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# Remuneration Report 2021/22

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## Introduction

The remuneration report describes the principles of the remuneration system for the members of the Management Board and explains the structure and amount of the income of the individual Management Board members. This report also includes disclosures on the benefits promised to the Management Board members at the end of their functions and information on the remuneration of the Supervisory Board.

The Remuneration Policy for the Management Board and the Supervisory Board was approved by the 44th general meeting of Zumtobel Group AG on 24 July 2020. The remuneration report for the 2020/21 financial year was prepared by the Management Board and Supervisory Board and submitted to the 45<sup>th</sup> Annual General Meeting of the Zumtobel Group on July 30<sup>th</sup>, 2021 for approval. The resolution on the remuneration report for the 2020/21 financial year received 75.09% of the valid affirmative votes cast.

### **Resolution on the remuneration report for the financial year 2020/21**

Voting result	Votes cast	Share (%)
Yes	17.522.008	75.09%
No	5.811.837	24.90%
<b>Abstention</b>	<b>2.372</b>	<b>0.01%</b>

The Covid-19 pandemic and the related restraints also had a defining effect on the Zumtobel Group during the past 2021/22 financial year. Economic factors such as the procurement of raw materials were negatively impacted by the pandemic for another year. This was further exacerbated by the war in Ukraine.

Revenues rose 9.9% to EUR 1,148.3 million in 2021/22 (2019/20: EUR 1,044.5 million). As in the previous year, the Zumtobel Group recorded positive adjusted Group earnings (EBIT) of EUR 63.7 million (2019/20 EUR 45.5 million) thanks to its effective crisis and cost management, whereby free cash flow fell to EUR 15.9 million (2019/20 EUR 100.0 million). The total shareholder return of the Zumtobel Group for the 2021/22 financial year is 6.27% (2019/20: 9.35%).

# 1. Management Board Remuneration

## 1.1 Principles of the Remuneration Policy

The principles for the remuneration ("Remuneration Policy") of the members of the Management Board of Zumtobel Group AG were approved by a resolution of the Supervisory Board on 22 June 2020 based on a recommendation by the Committee for Management Board Matters in its capacity as a Remuneration Committee in accordance with C-Regel 43 of the Austrian Code of Corporate Governance (ACCG). These principles are intended for application after presentation to the 44<sup>th</sup> general meeting of Zumtobel Group AG.

In accordance with § 78b (1) of the Austrian Stock Corporation Act, the Remuneration Policy must be presented to the general meeting for voting at least every fourth financial year and in the event of material changes.

### 1.1.1 Goals

The remuneration system for the Management Board and top management of the Zumtobel Group AG is performance-oriented. Accordingly, above-average performance has a positive and below-average performance a negative effect on the amount of remuneration for the Management Board.

The remuneration is intended to reflect the scope of activity and responsibility as well as the performance of each Management Board member.

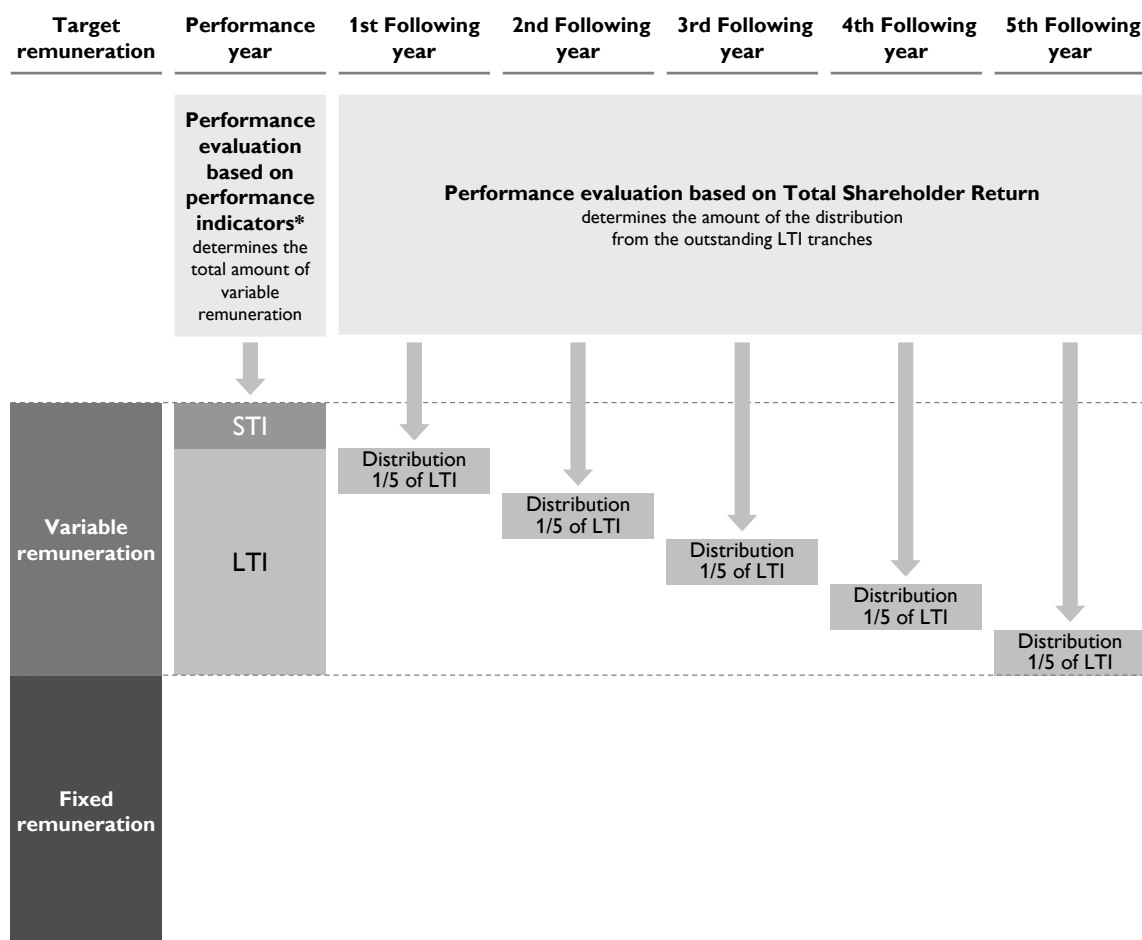
Furthermore, the total remuneration of the Management Board members should reasonably reflect the position of the Company as well as the remuneration in comparable companies.

The remuneration must be sufficiently attractive to recruit and retain appropriately qualified persons for the assumption of responsibilities on the management board of a listed international company. Consequently, the remuneration system should be competitive and in line with the market.

The remuneration system should also be linked to sustainable actions with a long-term orientation and should support the Company's strategic goals.

The remuneration system should reflect recognised national and international standards for good corporate governance, including the provisions of the Austrian Stock Corporation Act and the rules of the Austrian Code of Corporate Governance. That means remuneration must be transparent and easily understandable.

### 1.1.2 Remuneration of the Management Board members



\* EBIT adjusted and Free Cash Flow

#### 1.1.2.1 Fixed remuneration

Every member of the Company's Management Board is entitled to fixed annual remuneration. This fixed basis salary is based on the scope of activity and responsibility on the Management Board and, in accordance with customary procedures in Austria, is paid in 14 instalments at the end of the month. The fixed remuneration is principally intended as compensation for the acceptance of a Management Board function and the related overall responsibility in line with the allocation of duties.

Fixed remuneration should also reflect market benchmarks for the remuneration of management board members. This market comparison, which should be based, above all, on other listed companies in Austria, should include the specific characteristics of the Zumtobel Group. In particular, these characteristics can be derived from the regional markets, the Group's business areas and specific corporate indicators.

#### 1.1.2.2 Variable remuneration

The Committee for Management Board Matters establishes variable target remuneration for the entire contract term of every Management Board member. This variable target remuneration equals a maximum of 50% of the total target remuneration (= fixed plus variable remuneration).

#### Allocation of variable remuneration

The performance evaluation for the allocation of variable remuneration in the year of distribution is based on two performance indicators which are weighted as follows:

##### Adjusted Group EBIT (weighting: 75%)

Group EBIT (Earnings Before Interest and Taxes) represents the operating results for a period based on the consolidated financial statements. These results are shown before the deduction of interest and taxes to facilitate comparison with other companies. Adjusted EBIT is calculated by eliminating non-recurring special effects from the operating results for a period to show the company's pure operating performance. Adjusted Group EBIT provides information on a company's earning power and is important for protecting the company's competitive ability over the long-term.

##### Group free cash flow (weighting: 25%)

Group free cash flow equals the total of cash flow from operating activities and cash flow from investing activities. It represents the cash flow available to service the providers of equity and debt and forms the basis for a dividend policy in the interests of shareholders.

If the performance evaluation shows 100% target attainment, the full amount of the target remuneration is paid. Above-average or below-average target attainment results in a corresponding increase or decrease in the variable remuneration for the year of distribution.

100% target achievement means that each of the agreed performance indicators (adjusted and free cash flow) have reached the level defined in the budget which was approved by the Supervisory Board. There is a floor up to -30% if the target attainment is missed (i.e. target attainment of 0%) and a cap at +30% if the target attainment is exceeded (i.e. target attainment of 200%).

If performance falls more than 30% below the agreed targets, the members of the Management Board will not receive any variable remuneration (no bonus) for the past financial year. If performance exceeds the agreed targets by more than 30%, the target attainment equals 200% and each member of the Management Board is entitled to the maximum variable remuneration. Linear interpolation is used to establish the exact level between the floor and cap.

The Zumtobel Group's budget is approved by the Supervisory Board at a meeting in April of each year for the following financial year. The targets can also be defined at a later Supervisory Board meeting if there are unusual and unforeseen events whose consequences cannot be estimated in spite of due diligence. The performance-based bonus for the following year is defined according to the above rules based on the budget data (adjusted EBIT and free cash flow) and finalised by the Remuneration Committee in agreement with each Management Board member.

The definition of the targets (budget data) also includes ambitious guidelines, such as the avoidance of incentives to take inappropriate risks.

Variable remuneration comprises a short-term component (Short-Term Incentive; STI) and a long-term component (Long-Term Incentive; LTI).



The STI equals 20-30% of variable remuneration and the LTI 70-80%, depending on the individual agreement with the Management Board member. The STI is paid out in full on the allocation date. The distribution of the LTI is spread over the five following years, whereby the amount of the individual payments is based on a performance evaluation at the time of distribution. The valuation of the individual LTI tranches ensures that remuneration reflects the short-term effects of management decisions as well as their long-term impact on the development of the Company.

#### Evaluation of accrued LTI tranches based on Total Shareholder Return (TSR)

The evaluation of the accrued LTI tranches from earlier years is based on the total shareholder return of Zumtobel Group AG, which is compared with the total shareholder return of selected, comparable companies (peer group). The valuation of the LTI tranches ensures that remuneration not only reflects the short-term effects of management decisions, but also their long-term impact on the Group's development.

Total shareholder return is an indicator which measures the development of a share over a specific period and includes the dividends paid and changes in the share price during this period.

Similar to the allocation of variable remuneration, the evaluation of the accrued LTI tranches scheduled for payment in a specific year includes an incentive sensitivity of 30%. In other words, if the TSR of the Zumtobel Group is 30% or more higher than the peer group, the payment of the tranche is set at 200%; if the TSR is 30% or less than the peer group, the tranche is valued at 0% and no payment is made (e. g. a TSR which is 10% over the peer group results in the pay-out of 133.3% of the accrued LTI tranche).

The peer group has a broad distribution, both from a geographical and industrial perspective. The focus is placed, in particular, on geographical comparability and the similarity of business activities.

Current composition of the peer group of Zumtobel Group AG<sup>1</sup>:

Geographic distribution	Share	Distribution by industry sector	Share
D/A/CH	36.4%	Lighting	63.6%
Northern and Western Europe	22.7%	Construction, same level of supply	22.7%
Southern and Eastern Europe	4.5%	Construction, upstream level of supply	13.6%
America	18.2%	Total	100.0%
Asia & Pacific	18.2%		
Total	100.0%		

Discretionary remuneration that exceeds the agreed performance target and reflects non-financial criteria can be granted under the STI as well as the LTI in justified cases. Sustainability targets, in particular, take priority here. This discretionary component equals a maximum of 20% of the target remuneration for each Management Board member. There is no legal entitlement to discretionary remuneration. Consequently, all components of the remuneration scheme used by Zumtobel Group AG meet the requirements of the Austrian Stock Corporation Act and the Austrian Code of Corporate Governance, above all Rule C-27.

<sup>1</sup> The peer group has been adjusted several times since the introduction of the relative performance indicator based on total shareholder return in the 2014/15 financial year; it was last adjusted in 2021/22. The peer group comprises 22 companies.

Any discretionary bonus must be justified, evaluated and approved each year by the Committee for Management Board Matters. This committee is responsible for making recommendations on the remuneration system to the Supervisory Board, which takes the final decisions. The Committee for Management Board Matters is supported, when necessary, by an independent consulting firm.

The required return of variable remuneration components (clawback) is possible in agreement with C-Rule 27 of the ACCG if this component was determined and paid on the basis of obviously incorrect data.

#### 1.1.2.3 Other remuneration components

##### Accident insurance

Each Management Board member is entitled to participate in the collective accident insurance for work-related accidents which was concluded for the Management Board members. The related premiums are paid by the Company.

##### Health insurance

The Company can reimburse each Management Board member for the verified costs of global health insurance for the member and his or her family.

##### D&O insurance

Every member of the Management Board is covered by the criminal law insurance policy and the pecuniary damage liability insurance ("D&O insurance") concluded by the Company. The related premiums are paid by the Company.

##### Company car

The Company provides each member of the Management Board with a company car in accordance with the current company car guideline issued by Zumtobel Group AG (upper middle class vehicle). This car can also be used for private purposes. The Management Board member is responsible for all taxes and duties related to the non-monetary remuneration value of this private use.

#### 1.1.3 Remuneration and employment conditions for the workforce

The Zumtobel Group follows a standardised remuneration scheme for the Management Board and employees which is intended to achieve and maintain high transparency and compensation that is performance-based and in line with the market. Consequently, the remuneration rules for the Management Board members reflect an appropriate balance to employees' remuneration and working conditions.

#### **1.1.4 Term of office and termination of the contracts with the Management Board members**

##### 1.1.4.1 Term of office and termination

The term of the contracts (employment contracts) with the Management Board members generally equals three years. In any event, the contract term is coupled with the Management Board function.

A member of the Management Board can be dismissed before the end of its contract term by the Supervisory Board for an important reason as defined in § 75 (4) of the Austrian Stock Corporation Act. Important reasons include, above all, gross breach of duty, the inability to conduct the Company's business in an orderly manner or a vote of no confidence by the general meeting.

The Company is also entitled to terminate the employment contract prematurely in the event of dismissal if the Management Board member is responsible for circumstances which justify discharge in analogous application of § 27 of the Austrian Salaried Employees Act.

If the Management Board member is dismissed without fault for important reason, the Company can terminate the employment contract at the end of each month in keeping with a 12-month notice period.

The Management Board contracts include a change of control clause. If the Company is taken over by a new majority shareholder, the members of the Management Board are entitled to terminate their contracts unilaterally. In this case, the members of the Management Board are entitled to receive the previously agreed fixed and variable remuneration up to the end of the originally agreed contract term, but for a maximum period of 12 months. The members of the Management Board have no other special claims or entitlements at the end of their function.

##### 1.1.4.2 Consequences of termination

If a Management Board contract is terminated or cancelled, the Management Board member is entitled to receive the fixed and variable remuneration which would accrue between the premature end of the Management Board contract and the expiration of the agreed contract term – but up to a maximum of 12 months. The entitlement to variable remuneration remains in effect up to the effective termination date.

The Company can conclude a non-competition agreement with the members of Management Board for the period after the end of the Management Board function in exchange for the payment of fixed and variable remuneration for a maximum period of 12 months.

#### **1.1.5 Procedures related to the Remuneration Policy**

This Remuneration Policy was finalised by a resolution of the Supervisory Board on 22 June 2020 and presented to the 44th general meeting of Zumtobel Group AG for voting.

The Management Board reports to the Remuneration Committee annually – if necessary, together with other persons – on the subject of remuneration. This committee can initiate a revision of the Remuneration Policy if necessary.

The Committee for Management Board Matters, which represents the Remuneration Committee, consists primarily of independent members of the Supervisory Board. They must report any conflicts of interest on their own initiative and, if necessary, abstain from voting.

The Committee for Management Board Matters must review the Remuneration Policy at least every fourth financial year – if necessary, together with internal and external experts – and evaluate whether a revision is required.

The Remuneration Committee must then make a recommendation to the Supervisory Board for the Remuneration Policy. The same applies to any premature material change in the Remuneration Policy.

The Supervisory Board must then pass a resolution on the Remuneration Policy and submit an appropriate resolution proposal to the general meeting.

The Remuneration Policy must then be presented to the general meeting for voting.

#### **1.1.6 Temporary deviation from the Remuneration Policy**

A deviation from this Remuneration Policy is only possible under exceptional circumstances and on a temporary basis and may only involve Points 3.1 (Fixed remuneration) and 3.2 (Variable remuneration). Any deviations must be reported to the general meeting together with an explanation of the underlying exceptional circumstances.

Exceptional circumstances include, above all, the following:

- >> Material changes in the legal or regulatory environment
- >> A change in the basis for the evaluation of a non-financial performance criterion which makes it impossible to define the target attainment
- >> The unforeseen departure of a Management Board member; for whatever reason, when a comparable successor to this position within the framework of this Remuneration Policy does not appear possible
- >> Significant macroeconomic upheavals or changes, respectively war-like or terrorist events

The Remuneration Committee or the Supervisory Board must pass a resolution in such cases which confirms the exceptional circumstance and justifies the deviation from the Remuneration Policy as necessary for the Company's long-term development or the protection of profitability. If the Remuneration Committee or the Supervisory Board reaches this conclusion, it can establish contractual obligations between the Company and the members of the Management Board which deviate to a corresponding extent from the Remuneration Policy.

#### **1.1.7 Material changes in the Remuneration Policy**

Since this Remuneration Policy was approved for the first time on the basis of the Austrian Stock Corporation Amendment Act of 2019 ("Aktienrechts-Änderungsgesetz 2019", AktRÄG) and has not been changed since, no information is provided under this point.

## 1.2 Temporary deviation from the Remuneration Policy due to the Covid-19 pandemic in the 2020/21 financial year

Remuneration for the financial year 2021/22 is in line with the remuneration policy adopted by the Annual General Meeting 2020 without any deviations.

The Remuneration Policy approved by the general meeting in 2020 provides for temporary deviation from this Remuneration Policy (see point 7) under certain exceptional circumstances. Among others, these circumstances include a significant economic downturn or changes in the economic environment.

The 2020/21 financial year was clearly influenced by the Covid-19 pandemic, which confronted the entire global economy with previously unknown challenges. The uncertainty over the development of business led to a decision by the Supervisory Board at a meeting in October 2020 to adjust the variable remuneration targets to create appropriate incentives for the members of the Management Board and key managers and thereby safeguard the Group's long-term development during the Covid-19 pandemic.

The first point in connection with the target for variable remuneration in 2020/21 involved the calculation base: the decision was taken to use the 3+9 forecast which was prepared at a later date in place of the budget, which was prepared at a time when the extent of the pandemic was impossible to predict.

The second point reflected the goal to honour the efforts of the Management Board in a challenging and exceptional year, while also considering the interests of shareholders. In this sense, the goals for the financial year were defined as follows:

- >> Adjusted Group EBIT represented the only performance indicator for the variable component. In other words, there was no bonus payment for the free cash flow component.
- >> If the Zumtobel Group generates positive adjusted Group EBIT and positive free cash flow in 2020/21, at least 25% of the bonus would be paid out. The 3+9 forecast was defined as the basis for determining the threshold for 100% target attainment.
- >> Variable remuneration was limited to a maximum of 100% in 2020/21.
- >> Specifically, this meant a possible target attainment of at least 25% – if adjusted Group EBIT and free cash flow are positive – and a maximum of 100% – if the defined threshold were reached or exceeded – instead of a basic corridor of 0% to 200%.

Based on a recommendation by the Committee for Management Board Matters, the Supervisory Board also approved the pay-out of the accrued LTI tranches due for distribution to the active participants of the LTI programme, also at a minimum amount of 25%, if the adjusted Group EBIT and free cash flow for Zumtobel Group AG are positive.

## 1.3 Total Remuneration of the Management Board

### 1.3.1 Total remuneration for 2020/21 and 2021/22

The following table shows the total remuneration for the members of the Management Boards for the 2020/21 and 2021/22 financial years:<sup>2</sup>

in kEUR	Target achievement	Alfred Felder CEO		Thomas Erath CFO (since Aug. 2021)		Bernard Motzko COO		Thomas Tschol CFO (up to Juli 2021)		Executive Board Total remuneration	
		2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
<b>Target attainment</b>											
Fixed (basic salary)		650	650	263		520	470	186	425	1,619	1,545
Variable	100%	650	650	177		350	350	0	320	1,177	1,320
<b>Total target</b>		<b>1,300</b>	<b>1,300</b>	<b>439</b>		<b>870</b>	<b>820</b>	<b>186</b>	<b>745</b>	<b>2,795</b>	<b>2,865</b>
Total remuneration range											
Minimum	0%	650	650	263		520	470	186	425	1,619	1,545
Maximum	200%	1,950	1,950	616		1,220	1,170	186	1,065	3,972	4,185
<b>Remuneration granted</b>											
Fixed (basic salary)		650	604	263		520	436	186	390	1,619	1,430
in % of total remuneration		39%	47%	49%		49%	54%	98%	54%	47%	51%
Variable	150%	975	650	265		525	350	0	320	1,765	1,320
in % of total remuneration		59%	51%	49%		49%	43%	0%	44%	51%	47%
thereof STI allocation		195	130	79		158	105	0	96	432	331
thereof LTI allocation		780	520	185		368	245	0	224	1,333	989
Other fringe benefits		33	32 <sup>3</sup>	13		26	26 <sup>4</sup>	3	12	75	70
in % of total remuneration		2%	2%	2%		2%	3%	2%	2%	2%	2%
<b>Total granted</b>		<b>1,658</b>	<b>1,285</b>	<b>540</b>		<b>1,071</b>	<b>813</b>	<b>189</b>	<b>721</b>	<b>3,459</b>	<b>2,819</b>
<b>Remuneration paid</b>											
Fixed (basic salary)		650	604	263		520	436	286 <sup>5</sup>	390	1,719	1,430
STI payment previous periods		130	222	0		105	199	96	90	331	512
LTI payment previous periods		36	55	0		15	15	11	0	61	70
<b>Total payment</b>		<b>816</b>	<b>881</b>	<b>263</b>		<b>640</b>	<b>650</b>	<b>393</b>	<b>480</b>	<b>2,111</b>	<b>2,012</b>

In view of the Covid-19 pandemic and related measures which included, for example, short-time work, the Management Board voluntarily waived 20% of its base salary for six months out of solidarity. Of this total, one

<sup>2</sup>The target attainment does not include any fringe benefits.

<sup>3</sup>The value for Other fringe benefits of 25 kEUR in the previous year's report was adjusted to fully reflect the reimbursed costs of private health insurance.

<sup>4</sup>The value for Other fringe benefits of 12 kEUR in the previous year's report was adjusted to reflect the reimbursed costs of private health insurance.

<sup>5</sup>The value for Remuneration paid - Fixed (basic salary) includes a one-time bonus of 100 kEUR granted by the Committee for Management Board Matters of the Supervisory Board.

month fell in 2019/20 and five months in 2020/21. The fixed remuneration granted and paid for the last two financial years is, consequently, below the target for fixed remuneration.

For the financial year 2021/22, the target attainment for variable remuneration equals 150%.

<b>in Mio. EUR</b>	<b>Target</b>	<b>Actual</b>	<b>Weighting</b>	<b>Target attainment</b>
Adjusted EBIT	48.6	63.7	75%	200%
Free cash flow	32.8	15.9	25%	0%
<b>Total</b>				<b>150%</b>

The position "fringe benefits" consists primarily of company cars as well as private health and accident insurance for all Management Board members.

Zumtobel Group AG has concluded directors and officers (D&O) liability insurance for the Supervisory and Management Board members, managing directors and key employees. This insurance covers damages arising to a company from breaches of duty by the above-mentioned circle of persons (without wilful intent or knowledge). There is no deductible for the insured corporate bodies and employees of Zumtobel Group AG.

### 1.3.2 Entitlements and payments from the LTI bonus bank

in kEUR	Development of the LTI bonus bank				Payments from the bonus bank			
	Balance at the beginning of the financial year	+ Acquired entitlements from the LTI	- Due for payment	Balance at the end of the financial year	Payment based on 100% TSR target attainment	Actual TSR target attainment	Payment based on TSR target attainment	Payment in financial year
<b>Total – active and former Management Board members</b>								
2021/22	1.840	1.333	(478)	2.695	478	92%	441	61
2020/21	1.144	989	(293)	1.840	293	21%	61	214
2019/20	389	932	(176)	1.144	176	122%	214	175
2018/19	565	0	(176)	389	176	99%	175	0
<b>Alfred Felder CEO</b>								
2021/22	956	780	(246)	1.490	246	92%	227	36
2020/21	579	520	(143)	956	143	25%	36	55
2019/20	135	490	(45)	579	45	122%	55	45
2018/19	180	0	(45)	135	45	99%	45	0
<b>Thomas Erath CFO (since August 2021)</b>								
2021/22	0	185	0	185	0	92%	0	0
2020/21								
2019/20								
2018/19								
<b>Bernard Motzko COO</b>								
2021/22	454	368	(107)	714	107	92%	99	15
2020/21	268	245	(58)	454	58	25%	15	15
2019/20	49	231	(12)	268	12	122%	15	12
2018/19	61	0	(12)	49	12	99%	12	0
<b>Thomas Tschol CFO (up to July 2021)</b>								
2021/22	393	0	(87)	306	87	92%	80	11
2020/21	211	224	(42)	393	42	25%	11	0
2019/20	0	211	0	211	0	122%	0	0
2018/19								
<b>Karin Sonnenmoser CFO (up to March 2018)</b>								
2021/22	37	0	(37)	0	37	92%	35	0
2020/21	86	0	(49)	37	49	0%	0	144
2019/20	205	0	(118)	86	118	122%	144	118
2018/19	323	0	(118)	205	118	99%	118	0



The total shareholder return of the Zumtobel Group for the 2020/21 financial year equalled 6.3%, which is 2.3% below the total shareholder return of the defined peer group and corresponds to a target achievement of 92.4%.

In addition to the active members of the Management Board, the former CFO Karin Sonnenmoser who resigned in March 2018 still has entitlements from the bonus bank. Her last allocated LTI tranche from the 2016/17 financial year was evaluated in the pay-out scheme for the 2021/22 financial year and will be paid out accordingly.

### 1.3.3 Annual change in remuneration and performance

The following table shows the development of total remuneration for all Management Board members compared with the Group's performance. Also included is the development of the average remuneration for other Zumtobel Group employees over the past years.

in TEUR	Basis 2021/22	Δ 2021/22 vs 2020/21 in %	Δ 2020/21 vs 2019/20 in %	Δ 2019/20 vs 2018/19 in %	Δ 2018/19 vs 2017/18 in %
<b>Remuneration granted to the Management Board</b>					
Alfred Felder CEO	1,658	29.0	(7.2)	77.2	43.0
Thomas Erath CFO	540	New			
Bernard Motzko COO	1,071	31.8	(11.6)	45.0	
<b>Corporate performance in Mio. EUR</b>					
Revenues	1,148	9.9	(7.7)	(2.6)	(2.9)
Adjusted EBIT	64	40.1	(15.7)	95.0	40.6
Net profit	47	2.0	>100	>100	(67.4)
Free cash flow	16	-84.1	87.7	>100	>100
<b>Average remuneration for other Zumtobel Group employees in Austria</b>					
Zumtobel Group employees in Austria	65	2.2	3.1	1.3	5.9

Remuneration granted also includes allocated LTI tranches. The evaluation and payment of accrued LTI tranches due for payment in the respective year can range from 0% to 200%, as described under 1.1.2.2 Variable remuneration.

In view of the Covid-19 pandemic and related measures which included, for example, short-time work, the Management Board voluntarily waived 20% of its base salary for six months out of solidarity. Of this total, five months were attributable to the 2020/21 financial year.

### 1.3.4 Information on share-based remuneration

There is no share-based remuneration.

Total shareholder return is based on the average share price during the last 60 trading days. Consequently, the TSR of 9.4% for the Zumtobel Group is substantially lower than the 42.6% increase in share price as of 30 April 2021. This latter increase was influenced, above all, by the strong development of the share at the end of the financial year.

### 1.3.5 Information on remuneration from subsidiaries

No remuneration was received from subsidiaries.

## 2. Supervisory Board Remuneration

### 2.1 Principles of Remuneration Policy

#### 2.1.1 Principles of the Remuneration Policy

The following principles for the remuneration ("Remuneration Policy") of the members of the Supervisory Board of Zumtobel Group AG elected by the general meeting were approved by a resolution of the Supervisory Board on 22 June 2020. These principles are intended for application after presentation to the 44th general meeting of Zumtobel Group AG. In accordance with § 98a in connection with § 78b (1) of the Austrian Stock Corporation Act, the Remuneration Policy must be presented to the general meeting for voting at least every fourth financial year and also in the event of material changes

#### 2.1.2 Goals

The remuneration for the Supervisory Board members should reflect the scope of activities and responsibility. It should also ensure the objectivity and independence of this supervisory body. Furthermore, the total remuneration of the members should reasonably reflect the position of the Company as well as the remuneration in comparable companies. The remuneration must also be sufficiently attractive to recruit and retain appropriately qualified persons for the assumption of responsibilities on the supervisory board of a listed international company. Consequently, the remuneration system should be competitive and in line with the market.

The remuneration system should reflect recognised national and international standards for good corporate governance, including the provisions of the Austrian Stock Corporation Act and the rules of the Austrian Code of Corporate Governance. That means the remuneration must be transparent and easily understandable.

#### 2.1.3 Remuneration of the Supervisory Board members

The general meeting is responsible for approving the remuneration of the Supervisory Board members. The amount of this remuneration is to be based on the different functions (e. g. chairperson, vice-chairperson, membership on the Supervisory Board as well as its committees).

The Works Council representatives on the Supervisory Board exercise their functions in an honorary capacity and do not receive any remuneration for these activities. Every Supervisory Board member, including the Works Council representatives on the Supervisory Board, is entitled to reimbursement for his or her cash expenses.

##### 2.1.3.1 Fixed remuneration

The members of the Supervisory Board receive fixed remuneration per year, which is paid in equal monthly instalments. An additional attendance fee is not paid for the meetings of the full Supervisory Board or for the general meeting.

##### 2.1.3.2 Attendance fee

The elected members of the Supervisory Board committees receive an attendance fee for their participation in each committee meeting. The attendance fee is only paid to members who are personally present and is transferred one week after the respective meeting.

##### 2.1.3.3 Other remuneration components

Every member of the Supervisory Board is covered by the criminal law insurance policy and the pecuniary damage liability insurance ("D&O insurance") concluded by the Company. The related premiums are paid by the Company.

#### **2.1.4 Support for the Company's business strategy and long-term development**

In line with the market standard, the Remuneration Policy for the Supervisory Board does not include a performance-based component as this could lead to a conflict of objectives with its monitoring function. The Remuneration Policy also supports the sustainable development of the Company by ensuring the balanced and broadly qualified composition of the Supervisory Board.

#### **2.1.5 Remuneration and employment conditions for the workforce**

The Management Board provides the Supervisory Board with regular reports on the remuneration and employment conditions of the workforce. The Supervisory Board regularly reviews the Company's remuneration policies, including the development of employees' remuneration, and strives to maintain an appropriate balance to the development of remuneration for the Management Board and Supervisory Board.

#### **2.1.6 Term of office for the Supervisory Board**

Unless resolved otherwise by the general meeting, new Supervisory Board members are always elected for the maximum term of office defined by § 87 (7) of the Austrian Stock Corporation Act. The Supervisory Board members are elected for a term of office ending with the general meeting which decides on the release from liability for the fourth financial year after their election unless they are elected for a shorter term of office. This calculation does not include the year in which the individual Supervisory Board member is elected.

There are no contractual employment relationships between the Zumtobel Group and the members of the Supervisory Board above and beyond the appointment resolutions passed by the general meeting. Consequently, no information is provided on the terms of contracts with the members of the Supervisory Board, relevant notice periods, key features of supplementary pension schemes or early retirement programmes or the conditions for termination and related payments.

The employee representatives delegated by the Works Council can be appointed or recalled by the Works Council at any time.

#### **2.1.7 Procedures related to the Remuneration Policy**

This Remuneration Policy was finalised by a resolution of the Supervisory Board on 22 June 2020 and is presented to the 44th general meeting of Zumtobel Group AG for voting.

The Supervisory Board must pass a resolution on its Remuneration Policy at least every fourth financial year as well as after each material change and must then submit a resolution proposal to the general meeting. The Remuneration Policy must then be presented to the general meeting for voting.

The general meeting takes a binding decision on the remuneration entitlements of the Supervisory Board members. This procedure prevents conflicts of interests by the Supervisory Board members in connection with the Remuneration Policy.

#### **2.1.8 Material changes in the Remuneration Policy**

Since this Remuneration Policy was approved for the first time on the basis of the Austrian Stock Corporation Amendment Act of 2019 ("Aktienrechts-Änderungsgesetz 2019", AktRÄG) and has not been changed since, no information is provided under this point.

## 2.2 Total Remuneration for the Supervisory Board

The Supervisory Board remuneration and attendance fees are approved by the general meeting and were last amended on 24 July 2015. The fixed remuneration equals EUR 120,000 per financial year for the chairperson of the Supervisory Board and EUR 60,000 per financial year for each elected member. No additional attendance fees are paid for Supervisory Board meetings or for the general meeting. In addition, the elected members of the Supervisory Board committees receive variable remuneration. Each committee chairperson receives remuneration of EUR 15,000 for each meeting up to a maximum of EUR 30,000 per financial year for the activities as committee chairperson. Every other committee member receives EUR 5,000 per meeting up to a maximum of EUR 10,000 per financial year and committee. The employee representatives receive no Supervisory Board remuneration. The fixed remuneration is paid out in equal monthly instalments, while the variable remuneration is paid one week after the respective meeting to the members who were personally present

Remuneration des Supervisory Board:<sup>7</sup>

	Fixed remuneration		Variable remuneration (attendance fees)		Total remuneration for the Supervisory Board	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
<b>Total remuneration</b>	<b>420</b>	<b>420</b>	<b>240</b>	<b>190</b>	<b>660</b>	<b>610</b>
Karin Zumtobel-Chammah	120	117	30	30	150	147
Georg Pachta-Reyhofen	60	57	50	50	110	107
Volkhard Hofmann	60	60	60	50	120	110
Eva Kienle	60	60	40	20	100	80
Thorsten Staake	60	57	40	10	100	67
Christian Beer	60	46	20	10	80	56
Johannes Burtscher	0	14	0	20	0	34
Jürg Zumtobel	0	6	0	0	0	6
Fritz Zumtobel	0	3	0	0	0	3

The Supervisory Board remuneration for the newly elected members Georg Pachta-Reyhofen and Thorsten Staake was paid on a proportional basis beginning on 18 May 2020, while the remuneration for Jürg Zumtobel and Fritz Zumtobel was paid on a proportional basis up to that date. A proportional share of remuneration was also paid to Johannes Burtscher up to the general meeting on 24 July 2020 and to Christian Beer who was elected to the Supervisory Board on that date.

<sup>7</sup> Note: In order to improve transparency and clarity, the remuneration shown reflects the meetings held during the respective financial year, irrespective of the payment date.

### **2.2.1 Information on share-based remuneration**

There is no share-based remuneration.

### **2.2.2 Information on remuneration from subsidiaries**

No remuneration was received from subsidiaries.

Dornbirn, 29 June 2022

Alfred Felder  
Chairman of the Management Board, CEO

Karin Zumtobel-Chammah  
Chairwoman of the Supervisory Board



