

## **3. Corporate Governance**

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## 3. Consolidated Corporate Governance Report 2022/23

The management of the Zumtobel Group sees the basis for lasting economic success in responsible business activities that are focused on the sustainable, long-term creation of added value and transparent corporate governance. The Austrian Code of Corporate Governance (ACCG) is designed to ensure a high degree of transparency for all stakeholders and serve as an important orientation guide for investors. The code defines a regulatory framework for the management and monitoring of Austrian stock corporations. Its foundation is formed by Austrian stock corporation, stock exchange, and capital market law. This framework is based on EU recommendations for the responsibilities of supervisory board members and the remuneration of directors as well as the principles set forth in the OECD guidelines for corporate governance.

### 3.1 Commitment to the Austrian Code of Corporate Governance

As a listed international company, the Zumtobel Group is committed, without limitation, to compliance with the guidelines defined by the Austrian Code of Corporate Governance (ACCG) in the version issued in January 2023. The version applicable to the 2022/23 financial year is available for review and download on the website *corporate-governance.at*. This commitment represents a voluntary obligation of the Zumtobel Group which is intended to strengthen the confidence of shareholders and to support the continuous optimisation of internal legal, conduct and ethics standards.

#### 3.1.1 Comply or Explain

The Zumtobel Group met all rules of the ACCG in full during the 2022/23 financial year.

#### 3.1.2 External evaluation of the consolidated corporate governance report

In accordance with C-Rule 62 of the ACCG, Zumtobel Group AG is required to arrange for an external evaluation of compliance with the code regulations on a regular basis, i.e. at least every three years. The review for the 2022/23 financial year was carried out by the Group's auditor, PwC Wirtschaftsprüfung GmbH, Vienna, and did not result in any objections to the public declaration of compliance with the ACCG. Compliance with C-Rules 77 to 83 was evaluated and confirmed by Schönherr Rechtsanwälte GmbH, Vienna. The report on the independent evaluation and the corporate governance report are available to the general public on the Zumtobel Group's website under <https://z.lighting>.

#### 3.1.3 Compliance management at Zumtobel Group AG

The compliance management system is the subject of continuous development to protect the Zumtobel Group's ability to meet current and future responsibilities. The related activities are carried out in close cooperation between corporate audit & compliance, the legal department, risk management, the human resources department and corporate IT. The senior director of corporate audit & compliance reports on current compliance issues as well as planning and progress on the development and expansion of the compliance management system at the scheduled meetings of the Audit Committee. Regular one-on-one meetings are also held with the chairman of the Audit Committee. Additional information can be found in the management report.

## Data protection

The Zumtobel Group takes the protection of personal data very seriously. In addition to the implementation of various technical and organisational measures for the protection of our data, the Zumtobel Group is also required to comply with the latest measures defined by the EU's General Data Protection Regulation (GDPR; "Datenschutz-Grundverordnung").

National law contains more stringent rules than the above-mentioned General Data Protection Regulation (GDPR). Consequently, the Group not only complies with the GDPR, but also with all relevant local laws. The Zumtobel Group works continuously to maintain conformity with the GDPR, and the related documents and processes are supplemented and revised as required. The Zumtobel Group's corporate functions contribute to the principal issues and prepare drafts for other legal entities to coordinate their data documentation. The functional leads defined in the data protection agreement are in charge of corporate issues, while the individual legal entities are responsible for the technical and organisational implementation of measures.

## Cybersecurity

Information is a valuable corporate asset and, as such, must be protected. Any violation of information security has a negative impact on the business of the Zumtobel Group. The Zumtobel Group's security concept is based prevention, protection, identification and reaction.

- >> The Zumtobel Group uses the cyber framework developed by NIST – identify, protect, detect, respond and recover – to prepare its data- and cybersecurity strategies.
- >> Our corporate compliance department has issued a data protection plan and uses standard branch tools to ensure compliance with rules and regulations.
- >> Our users receive regular instructions on cybersecurity, and our developers are trained in the development of secure software solutions.
- >> We strictly enforce our IT guidelines and standards and use automatic updates for our client and server infrastructure.
- >> To protect our network security, our cyber-defence centre also works additionally with an external partner.
- >> Our state-of-the-art identity protection and monitoring tools are controlled internally and monitored by the cybersecurity experts in the cyber-defence centre.
- >> We operate an externally managed endpoint protection suite with real-time monitoring and reactions, and all cybersecurity problems are supported by a crisis management team.
- >> Our IT security and compliance manager and his team of security engineers and compliance managers work closely with our external cybersecurity partners and report to IT management.

### 3.1.4 Shareholders and the annual general meeting

Shareholders protect their interests and exercise their voting rights at the annual general meeting. The shares of Zumtobel Group AG are issued in accordance with the "one share - one vote" principle.

The annual general meeting is announced at least 28 days in advance and is held at the headquarters of the company, in Vienna or in another Austrian provincial capital. The information required by Austrian Stock Corporation Act is published on the company's registered website at the latest 21 days prior to the annual general meeting.

The shares issued by Zumtobel Group AG are bearer shares. Therefore, information on the shareholder structure can only be compiled when shareholders deposit their shares prior to an annual general meeting or when Zumtobel Group AG collects information on these shareholdings. The available information on the shareholder structure is provided in section "The Zumtobel Group AG share".

The Zumtobel Group places high priority on a comprehensive, timely information policy that is based on equal treatment for all shareholders. In addition to meeting all legal requirements (e.g. the annual financial report, half-year report, interim reports and ad-hoc announcements), information on the latest company developments is provided through press releases, telephone conferences and investor events. All reports, announcements and key presentations are published on the Zumtobel Group website under <https://z.lighting>. A detailed financial calendar and other share-related information can be found on this website under the menu point "Investor Relations".

### **3.1.5 The corporate bodies of Zumtobel Group AG**

The Management Board, the Supervisory Board, and the annual general meeting form the corporate bodies of Zumtobel Group AG. These three independent corporate bodies met their obligations with the greatest diligence during the 2022/23 financial year in accordance with the relevant legal regulations, the articles of association, and the rules of procedure for the Management and Supervisory Boards.

## **3.2 The Management Board**

### **3.2.1 Composition of the Management Board of Zumtobel Group AG as of 30 April 2023**

The members of the Management Board are appointed by the Supervisory Board for a maximal term of five years, whereby reappointment is permitted. The following persons served as members of the Management Board of Zumtobel Group AG in 2022/23.



**Alfred Felder**  
Chief Executive Officer (CEO)  
Born in: 1963  
Nationality: Italy  
Initially appointed in: 2016  
End of current term: 2025

Alfred Felder has been a member of the Management Board since 2016 and CEO of the Zumtobel Group since 2018. He is responsible for the Group's strategic and operating development. As CEO, he concentrates on the implementation of strong corporate values throughout the organisation. With his many years of industrial and management experience and concentration on sustainability, digitalisation, innovation and growth, he has returned the Zumtobel Group to a successful, revitalised growth course. He has extensive, international professional and management experience. Mr. Felder studied electrical engineering at the Vienna University of Technology, where he also received his doctorate.

**Strategic and profit-oriented management for the entire Group and, above all, for the following areas:**

- >> Corporate strategy, M&A
- >> Business divisions
- >> Sales
- >> Marketing & corporate communications, product marketing
- >> Human resources
- >> Technology & development
- >> Investor relations
- >> Sustainability (ESG)

**Supervisory board positions in other domestic and foreign (listed) companies:**  
None



**Thomas Erath**  
Chief Financial Officer (CFO)  
Born in: 1971  
Nationality: Austria  
Initially appointed in: 2021  
End of current term: 2024

Thomas Erath has served as CFO of Zumtobel Group AG since 1 August 2021. His professional career includes successful management positions, often in combination with financial and operational responsibility. As an experienced expert with excellent industrial and financial know-how, he has successfully implemented strategic growth projects and M&A transactions. He also has an outstanding track record in the development of efficient financial organisations. Prior to joining the Zumtobel Group, Mr. Erath studied business management at the Vienna University of Economics and Business and worked for a leading international accounting firm.

**Strategic and profit-oriented management for the entire Group and, above all, for the following areas:**

- >> Accounting & taxes, finance & controlling
- >> Treasury
- >> Risk management
- >> Compliance and internal audit
- >> Insurance
- >> Facility management
- >> Legal

**Supervisory board positions in other domestic and foreign (listed) companies:**  
None



**Bernard Motzko**

Chief Operating Officer (COO)

Born in: 1962

Nationality: Germany

Initially appointed in: 2018

End of current term: 2024

Bernard Motzko was appointed to the Management Board of the Zumtobel Group as Chief Operating Officer (COO) on 1 February 2018. Before joining the Zumtobel Group, he held various management positions in the former Siemens Nixdorf (today: Diebold-Nixdorf). There, he was initially responsible for the location in Paderborn and, in 2003, took over global production and supply chain responsibility. He registered significant successes in the introduction and implementation of standardised processes and methods as well as the optimisation of production networks. Mr. Motzko studied mechanical engineering and business management at Paderborn University, where he received his doctorate.

**Strategic and profit-oriented management for the entire Group and, above all, for the following areas:**

- >> Plants (operations)
- >> Supply chain & logistics
- >> Quality
- >> Procurement
- >> Global customs & export

**Supervisory board positions in other domestic and foreign (listed) companies:**

Schwering & Hasse Elektrodraht GmbH,  
member of the Advisory Board



**Marcus Frantz**

Chief Digital Transformation Officer (CDTO)

Born in: 1964

Nationality: Germany

Initially appointed in: 2022

End of current term: 2025

Marcus Frantz has served as Chief Digital Transformation Officer (CDTO) of the Zumtobel Group since 1 November 2022 where he is responsible for IT & digitalisation. As an experienced manager, he has excellent industrial know-how. He was responsible for numerous strategic growth projects at OMV and ÖBB and implemented important strategic steps for the further development of these two companies. His proven, outstanding management qualities allow him to realise operating and cultural improvements in a multinational environment. He studied economics and management at the Universities of Constance and Trier.

**Strategic and profit-oriented management for the entire Group and, above all, for the following areas:**

- >> Business processes & digital transformation
- >> IT

**Supervisory board positions in other domestic and foreign (listed) companies:**

None

### 3.2.2 Working procedures of the Management Board

The members of the Management Board carry joint responsibility for the direction of the company and exchange information on all important operations and transactions. The full Management Board takes decisions on matters of fundamental nature or importance which are assigned to this corporate body by legal regulations, the articles of association and the rules of procedure defined by the Supervisory Board. The Management Board defines the company's goals and basic strategic orientation as well as the corporate policies and organisation.

Resolutions by the Management Board are generally adopted in meetings which are held twice each month. The board members also meet regularly outside these meetings to discuss developments on the markets and in the company's broader environment as well as important issues involving the company and upcoming decisions and subsequently prepare the necessary actions. In addition, there is a continuous exchange of information on relevant activities and events with the responsible managers.

The Management Board reports regularly to the Supervisory Board. Information on the development of the Zumtobel Group is provided at least four times each year at the Supervisory Board meetings. The CEO also informs the chairwoman and the full Supervisory Board of important events between these meetings. The Management Board submits regular reports to the Supervisory Board which cover major business developments as well as quarterly financial reporting.



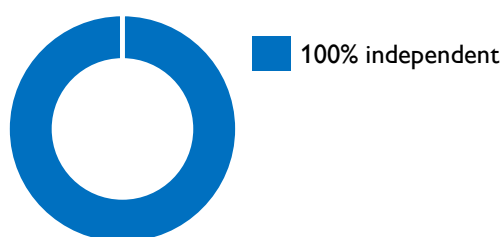
### 3.3 The Supervisory Board – Experienced, Diverse, Independent

The Supervisory Board of Zumtobel Group AG consists of nine members – six shareholder representatives elected by the annual general meeting and three members delegated by the Employees' Council for an unlimited period. The Supervisory Board and Management Board follow a policy of open and transparent communication with all stakeholders. The Supervisory Board has established committees to effectively carry out its advising and control functions in the following areas: Audit and Risk, Remuneration and Nomination, Sustainability, and Innovation and Digitalisation. The Austrian Labour Constitutional Act entitles the employee representatives to delegate one member to the Supervisory Board and its committees for every two members (shareholder representatives) elected by the annual general meeting.

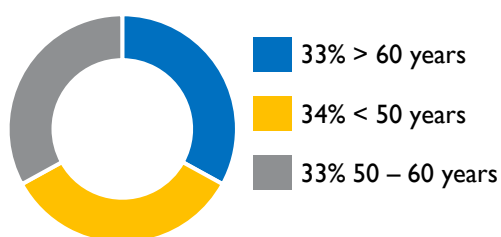
#### Overview – Corporate Governance

Our commitment to international governance standards:

#### Independence<sup>1</sup>

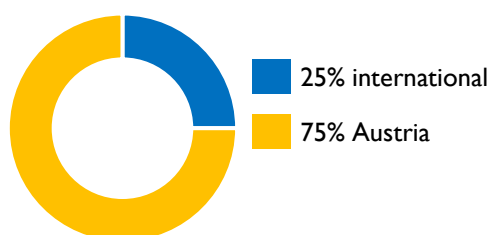


#### Age structure

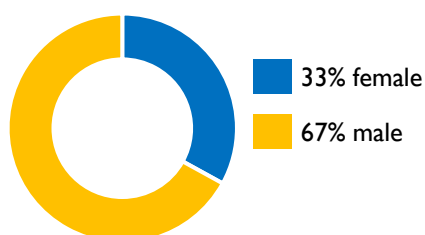


<sup>1</sup> In the sense of the Austrian Code of Corporate Governance (Rule 53)

#### Nationality



#### Diversity



### 3.3.1 Composition of the Supervisory Board

As of 30 April 2023, the Supervisory Board of Zumtobel Group AG had six shareholder representatives elected by the annual general meeting and three members delegated by the Employees' Council. The legally required 30% quota for women on supervisory boards which was introduced in 2018 is, therefore, met. The annual general meeting on 29 July 2022 elected Volkhard Hofmann and Christian Beer to the Supervisory Board for a further three years. There were no changes among the employee representatives during the reporting year.

#### Supervisory Board | Shareholder Representatives



**Karin Zumtobel-Chammah**

**Born in:** 1963

Independent

**Function:**  
Chairwoman

**Term of office:**  
Initial appointment: 26 July 2019,  
appointed to AGM 2023

**Nationality:**  
Austria

**Education:**  
Business management

**Supervisory board positions in other domestic and foreign (listed) companies:**  
None



**Georg Pachta-Reyhofen**

**Born in:** 1955

Independent

**Function:**  
First Vice-Chairman

**Term of office:**  
Initial appointment: 18 May 2020,  
appointed to AGM 2024

**Nationality:**  
Austria

**Education:**  
Engineering

**Supervisory board positions in other domestic and foreign (listed) companies:**  
SAG Motion GmbH, member of the supervisory board;  
Benteler International AG, member of the supervisory board;  
Bridgestone SA/NV, member of the supervisory board



**Volkhard Hofmann**

**Born in:** 1952

Independent

**Function:**  
Second Vice-Chairman

**Term of office:**  
Initial appointment: 21 July 2017,  
appointed to AGM 2025

**Nationality:**  
Germany

**Education:**  
Business management

**Supervisory board positions in other domestic and foreign (listed) companies:**  
None



**Eva Kienle**

**Born in:** 1967

Independent

**Function:**  
Member

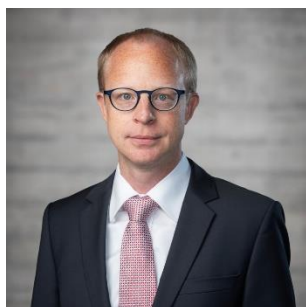
**Term of office:**

Initial appointment: 26 July 2019,  
appointed to AGM 2023

**Nationality:**  
Germany

**Education:**  
Business management

**Supervisory board positions in other domestic and foreign (listed) companies:**  
Schott Pharma AG & Co. KGaA, member of the supervisory board



**Thorsten Staake**

**Born in:** 1978

Independent

**Function:**  
Member

**Term of office:**

Initial appointment: 18 May 2020,  
appointed to AGM 2024

**Nationality:**  
Germany

**Education:**  
Information systems &  
technology management

**Supervisory board positions in other domestic and foreign (listed) companies:**  
Hoval AG, member of the administrative board;  
BEN Energy AG, member of the administrative board;  
Amphiro AG, member of the administrative board



**Christian Beer**

**Born in:** 1961

Independent

**Function:**  
Member

**Term of office:**

Initial appointment: 24 July 2020,  
appointed to AGM 2025

**Nationality:**  
Austria

**Education:**  
Engineering

**Supervisory board positions in other domestic and foreign (listed) companies:**  
pester pac automation GmbH, member of the advisory board

### Expertise and specialist knowledge

The members of the Supervisory Board, in total, are required to have the knowledge, skills and professional experience to correctly discharge the responsibilities of a supervisory board in a listed international company in the lighting industry. The individual supervisory board members are not expected to cover the full scope of necessary skills and experience.

The composition of the Supervisory Board, as a whole, includes persons with different, complementary technical profiles as well as the following special areas of competence which are considered important for the Zumtobel Group. In these areas, at least one Supervisory Board member should be available as a competent contact partner:

Competence area	Karin Zumtobel- Chammah	Georg Pachta- Reyhofen	Volkhard Hofmann	Eva Kienle	Thorsten Staake	Christian Beer
Management / leadership		X	X	X	X	X
Corporate development and organisation / M&A transactions	X	X	X	X	X	X
Finance and accounting	X	X	X	X		X
Compliance / corporate governance		X		X	X	X
Capital market	X			X	X	X
Branch experience	X	X	X		X	X
Sustainability (ESG)		X		X	X	X
Digitalisation / IT				X	X	X

## Supervisory Board | Employee Representatives



**Dietmar Dünser**

**Born in:** 1966

**Function:**  
 Delegated by the Employees' Council

**Term of office:**  
 Initial appointment: 24 July 2015  
 End of current term: n/a

**Nationality:**  
 Austria

**Education:**  
 Telecommunications & electronics

**Supervisory board positions in other domestic and foreign (listed) companies:**  
 None



**Richard Apnar**

**Born in:** 1974

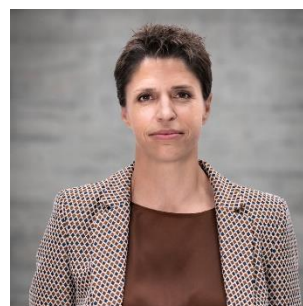
**Function:**  
 Delegated by the Employees' Council

**Term of office:**  
 Initial appointment: 26 June 2012  
 End of current term: n/a

**Nationality:**  
 Austria

**Education:**  
 Plastics technology

**Supervisory board positions in other domestic and foreign (listed) companies:**  
 None



**Isabel Kreilhuber**

**Born in:** 1977

**Function:**  
 Delegated by the Employees' Council

**Term of office:**  
 Initial appointment: 1 April 2021  
 End of current term: n/a

**Nationality:**  
 Austria

**Education:**  
 Business management

**Supervisory board positions in other domestic and foreign (listed) companies:**  
 None

### 3.3.2 Working procedures of the Supervisory Board

The Supervisory Board appoints the Management Board members and regularly advises and oversees the board on the direction and development of the Zumtobel Group. It is involved in decisions of fundamental importance for the company. This involvement is guaranteed by the definition of issues requiring the approval of the Supervisory Board and through voting on the strategic orientation of the company. The work of the Supervisory Board is regulated by rules of procedure. To specifically define the submission requirements of the Management Board, the Supervisory Board has prepared a catalogue of transactions and actions requiring its approval. This catalogue represents an integral part of the rules of procedure for the Supervisory and Management Boards.

The Supervisory Board met in five sessions during 2022/23: four scheduled meetings and one constituent meeting. Central issues at these meetings were the challenging macroeconomic environment and its effects on the Zumtobel Group's business field. Other focal points at the Supervisory Board meetings in 2022/23 were:

- >> Evaluation and approval of the separate and consolidated financial statements as of 30 April 2022 which were submitted by the Management Board
- >> Proposed resolutions for the annual general meeting
- >> Recommendation for the distribution of profit in accordance with § 96 (1) of the Austrian Stock Corporation Act
- >> Resolution on remuneration policy for the members of the Management Board
- >> Amendment of the distribution of responsibilities on the Management Board of Zumtobel Group AG
- >> Definition of targets for the variable remuneration components of the Management Board
- >> Assignment of the audit mandate to the auditor
- >> Elections of supervisory board members for direct subsidiaries
- >> Appointment of managing directors for subsidiaries
- >> Evaluation, discussion and approval of the budget for the 2023/24 financial year
- >> Approval of business relations with Supervisory Board member Christian Beer
- >> Efficiency and potential for improvement on the Supervisory Board
- >> Measures to reduce costs and capital employed as well as integration, restructuring and expansion projects
- >> Risk management and the internal control system
- >> Measures to fight corruption
- >> Sustainability focal points
- >> Strategic orientation of the Zumtobel Group over the coming years

Participation in the meetings of the Supervisory Board and its committees in 2022/23:

Participation in FY 2022/23	SB	AC	CMB	SC	DC
<b>Shareholder representatives</b>					
Karin Zumtobel-Chammah	5/5	4/4	4/4	2/2	-
Georg Pachta-Reyhofen	5/5	4/4	4/4	2/2	-
Volkhard Hofmann	5/5	4/4	4/4	2/2	2/2
Eva Kienle	5/5	4/4	-	-	2/2
Thorsten Staake	5/5	-	-	2/2	2/2
Christian Beer	5/5	-	4/4	-	2/2
<b>Employee representatives</b>					
Dietmar Dünser	5/5	3/4	-	2/2	-
Richard Apnar	5/5	-	-	-	2/2
Isabel Kreilhuber	5/5	4/4	-	2/2	2/2

Abbreviations: SB = Supervisory Board, AC = Audit Committee, CMB = Committee for Management Board Matters, SC = Strategy Committee, DC = Digitalisation Committee

### 3.3.3 Contracts with Supervisory Board members which require approval

The following contracts and business transactions between Zumtobel Lighting GmbH and individual Supervisory Board members required approval and were submitted to the Supervisory Board of Zumtobel Group AG during 2022/23 in accordance with the Austrian Stock Corporation Act and the Austrian Code of Corporate Governance (Rule 49):

A contract was concluded between Zumtobel Lighting GmbH and Heron Innovations Factory GmbH, Dornbirn, in connection with a construction project. This latter company is attributable to the economic ownership of Supervisory Board member Christian Beer. The object of the contract is the delivery of floor lamps for a total contract volume of TEUR 53.

In addition, maintenance costs of TEUR 14 were charged based on the existing contract between Zumtobel Lighting GmbH and Servus Intralogistics GmbH, Dornbirn, a company attributable to the economic ownership of Supervisory Board member Christian Beer. Both business relationships are subject to standard market conditions.

### 3.3.4 Proprietary trading by management and closely related parties

The members of the Management and Supervisory Boards and closely related persons are required to disclose transactions in shares and debt instruments of Zumtobel Group AG, or financial instruments based on these shares or debt instruments, when the value of the transactions equals or exceeds EUR 5,000 within a calendar year. No such transactions were reported to the company in 2022/23. Current transactions for the purchase and sale of our shares by the members of corporate bodies are disclosed and can be reviewed on the Zumtobel Group's website.

### 3.3.5 Independence of the Supervisory Board members

The following criteria define the independence of the Supervisory Board members (resolution of the Supervisory Board of Zumtobel AG on 25 June 2013).

**Criterion 1:** The Supervisory Board member did not serve as a member of the Management Board or a key employee of Zumtobel AG or one of its subsidiaries during the past five years.

**Criterion 2:** The Supervisory Board member did not act as an auditor of Zumtobel AG or a member company of the Zumtobel Group or serve as a key employee or managing partner of the auditing company during the past three years.

**Criterion 3:** The Supervisory Board member is not a member of the management board of another company in which a member of the Management Board of Zumtobel AG serves on the supervisory board.

**Criterion 4:** The Supervisory Board member does not currently, or did not in the past year, maintain any business relations with Zumtobel AG or a member company of the Zumtobel Group of a scope considered significant for the Supervisory Board member. This also applies to business relationships with companies in which the Supervisory Board member holds a considerable economic interest. However, the approval of individual transactions by the Supervisory Board pursuant to Rule 48 does not automatically qualify the member as not independent.

**Criterion 5:** The Supervisory Board member is not closely related (direct offspring, spouse, life partner, parent, uncle, aunt, sibling, niece, nephew) to a member of the Management Board of Zumtobel AG.

All members of the Supervisory Board have declared their independence in accordance with these criteria, and C-Rule 53 is therefore met in full. The current Supervisory Board members Volkhart Hofmann, Georg Pachta-Reyhofen, Thorsten Staake, Eva Kienle and Christian Beer are independent and neither shareholders nor representatives of shareholders with an investment of more than 10%. Accordingly, C-Rule 54 is met in full.

### 3.3.6 Measures to avoid conflicts of interest

The Supervisory Board members deal, at least once each year, with the provisions of the ACCG that are related to conflicts of interest. In addition, new members of the Supervisory Board are informed extensively of the need to avoid such conflicts when they join the board. The members of both the Management Board and the Supervisory Board are required to disclose any conflicts of interest. If a Supervisory Board member

is involved in a conflict of interest, he/she must report this immediately to the chairwoman of the Supervisory Board. There were no conflicts of interest by a member of the Management Board or Supervisory Board in 2022/23 that would have required immediate disclosure to the Supervisory Board.

### 3.3.7 Evaluation of the Supervisory Board's activities

The Supervisory Board openly discussed the efficiency of its work, in particular its organisation and working procedures as well as cooperation between the Management Board and Supervisory Board, at its meeting on 29 June 2022. Specific recommendations were also made to improve efficiency.

### 3.3.8 Composition and working procedures of the committees

The Supervisory Board of Zumtobel Group AG has established four committees to support the efficient exercise of its responsibilities. These committees deal with specific issues and prepare resolutions for the full Supervisory Board.

#### Audit Committee

Members of the Audit Committee:

Name	Function
Eva Kienle	Chairwoman
Karin Zumtobel-Chammah	Vice-Chairwoman
Volkhard Hofmann	Member
Georg Pachta-Reyhofen	Member
Dietmar Dünser	Employee representative
Isabel Kreilhuber	Employee representative

The Zumtobel Group's Audit Committee met four times in 2022/23, in part together with representatives of the auditor. One member was absent at one meeting; there was full attendance at all other meetings of the Audit Committee, in part through the use of acoustic and optical communications software.

The meeting on 20 June 2022 concentrated on the consolidated and separate financial statements for the 2021/22 financial year. The auditor of these financial statements and company staff provided the Audit Committee with detailed information on the consolidated and separate financial statements of Zumtobel Group AG as well as accounting processes and major accounting principles. Other reports (compliance management and data protection, internal control system, internal audit and current process risks) were discussed and accepted. A resolution for the appointment of the auditor for the 2022/23 financial year was approved and passed on to the Supervisory Board.



Additional issues handled by the Audit Committee included, among others:

- >> Audit-related and non-audit services provided by the auditor in 2021/22
- >> Auditor's approach and focal points in 2022/23
- >> Risk management incl. key issues and strategic risks
- >> Approval of the internal audit review schedule for 2023 and audit reports
- >> Acceptance of the interim financial reports and the half-year report for 2022/23
- >> Current business development
- >> Effects of the challenging economic environment and the difficult situation on the procurement markets
- >> Sustainability focal points
- >> Increase in cyberattacks

### Committee for Management Board Matters

Members of the Committee for Management Board Matters:

Name	Function
Volkhard Hofmann	Chairman
Georg Pachta-Reyhofen	Vice-Chairman
Karin Zumtobel-Chammah	Member
Christian Beer	Member

The Committee for Management Board Matters is responsible for relations between the company and the members of the Management Board, above all the content and conclusion of employment contracts and issues involving succession planning for this corporate management body. The Committee for Management Board Matters combines the typical responsibilities of a remuneration committee and a nominating committee ("identical committee" in the sense of C-Rule 43 of the ACCG). Recommendations for nominations are based on a defined profile that reflects the Zumtobel Group's strategic orientation and is used to evaluate internal as well as external candidates.

The Committee for Management Board Matters held four meetings in 2022/23, which involved discussions or follow-up work on the following key issues: feedback discussions with the Management Board members and confirmation of target attainment for the variable, short- and long-term components of their remuneration, preparation of the remuneration report for the 2021/22 financial year which was subsequently presented to the annual general meeting on 29 July 2022, and the definition of criteria for the attainment of ESG goals by the Management Board.

In addition, the Committee for Management Board Matters served as a sounding board for the Management Board on various issues during the 2022/23 financial year.

### Strategy Committee

Members of the Strategy Committee:

Name	Function
Georg Pachta-Reyhofen	Chairman
Volkhard Hofmann	Vice-Chairman
Karin Zumtobel-Chammah	Member
Thorsten Staake	Member
Dietmar Dünser	Employee representative
Isabel Kreilhuber	Employee representative

The Strategy Committee held two meetings in 2022/23 which dealt with a wide range of key strategic and cultural issues involving the Zumtobel Group. The most important issues accompanied by the committee during the past financial year included the evaluation of options for the corporate strategy and the expansion of the Zumtobel Group's current strategy. Additional information is provided in the management report.

### Digitalisation Committee

Members of the Digitalisation Committee:

Name	Function
Thorsten Staake	Chairman
Christian Beer	Vice-Chairman
Eva Kienle	Member
Volkhard Hofmann	Member
Isabel Kreilhuber	Employee representative
Richard Apnar	Employee representative

The Digitalisation Committee serves as a sounding board for the Management Board on issues involving the digital transformation and, in close cooperation with the Strategy Committee, with the related digital strategy for the Zumtobel Group. In two meetings during 2022/23, the committee focused, in particular, on current projects and digitalisation initiatives as well the digital roadmap and IT security.

## 3.4 Measures to Support Women and Diversity Concept

Diversity in the workforce is an important factor for creating an innovative climate in the company and protecting the Group's competitive position. The Zumtobel Group's workforce includes men and women from 79 different nations, whereby the staff at the corporate headquarters in Dornbirn, Austria, represent roughly 49 nations. The Zumtobel Group is an equal opportunity employer and, as such, rejects any form of discrimination based on social or ethnic origin, gender, sexual orientation, religious conviction or ideology, age, physical or mental abilities, or other characteristics. All people are unique, valuable and have individual capabilities. This belief is also manifested in the Zumtobel Group's code of conduct, which prohibits all forms of discrimination. The Zumtobel Group values every employee's uniqueness and addresses all genders in the recruiting process and job advertisements. Personnel decisions are independent of gender, sexual orientation and other characteristics. All people are equal, valuable and have individual capabilities. This belief is also anchored in the Zumtobel Group's code of conduct, which indicates that discrimination will not be tolerated in any form.

The Zumtobel Group values every employee's uniqueness and addresses all genders in the recruiting process and job advertisements. Personnel decisions are taken independent of gender, sexual orientation and other characteristics. Personal skills, experience, qualifications and performance form the basis for personnel decisions in all corporate areas and at all management levels.

The Zumtobel Group has not set a specific target for the appointment of women to management positions, but internal and external recruiting and personnel development measures are increasingly aimed in this direction. Job vacancies, also including positions with management responsibility are also posted as part-time positions where possible to create entry opportunities and management functions on a part-time basis.

The work-life balance is supported by the design of more flexible working structures. For example: Various part-time models are available for employees who re-enter working life after parental leave or are unable to work full-time due to other personal situations. The Zumtobel Group accommodates individual wishes to find the best solution for the employees, the team and the managers.

The Zumtobel Group follows the recommendations of the Austrian Equal Treatment Act to respect diversity in filling management positions and, above all, to strive for equal treatment with regard to gender, age and skills. The Supervisory Board of Zumtobel Group AG currently includes three women and six men, which represents a one-third share of women. There are no women on the Management Board of Zumtobel Group AG at the present time. Women hold management positions in the first and second reporting levels, especially in human resources, legal, marketing & corporate communications, information technology and finance.

The Zumtobel Group recognises that the continuation of existing initiatives and an open approach to new initiatives require a greater share of women in higher qualified positions. In order to safeguard its competitive ability and benefit from a wide range of different viewpoints, the Zumtobel Group has set a goal to increase the share of women and, accordingly, their representation in the Group each year. The share of women in key management positions equalled 22.2% in 2022/23 and, compared with the previous financial year (21.5%), represents an increase. The share of women in the Group's workforce increased slightly over the previous year to 36.6% in 2022/23 (2021/22: 36%).

The inclusion of employees with physical or mental impairment has high priority for the Zumtobel Group as an employer, and these employees are actively supported in their everyday work routine.

The plant in Dornbirn, as an example, has operated a career support programme for over 30 years that helps young people with physical or mental impairment take their first steps on the employment market. This two-year training course is designed to make the participants fit for the labour market.

The Zumtobel Group also employs men and women with physical, mental or cognitive limitations in other areas, administration as well as production, who make an important contribution in their respective functions.

Appropriate adjustments are made wherever possible (e.g. additional breaks, seated activities etc.) to support employees with special needs. Managers receive special awareness training and preparation for these situations and are supported by external persons – for example at the Spennymoor plant, where the Zumtobel Group also employs persons with autism.

The Zumtobel Group has implemented various measures to support women, diversity and inclusion. Following are a few example:

- >> Personal skills, experience, know-how and capabilities form the basis for evaluating qualifications during the recruiting process and in personnel decisions. The equal treatment of genders is strictly observed.
- >> The Zumtobel Group uses a standardised remuneration structure that is based on job descriptions and appraisals to ensure transparent and performance-based remuneration in line with equal opportunity (equal opportunity employer).
- >> The Zumtobel Group puts measures in place to support the work-life balance. Part-time employment, educational leave, sabbaticals, parental leave for fathers, home office options or other models are arranged where needed.
- >> The Zumtobel Group received the quality seal as a family friendly company ("Ausgezeichneter familienfreundlicher Betrieb 2022–2023") from the province of Vorarlberg and ZG Lighting Austria was re-certified as a family-friendly employer.
- >> The Zumtobel Group supports and participates in various events to support women in a working environment or to interest girls in apprenticeship programme (e.g. the Female Future Festival or "I kann's! I trau mer's zu!").
- >> The headquarters has organised cooperation programmes with local day-care centres in Dornbirn which give preference to the children of Zumtobel Group employees.
- >> Thorn UK has communicated and rolled out a policy and training for managers to best support women during the menopause.
- >> The Zumtobel Group creates a greater awareness for gender equality with campaigns on International Women's Day.

Additional measures are also planned for the 2023/24 financial year:

- >> Definition of goals for diversity and inclusion in the Zumtobel Group
- >> Analysis of the gender pay gap and development of measures
- >> Recruitment training for managers, incl. a focus on the identification and correct handling of prejudice

### **3.5 Diversity on the Supervisory Board and Management Board**

The members of the Supervisory and Management Boards are selected on the basis of their professional qualifications and personal expertise in order to achieve a balance of educational and professional backgrounds. Support for diversity with regard to generations and genders is included in selecting new appointments.

#### **3.5.1 Diversity in the composition of the Management Board and Supervisory Board of Zumtobel Group AG**

The Zumtobel Group, as a listed company, complies with diversity requirements, especially the requirements defined by the Austrian Stock Corporation Act and the Austrian Code of Corporate Governance (ACCG). These regulations define different requirements for the composition of management and supervisory boards. The relevant aspects for the diverse composition of a management board are a balanced educational and professional background, internationality and a consistent composition.

### 3.5.2 Management Board

The qualification profile defined by the Supervisory Board for the selection of Management Board candidates is based, above all, on personality, integrity, convincing management qualities, technical qualifications for the intended function, previous performance, knowledge of the company and the ability to adapt business models and processes in a changing world.

Diversity is an additional factor considered by the Supervisory Board. As a decision criterion, the Supervisory Board sees diversity, above all, as different mutually complementary profiles and professional experience, also in the international area, as well as different personalities, the appropriate representation of both genders and an appropriate age mix.

The Supervisory Board selects Management Board appointees in the interest of the company and in consideration of all relevant factors. The following aspects are incorporated in the Supervisory Board's decisions:

- >> The members of the Management Board should have long-standing management experience, also in the international area.
- >> The Management Board, in its entirety, should have long-standing management experience in development, production, sales and finance.
- >> At least two members of the Management Board should have a technical education and/or many years of technical working experience.
- >> The age and gender of a person do not play a role in the decision over an appointment to the Management Board and do not lead to preferential treatment or discrimination in the selection process.
- >> A target has not been set for the share of women on the Management Board. The Committee for Management Board Matters decides in the company's interest and exclusively based on the evaluation of professional and personal qualifications when making appointments to the Management Board.
- >> The Supervisory Board has set an age limit for the members of the Management Board which reflects the current retirement age in Austria, i.e. 65 years.

### 3.5.3 Supervisory Board

The goal is to find qualified personalities for the Supervisory Board to strengthen this body, in total, as best as possible through the members' professional and management expertise. Diversity represents an additional focal point. The men and women appointed to the Supervisory Board should complement each other with different professional and life experience and ensure the appropriate representation of both genders. It must be ensured that the Supervisory Board, as a whole, has a maximum of experience and technical qualifications to critically monitor the business activities of the Zumtobel Group from the widest possible range of perspectives.

This concept is reflected in connection with the election of members to the Supervisory Board. Recommendations to the annual general meeting of Zumtobel Group AG must meet the legal requirements for the composition of the Supervisory Board with women and men; they must meet the defined goals; and, at the same time, fulfil the competence profile for the entire corporate body. This also applies to the subsequent appointment of candidates to the Supervisory Board.

**Education and professional background:** The personalities on the Supervisory Board should have international experience in the areas of business, science, technology or research of a nature that is important for the Zumtobel Group. The Supervisory Board must have at least one financial expert.

**Age:** The goal is to achieve a balanced age structure among the members to permit the contribution of various generation perspectives. Consequently, there is no specific age limit for the Supervisory Board members. Supervisory Board members are elected for a term of office up to the end of the annual general meeting which votes on the release from likability for the fourth financial year after election unless they are elected for a shorter term.

**Internationality:** The Supervisory Board should include members with international experience or special expertise in one or more key markets for the Zumtobel Group.

**Gender representation:** An appropriate representation of women on the Supervisory Board is targeted, independent of legal requirements. The ratio of genders on the Supervisory Board reflects, as a minimum, the legal requirement of at least 30% women and men.

### 3.6 Changes after the Closing Date

There were no changes in reportable issues between the closing date on 30 April 2023 and the preparation of this corporate governance report.

Dornbirn, 26 June 2023

The Management Board

Alfred Felder  
Chief Executive Officer (CEO)

Thomas Erath  
Chief Financial Officer (CFO)

Bernard Motzko  
Chief Operating Officer (COO)

Marcus Frantz  
Chief Digital Transformation Officer (CDTO)

# Report by the Supervisory Board of Zumtobel Group AG for the 2022/23 Financial Year

Dear Shareholders,

Our 2022/23 financial year was negatively influenced by the war in Ukraine and the resulting ongoing energy crisis as well as the sharp rise in inflation and increase in interest rates. A gradual stabilisation in the global economy was, however, visible after the slump caused by the Covid-19 pandemic and the Ukraine war. The difficult situation on global supply chains improved and the war-related distortions on energy and food markets subsided. These developments were accompanied by a parallel tightening of monetary policy by most central banks to force the rising inflation down towards the targeted levels – a strategy that was successful, but not as fast as originally expected. Despite the challenging environment, 2022/23 was a very successful year for our company. Management and the entire workforce again demonstrated their capability for unusual performance in unusual times. The company continued its positive development from the previous year with an increase of 5.3% in revenues to EUR 1,209.2 million. Group EBIT rose to EUR 84.3 million – which represents the best operating results in 14 years – and net profit of EUR 60.0 million clearly exceeded the previous year. 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 all times and support the Management Board in important decisions.

We performed the duties required by law and the articles of association during the 2022/23 financial year by regularly monitoring the direction of the company and Zumtobel Group AG by the Management Board. 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. In addition, the Management Board supplied the Supervisory Board with regular reports on important issues during the periods between the scheduled meetings. The chairman of the Management Board and the chairwoman of the Supervisory Board also held numerous personal and virtual discussions. 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 2023: 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 five times during the 2022/23 financial year, in four scheduled meetings and one constituent meeting. All members attended all meetings, in part through acoustical and optical participation via communications software.

Key priorities for the meetings of the Supervisory Board in 2022/23 were the ongoing economic effects of the war in Ukraine with the resulting supply shortages and production disruptions as well as energy policies, the high inflation rates and related price increases. Other topics involved the evaluation of strategic measures to minimise risk and utilise opportunities as well as digitalisation, the Zumtobel Group's human resources strategy, sustainability and the related goals.

Marcus Frantz was appointed to the Management Board of Zumtobel Group AG as of 1 November 2022 as the fourth member and Chief Digital Transformation Officer (CDTO) through a circular resolution on 9 June 2022. His term of office extends to 31 July 2025. In this connection, the distribution of responsibilities among the Management Board of Zumtobel Group AG was amended and approved.

In the Supervisory Board meeting on 29 June 2022, the separate financial statements of Zumtobel Group AG and the related consolidated financial statements were discussed in detail. 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. A new remuneration policy for the Management Board of Zumtobel Group AG was prepared by the Supervisory Board and presented to the Annual General Meeting for voting. Status reports were provided on strategic issues and the development of business as well as the availability of materials and delivery capability in the Components and Lighting Segments. 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 re-election of Volkhard Hofmann and Christian Beer to the Supervisory Board by the 46th Annual General Meeting of Zumtobel Group AG was followed by a constituent meeting on 29 July 2022. At this constituent meeting, Karin Zumtobel-Chammah was re-elected as chairwoman and Georg Pachta-Reyhofen as Vice-Chairman of the Supervisory Board.

Discussions at the Supervisory Board meeting on 11 October 2022 focused on the management report for the first quarter and key indicators for September 2022 as well as status reports on individual products and the development of business in both segments. In addition to issues related to the strategic orientation of a subsidiary, a capital increase for the Group was approved.

The agenda for the Supervisory Board meeting on 26 January 2023 included an update to the financial data from December 2022 and a budget simulation for the 2023/24 financial year as well as the Zumtobel Group's personnel strategy and its future development. The business trends and outlook for both segments were discussed in detail and further procedures for M&A activities were evaluated. Marcus Frantz was appointed as an additional managing director of Zumtobel Lighting GmbH and also elected to the supervisory board of Tridonic GmbH.

At the Supervisory Board meeting on 28 April 2023, the budget for the 2023/24 financial year was approved and medium-term planning for the 2024/25 and 2026/27 years was accepted. Capital increases for selected subsidiaries and an adjustment of the GRS bonus system and STI/LTI goals were also approved.

### **Audit Committee**

The Audit Committee of the Zumtobel Group met four times in 2022/23, in part together with representatives of the auditor. One member was excused from one meeting, and all members were present at the other meetings, partly through acoustical and optical participation via communications software.



The meeting on 20 June 2022 concentrated on the consolidated and separate financial statements for 2021/22. 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, risk management and the internal control system) were discussed and accepted.

The Audit Committee also approved a recommendation for the appointment of an auditor for the coming financial year and passed this recommendation on to the Supervisory Board.

In the meeting on 29 November 2022, the Audit Committee dealt with the six-month financial statements as of 31 October 2022, 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 auditor also explained the audit approach and focal points for the audits of the 2022/23 separate and consolidated financial statements and reviewed any non-audit services. Status reports on the internal control system, risk management system, internal audit and compliance management in the Zumtobel Group were also presented and accepted.

In two further meetings during August 2022 and at the beginning of March 2023, the Audit Committee and the Management Board discussed results for the first and third quarters of the financial year and took a preliminary decision concerning the responsibilities of the Audit Committee in connection with sustainability reporting. 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 2022.

### **Committee for Management Board Matters**

The members of the Committee for Management Board Matters held four meetings in 2022/23. Key issues for the reporting year were the feedback discussions with the members of the Management Board and the confirmation of target attainment for the variable, short-term and long-term components of Management Board remuneration as well as the preparation of the remuneration report for the 2021/22 financial year which was presented to the Annual General Meeting on 29 July 2022. Another focal point was the definition of criteria for the attainment of ESG goals for the Management Board. The Committee for Management Board Matters also served as a sounding board for the Management Board on a wide range of issues.

### **Committee for Digital Affairs**

The Committee for Digital Affairs, which was established during the previous financial year, held two meetings in 2022/23. The meeting on 20 June 2022 dealt with the progress on various projects and several roll outs in the digital transformation programme, above all the digital customer interface for both the Lighting and Components Segments and major operational IT conversions at the plant in Dornbirn. The agenda for the meeting on 29 November 2022 covered the Zumtobel Group's cyber resilience security and status updates on individual digitalisation projects. The focal points for digitalisation in 2023/24 were also discussed.

## 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 this committee in 2022/23 were the short-term and medium-term growth drivers for the further development of an effective global sales organisation for the lighting brands and an increased market presence in the outdoor lighting segment. Other important issues were the countermeasures implemented to effectively offset the sharp rise in input factors for materials, wages and transport and, in this connection, the presentation of a simulated crisis budget and the budget for 2023/24. In addition to cooperation and growth initiatives and new business models for the Components and Lighting Segments, the planned production network and planned development of distribution logistics in the Lighting Segment in Europe during 2025/26 were discussed from the viewpoint of the Zumtobel Group's global footprint. The global R&D setup together with the latest developments and trends was presented, sustainability reporting was extensively discussed, and the basis for the Zumtobel Group's strategy process in 2030 was prepared and presented.

Communications between the members of the Strategy Committee and management also covered strategic goals and core issues.

Additional information is provided in 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 2022/23 financial year, which were prepared by the Management Board, were audited by PwC Wirtschaftsprüfung GmbH, Vienna. The audit indicated that the bookkeeping, 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 2022/23 financial year complied with legal requirements and the provisions of the articles of association. The results of the audit provided no grounds for objections, and the auditor therefore issued an unqualified opinion for the 2022/23 financial year.

The separate financial statements and the consolidated financial statements, the auditor's reports and the Management Board's recommendation for the use of profit as well as the consolidated corporate governance report and the consolidated non-financial report were discussed in detail by the Audit Committee together with the auditor during the meeting on 28 June 2023 and passed on to the Supervisory Board with a recommendation for approval. The Supervisory Board reviewed these documents pursuant to § 96 (1) of the Austrian Stock Corporation Act and agreed with the auditor's findings. Based on the previous evaluation by the Audit Committee and detailed discussion and examination of the consolidated financial statements, the management report, the consolidated corporate governance report and the consolidated non-financial report, the Supervisory Board stated its agreement and approved the separate financial statements and the consolidated financial statements of Zumtobel Group AG for the 2022/23 financial year. The separate financial statements of Zumtobel Group AG for the 2022/23 financial year are therefore considered finalised in accordance with § 96 (4) of the Austrian Stock Corporation Act.

In accordance with C-Rule 62 of the Austrian Code of Corporate Governance, Zumtobel Group AG arranges for an external evaluation of its compliance with the provisions of the code on a regular basis, i.e. at least every three years. The evaluation for the 2022/23 financial year was carried out by the Group's auditor, PwC Wirtschaftsprüfung GmbH, Vienna, and provided no grounds for objections concerning the public declarations

of compliance with the Austrian Code of Corporate Governance. Compliance with C-Rules 77 to 83 was evaluated and confirmed by Schönherr Rechtsanwälte GmbH, Vienna.

The Supervisory Board supports the recommendation by the Management Board to the Annual General Meeting to distribute a dividend of EUR 0.40 per share from the balance sheet profit recorded by Zumtobel Group AG and to carry forward the remaining amount.

The Supervisory Board would like to thank the Management Board and the employees of Zumtobel Group AG and its member companies for their commitment and outstanding performance – in the face of wide-ranging challenges – during the 2022/23 financial year.

We would also like to extend our particular thanks to the customers, partners and shareholders of Zumtobel Group AG for their continued confidence in these challenging times.

For the Supervisory Board

Karin Zumtobel-Chammah  
Chairwoman of the Supervisory Board

Dornbirn, 28 June 2023

