off-grid communities have the potential to bypass harmful and outdated energy solutions and leapfrog directly to modern, sustainable, clean technologies to meet local energy needs. The social enterprises at the forefront of these sustainable transformations need access to capital to allow them to pilot their projects and grow.

Prohibitively high interest rates and unreasonable collateral requirements make it extremely difficult for local enterprises in emerging markets to secure access to the financing they need to grow their businesses. To address this gap for social enterprises in the distributed energy sector, we have expanded funding instruments from pure grants to recoverable grant facilities to better leverage our principal funding and amplify our impact.

Energy kits that power a community

“Poverty only influences affordability, not the aspirations of people.”

Shagun Jain, Commercial Director, Rural Spark

In 2020, we supported Rural Spark with a recoverable grant to build up local solar-engineering capacity in Liberia, Mali, Burkina Faso, and the Democratic Republic of Congo. Rural Spark aims to create clean, safe and reliable energy access by developing and providing energy kits that people can use to generate energy themselves. The energy kits provide access to electricity for entire regions – a solid feat for a product which in size, price, and pay-as-you-go ownership model resembles a solar home system. The energy kits, which contain solar panels, a router, ‘smart’ batteries and electrical appliances, enable communities where energy poverty is multi-layered to leapfrog the grid, imitating the widespread adoption of mobile phones in households that had never been connected to landlines.

Early adopters of solar home systems inspire others around them to join a larger network of users. By energy sharing, they may even become small-scale energy providers in their communities. The pay-as-you-go solution offers affordable payment plans to customers, eliminating a huge financial barrier.

With the funding support, Rural Spark can hire one person per country to receive advanced solar engineering training. The country expert will in turn train the salesforce of each distribution partner. Rural Spark’s edge lies in their profound understanding of the markets in which they operate. This local connection can be a game changer for their off-grid customers who need reliable, affordable, and accessible after sales services.

A solar initiative paired with digital inclusion in Zanzibar

Just 50 percent of Zanzibar’s population has access to electricity. The energy supply of island populations is reliant on an underground cable connecting the mainland and the islands. When the cable fails, the region is plunged into darkness.

Trend Solar, the Signify Foundation’s portfolio partner, was born from a drive to electrify the nation and provide productive services. Every Trend Solar system comes with a smartphone. This makes it possible for customers to pay as you go, rendering solar energy affordable for low-income communities. Customers can, for the first time, utilize a mobile money account or wallet, leverage agricultural apps that support rural smallholder farmers, and unlock educational content for children missing school due to COVID-19 lockdowns.



“The support of the Signify Foundation has enabled us to address two fundamental factors: capacity development of our solar engineers, and after sales service for the last mile customers of our technology. With the Solar PV Training program, we’re now able to go the extra mile to achieve what we call an ‘energy ecosystem development’.”

Shagun Jain, Commercial Director, Rural Spark



“Our start-up bottleneck has always been the same: working capital. We spent two years on the ground researching, prototyping, and planning, but to take the next step always required funding we never had. We had a growing list of orders for our lamps from customers and other B2B partners, and no way of supplying that demand and creating the impact needed. This recoverable grant has thus enabled us to kickstart operations by manufacturing our lamps to start meeting our demand and sales targets and put us on the right track for our growth plans and unlocking our potential.

We believe focusing on productive appliances can increase economic activity and disposable incomes, which in turn can improve our users’ and customers’ quality of life by enabling them to spend more money on cheaper sources of energy, education, healthcare, and more.”

Andreas Ostrovsky, Chief Operating Officer,
Sagar Energy Solutions

Financed by the Signify Foundation’s partial unconditional grant for institutional building, and a partial recoverable grant as working capital, Trend Solar is working to establish a strong base in Zanzibar. Inclusive financing can enable commercial, private sector ventures to take risks in new markets with new partners, creating rapid expansion and acting as a catalyst for growth. For the Signify Foundation, the key to success is to structure the financing support in a way that allows for the growth of solar companies like Trend Solar, addressing their ever-evolving operating opportunities and challenges.

Pioneering solar innovation for Tanzania’s night fishermen

In 2020, we supported Sagar Energy Solutions in Tanzania in its mission to transition the artisanal-yet-productive fishing industry in East Africa by replacing unsustainable and harmful technologies with renewable energy solutions.

Since 2018, Sagar has been researching alternatives to the kerosene lanterns commonly used in the night fishing industry. With the aid of a recoverable grant from the Signify Foundation, Sagar was able to manufacture their first product: a solar-powered fishing lamp. The Sabi Lamp fosters innovative, productive and safe working environments, making the often-overlooked fishermen of the second biggest freshwater lake in the world pioneers in their field.

Recoverable grants enable companies like Sagar to take the first step in scaling their start-ups. Financial support allows companies to kickstart their production activities and meet fast-growing demand. Impact investors are able to step in to achieve their own social and financial return on investment, while the social-environmental impact and financial sustainability of the companies continues to grow, aiding the development of both products and projects.

Financial support allows companies to kickstart their production activities and meet fast-growing demand

A clean cookstove that generates electricity

African Clean Energy (ACE) works to provide clean energy access for rural households in Sub-Saharan Africa and South-East Asia.

The ACE One Energy System replaces the traditional cookstove with a high quality solar-biomass hybrid, allowing its owner to cook using significantly less fuel, while at the same time generating electricity that can be used to charge a mobile phone or power lighting. Unlike a regular improved cook stove (ICS), ACE's product has an electricity component that includes lighting and phone charging capabilities in a biomass based energy system. This results in a product that uniquely merges the two energy silos - electricity (lighting and other needs) and thermal (cooking) - and address the complete energy needs of a household. The products are sold on a 9 to 15-month micro-loan, enabling customers to use the energy savings achieved with the product to pay back their investment.

With a hardware product to manufacture, distribute and sell, ACE faces the risk of supply chain disruptions. In 2020, this has been exacerbated by periods of sales inactivity, lead time extensions, and working capital stress caused by a global pandemic.

“The main barrier to growth for companies in this sector is an investment ecosystem that identifies clean cooking as a considerable issue but continues to resist investing in it.”

The main barrier to growth for companies in this sector is an investment ecosystem that identifies clean cooking as a considerable issue but continues to resist investing in it. Companies across this space are expected to meet the formalization levels of multinational corporations to attract investment. Meanwhile, companies like ACE must maintain the balancing act of focusing both on business viability and on achieving core development work in the contexts they operate in. This is necessary to drive impact through profit, rather than maintaining a resource-draining impact sector that is heavily reliant on public funding.



“The Signify Foundation’s recoverable grant allowed ACE to ramp up production at our Cambodia factory and supplement stock inventory levels in Uganda through imports from Cambodia. We were also able to pre-order electronic components, facilitating our continued production.

The Signify Foundation’s immediate and targeted support for last-mile entrepreneurs has gone a long way in enabling us to sustain our impact during a period of massive disruption due to COVID-19. It sets the benchmark for how relief funds can mitigate pandemic-related business risks in subsistence markets.

There is a need for philanthropic and impact investors to reevaluate their risk-to-reward ratios. The reward is not only made up of business feasibility, but also the virtuous cycle of development that companies in this space are trying to implement. This approach would go a long way in empowering the sector and allowing ambitious entrepreneurs to head the global movement to realize impactful and sustainable change.”

Ruben Walker, CEO, ACE

Financial statements

Balance sheet as at December 31

(in euros after result appropriation)

	Note	2019	2020
Current assets			
Cash and cash equivalents	1	3,210,233	2,520,479
Total current assets		3,210,233	2,520,479
Total assets		3,210,233	2,520,479
Equity			
Other reserves	2	2,356,875	1,404,997
Total equity		2,356,875	1,404,997
Current liabilities			
Accounts payable	3	9,723	0
Accrued expenses	4	843,636	1,115,482
Total current liabilities		853,359	1,115,482
Total equity and liabilities		3,210,233	2,520,479

Statement of contributions and expenses

(in euros)

	Note	2019	2020
Contribution from Signify	5	2,100,000	2,100,000
Other contributions		250,835	65,033
Total contributions		2,350,835	2,165,033
Donations	6	(1,705,946)	(3,105,280)
Other expenses	7	(50,908)	(9,218)
Financial expenses	8	(1,837)	(2,413)
Total expenses		(1,758,691)	(3,116,911)
Result		592,144	(951,878)

Notes to the Balance sheet and the Statement of contributions and expenses

General

Stichting Signify Foundation is registered at the Dutch Chamber of Commerce with number 69001464 as a foundation under Dutch law. Its legal address is Herikerbergweg 102, 1101 CM Amsterdam.

Financial reporting period

These financial statements cover the year 2020 which ended December 31, 2020. The comparative figures cover the year 2019, which started on January 1, 2019 and ended December 31, 2019.

Basis of preparation

The financial statements have been prepared in accordance with the Guideline for annual reporting 640 'Non-profit organizations' of the Dutch Accounting Standards Board (RJ640).

Going concern

These financial statements have been prepared on the basis of the going concern assumption.

Basis of measurement

The financial statements have been prepared on a historical cost basis. Unless stated otherwise, assets and liabilities are shown at nominal value. Valuation takes place at nominal value less any provision deemed necessary.

Impact of COVID-19

During 2020, as a result of COVID-19 restrictions in countries of operation, a number of training activities supported by Signify Foundation were postponed. These activities are expected to resume in 2021, in accordance with the local situation and COVID-19 measures. As a response to the pandemic, Signify Foundation increased its focus on donations to COVID-19 relief projects by providing lighting and UV-C disinfection solutions for under-resourced health care facilities around the world.

Accounting policies

General

An asset is recognized in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognized in the balance sheet when it is expected to result in an outflow of the entity's own resources and the amount of the liability can be measured reliably.

Contributions are recognized in the Statement of contributions and expenses when the amount can be determined in a reliable manner and collection of the related contribution to be received is probable. Contributions and expenses are allocated to the period to which they relate.

Use of estimates

The preparation of the financial statements requires the Board of Signify Foundation to make judgments, estimates and assumptions that affect the application of accounting principles and reported amounts of assets, liabilities and contributions and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are continuously reviewed. The impact of revised estimates is reflected in the period in which the estimate is revised.

Functional currency

The financial statements are presented in euros, which is the Foundation's functional currency. Transactions denominated in foreign currency are translated into euros at the exchange rate applying on the transaction date. Exchange differences resulting from the settlement of monetary items or resulting from the translation of monetary items denominated in foreign currency are recognized in the Statement of contributions and expenses in the period in which they arise.

Receivables

Receivables are measured at initial recognition at fair value. After initial recognition, the assets are measured at amortized cost using the effective interest method, less a value allowance. The allowance is determined by individual assessment of the receivables by applying the expected loss model, which utilizes historical collection data and forward-looking estimates.

Accounts payable

At initial recognition, Accounts payable are measured at fair value. After initial recognition, the liabilities are measured at amortized cost using the effective interest method.

Other reserves

Other reserves consist of the results of the previous years as well as the current year.

Notes to the Balance sheet

1. Cash and cash equivalents

Cash and cash equivalents relate to the current account balances and are available without restrictions.

2. Equity

The movements in Other reserves are shown below:

	2019	2020
Opening balance	1,764,731	2,356,875
Result	592,144	(951,878)
Other reserves	2,356,875	1,404,997

3. Accounts payable

There were no Accounts payable related to Other expenses in 2020 (2019: EUR 9,723).

4. Accrued expenses

Accrued expenses reflect the amounts related to projects that have been approved by the Board and communicated to the beneficiary but for which payments will materialize in the following year(s).

Accruals related to:	2019	2020
Lighting Lives projects	371,311	519,295
Lighting Entrepreneurs projects	123,155	100,993
Humanitarian Lighting projects	101,000	211,445
Ecosystem building projects	188,170	263,749
Other accruals	60,000	20,000
Total	843,636	1,115,482

The accruals for Lighting lives projects in 2020 of EUR 519,295 (2019: EUR 371,311) and Lighting entrepreneurs projects of EUR 100,993 (2019: EUR 123,155) relate to projects in, amongst others, Africa, India, APAC, and Latin America.

The accrual for Ecosystem building projects of EUR 263,749 (2019: 188,170) relates to the WeSolve program in Tanzania and Bright Dada program in Kenya. Other accruals of EUR 20,000 (2019: EUR 60,000) relates to a solar waste management pilot that Signify Foundation supports.

Notes to the Statement of contributions and expenses

5. Contributions

In 2020, the Signify Foundation received a contribution of EUR 2,100,000 from Signify, equal to the amount received in 2019. The funding was made in three instalments received in April, July and October. In November 2020, Signify agreed to contribute to Signify Foundation an amount of EUR 1,800,000 in 2021.

6. Donations

Donations are recognized as an expense in the year the commitment has been approved by the Board and communicated to the beneficiary of the donation. Included in the donations of 2020 is an amount of EUR 449,735 that potentially can be recovered by Signify Foundation during 2021 and 2022 if the beneficiaries are able to meet certain conditions.

Donations related to:	2019	2020
Lighting lives projects	562,513	1,056,042
Lighting entrepreneurs projects	648,738	981,864
Humanitarian lighting projects	148,180	735,241
Ecosystem building projects	248,558	332,134
Other donations	97,957	0
Total	1,705,946	3,105,280

Donations fall within the category of the foundation's 3-pillar focus (Lighting lives, Lighting entrepreneurs and Humanitarian lighting) potentially here as well as Ecosystem building programs.

7. Other expenses

Other expenses in 2020 of EUR 9,218 (2019: EUR 50,908) relate to consultancy and travel costs.

8. Financial expenses

Financial expenses in 2020 of EUR 2,413 (2019: EUR 1,837) relate to bank costs and the cost of foreign currency conversion.

9. Personnel

In 2020 and 2019, Signify Foundation employed one part-time contingent worker based in Uganda. Signify Foundation's operational team consists of employees of Signify who are seconded to the Foundation. Their salaries and expenses are paid by Signify. The Board members of Signify Foundation receive no remuneration for their duties, any expenses incurred are reimbursed by the Foundation.

Signify Foundation also receives human resource functional support from Signify, mainly in the areas of legal, finance, internal audit, communications, in-country CSR champions and skill-based volunteers on specific projects.

10. Subsequent events

There are no subsequent events to report.

May 15, 2021

Board of Management

Harry Verhaar
Pieter de Haan
Bas van Abel
Stanley Anyetei

2021, a Year to Look Forward To

Curious about what Signify Foundation is doing in 2021?

In 2021, we will continue our efforts to support communities around the world by lighting more lives in a sustainable, inclusive, and innovative way. Please see our website for project updates and access to the Insight Portal: <https://www.signify.com/global/our-company/signify-foundation>.



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Realisation

Domani B.V., The Hague

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