

# Report of the Supervisory Board of Zumtobel Group AG for the 2020/21 Financial Year

Dear Shareholders,

The outbreak of the Covid-19 pandemic confronted our employees, management, suppliers, customers and all other stakeholders of the Zumtobel Group with unprecedented challenges. Management and our entire workforce demonstrated their ability to react quickly to new and unforeseen situations and implement an extensive package of measures. Based on these measures and the transformation completed in recent years, the company proved to be extremely crisis-resistant in these difficult times – as can be seen in the robust results for the 2020/21 financial year with revenues of EUR 1,044.5 million and adjusted Group EBIT of EUR 45.5 million. Communication between the Management Board and the Supervisory Board was characterised by a high degree of openness which made it possible for the Supervisory Board to evaluate business activities at any time and support the Management Board in important decisions.

We performed the duties required by law and the articles of association during the 2020/21 financial year by regularly monitoring the direction of the company by the Management Board and the management of Zumtobel Group AG. The Management Board provided us with comprehensive verbal and written reports on a regular and timely basis, which covered the general development of business and major events as well as the position of Zumtobel Group AG and the Zumtobel Group. During the periods between the scheduled meetings, the Management Board supplied the Supervisory Board with regular reports on important individual subjects. The chairman of the Management Board and the chairwoman of the Supervisory Board also held a number of personal meetings. These activities allowed the Supervisory Board to meet its obligations in full.

The Supervisory Board of Zumtobel Group AG included the following six shareholder representatives as of 30 April 2021: Karin Zumtobel-Chammah, Georg Pachta-Reyhofen, Volkhard Hofmann, Eva Kienle, Thorsten Staake and Christian Beer. The Supervisory Board, in its current composition, meets the requirements of the Austrian Stock Corporation Act and is not restricted in any way whatsoever in its actions or decision capacity.

## Meetings of the Supervisory Board

The Supervisory Board met six times during the 2020/21 financial year, in four scheduled meetings and two constituent meetings. One member was excused from one meeting, and there was full attendance at all other meetings, in part through acoustical and optical participation via communications software.

Regular virtual meetings were also held in 2020/21, which was a crisis year due to the worldwide Covid-19 pandemic. Information was provided on the current development of business in light of the Covid-19 crisis, with additional topics covering the measures introduced by the company to protect employees' health, to minimise the risks for the company's development and to identify opportunities. We successfully addressed fundamental long-term challenges – also in this challenging environment. One result was the expansion of the "Focus" strategy to include two new aspects: "E" ("Environment and Engaged Employees") and "D" ("Digitalisation") – and to be "FOCUSED".

Following the resignation of Jürg Zumtobel and Fritz Zumtobel from the Supervisory Board and the election of Georg Pachta-Reyhofen and Thorsten Staake, the Supervisory Board was newly constituted in its meeting on 18 May 2020 and Karin Zumtobel-Chammah was elected chairwoman.

The Strategy Committee was also newly constituted in this meeting; Georg Pachta-Reyhofen was elected chairman and Volkhard Hofmann vice-chairman. The other committee members are Karin Zumtobel-Chammah and Thorsten Staake as shareholder representatives.

A circular resolution on 2 June 2020 approved the conclusion of EUR 39.9 million in special KRR financing for Zumtobel Lighting GmbH by Österreichische Kontrollbank (OeKB) with a 60% liability assumption by the Republic of Austria. This loan was fully drawn during the first half of 2020/21 but was repaid gradually beginning in the third quarter due to the positive development of business. The final repayment was made in the fourth quarter, and the credit line was cancelled before the balance sheet date on 30 April 2021.

The Supervisory Board meeting on 22 June 2020 included a detailed evaluation of the separate financial statements of Zumtobel Group AG and the related consolidated financial statements. The accompanying documents and the auditor's report were discussed in detail together with the auditor and presented to and approved by the Supervisory Board. Status reports were provided on the development of business and individual projects, and elections were held for the executive bodies of subsidiaries (Zumtobel Lighting GmbH, Tridonic GmbH). The contract for Thomas Tschol as Chief Financial Officer of Zumtobel Group AG was also extended to 31 July 2021. Based on a self-evaluation via questionnaire, the Supervisory Board reviewed the efficiency of its work and opportunities for improvement in its organisation and working procedures.

The Supervisory Board was newly constituted after the 44th general meeting on 24 July 2020, in which Volkhard Hofmann and Christian Beer were elected to the Supervisory Board. At the Supervisory Board meeting which immediately followed the general meeting, Karin Zumtobel-Chammah was elected chairwoman and Georg Pachta-Reyhofen and Volkhard Hofmann were elected vice-chairmen.

The vacancies on the Audit Committee and the Committee for Management Board Matters created by the resignation of Johannes Burtscher from the Supervisory Board, were filled during the past financial year.

The Audit Committee now includes the following shareholder representatives: Eva Kienle (chairwoman), Karin Zumtobel-Chammah (vice-chairwoman), Georg Pachta-Reyhofen and Volkhard Hofmann.

The Committee for Management Board Matters now includes Volkhard Hofmann as chairman and Georg Pachta-Reyhofen as vice-chairman as well as Karin Zumtobel-Chammah and Christian Beer as further shareholder representatives.

The agenda for the Supervisory Board meeting on 9 October 2020 dealt with the Forecast 3+9 and status reports on individual projects. The Supervisory Board also approved the implementation of the new Global Reward Scheme (GRS) for key managers and instructed the Management Board to strengthen the focus of the digital business model at the components and luminaire levels.

The contract with Bernard Motzko as a member of the Management Board of Zumtobel Group AG was extended to 30 April 2024 through a circular resolution dated 16 November 2020.

Based on a circular resolution dated 22 February 2021, Thomas Erath was appointed to succeed Thomas Tschol on the Management Board of Zumtobel Group AG; his appointed covers the period from 1 August 2021 to 31 July 2024.

The central issues at the Supervisory Board meeting on 4 February 2021 were individual projects and the approval of capital measures for the Group.

The budget for the 2020/21 financial year and medium-term planning for the 2022/23, 2023/24 and 2024/25 financial years were accepted at the Supervisory Board meeting on 23 April 2021. A capital increase and changes in executive appointments for the Group were also discussed.

### **Audit Committee**

The Audit Committee met twice during 2020/21, with full attendance at both meetings.

The meeting on 22 June 2020 concentrated on the consolidated and separate financial statements for 2019/20. The auditor and the company staff supplied the Audit Committee with detailed information on the consolidated financial statements and separate financial statements of Zumtobel Group AG as well as accounting processes and major accounting principles. Other reports (compliance management and data protection, risk management system, internal control system, internal audit, corporate governance and compliance) were discussed and accepted. A resolution for the appointment of the auditor for the 2020/21 financial year was approved and passed on to the Supervisory Board.

The Audit Committee meeting on 4 February 2021 dealt with the six-month financial statements as of 31 October 2020, whereby the related reports by the auditor and corporate staff were accepted. Consultations centred on the accounting process and the focal points selected for review. The audit approach and focal points for the audits of the 2020/21 separate and consolidated financial statements were presented and explained by the auditor. Status reports on the internal control system, internal audit and compliance management in the Zumtobel Group were also presented and accepted.

In three telephone meetings during November 2020, February 2021 and June 2021, the Audit Committee and the Management Board discussed results for the first and third quarters of the financial year as well as the updated risk position and the new auditor's extensive findings from the initial audit. The chairwoman of the Audit Committee held regular discussions with the auditor and the Chief Financial Officer to monitor the audit during the pre-audit and main audit phases in May and June 2021.

### Committee for Management Board Matters

The members of the Committee for Management Board Matters held numerous meetings and telephone conferences during the 2020/21 financial year, which involved discussions and follow-up assessments of key topics. The most important issues handled during the reporting year included the following: the initial recommendation of a remuneration policy for the Management Board und Supervisory Board of Zumtobel Group AG for submission to the Supervisory Board; the extension of the appointment of Thomas Tschol as Chief Financial Officer of Zumtobel Group AG to 31 July 2021 and the appointment of Bernard Motzko as Chief Operating Officer of Zumtobel Group AG to 30 April 2024; and the appointment of Thomas Erath as the successor to Thomas Tschol as Chief Financial Officer of Zumtobel Group AG up to 31 July 2024.

The Committee for Management Board Matters also served as a sounding board for the Management Board on a wide range of issues.

### Strategy Committee

In two meetings, the members of the Strategy Committee dealt with a wide range of key strategic and cultural issues involving the Zumtobel Group. The most important issues accompanied by the Strategy Committee in 2020/21 included the evaluation of options for the corporate strategy 2025, including a discussion of the new business and service models as growth drivers, the brand strategy, and the extension of the Zumtobel Group's strategy from FOCUS to FOCUSED to strengthen sustainability and support the development of a portfolio of digital solutions. Our goal for sustainability is to anchor this issue even stronger in our actions. This was reflected in a greater concentration on our existing sustainability initiatives. Climate neutrality for the Zumtobel Group by 2025 is one of our defined goals. We also want the Zumtobel Group to take on a pioneering role in the circular economy. Efforts in this respect include the responsible handling of material resources as well as the systematic minimisation of waste, emissions and energy consumption. Our claim to be the leading provider of user-oriented light solutions for the interconnected world will be underscored, above all, by pioneering work in innovation and digitalisation, the maintenance of a high-quality, interdisciplinary network in the areas of technology, science, design and art as well as the acceptance of responsibility for future generations through the creation of sustainable products and services for a circular economy.

The members of the Strategy Committee, together with management, also concentrated on and updated the vision & mission of the Zumtobel Group.

Additional information is provided in section 1.1.6 of the Group management report.

### Consolidated and Separate Financial Statements

The separate financial statements and the management report as well as the consolidated financial statements and the group management report of Zumtobel Group AG for the 2020/21 financial year, which were prepared by the Management Board, were audited by PwC Wirtschaftsprüfung GmbH, Vienna, and given unqualified opinions. After an extensive review and discussion of the separate financial statements of Zumtobel Group AG with the auditor at meetings of the Audit Committee and the Supervisory Board, which provided no grounds for reservation, the Supervisory Board stated its agreement with the management reports for the company and the Group pursuant to § 96 (1) of the Austrian Stock Corporation Act and approved the separate financial statements of Zumtobel Group AG. These financial statements are therefore considered finalised in accordance with § 96 (4) of the Austrian Stock Corporation Act. The Supervisory Board also approved the consolidated financial statements as well as the consolidated corporate governance report which was reviewed by the Audit Committee.

The Supervisory Board would like to thank the Management Board and the employees of Zumtobel Group AG and its member companies for their strong personal commitment during the past financial year.

We would also like to thank the shareholders of Zumtobel Group AG for their confidence.

For the Supervisory Board

Karin Zumtobel-Chammah  
Chairwoman of the Supervisory Board

Dornbirn, am 24 June 2021