



Perhaps as ubiquitous as smartphones today, the books of hours were a private necessity in Europe during the Middle Ages. These manuscripts contained collections of texts that were meaningful to each owner, as well as an organized method of structuring the day around prayer by marking the passing of the canonical hours. Although highly personalized, with intricate miniatures and illuminations, all books of hours contained sections to be recited at regular intervals throughout the twenty-four hours of the day. In them, the public and the private timescales converged, crystallized into a material, perdurable form not devoid of beauty.

*The Book of Hours* by Frida Escobedo, with texts by María Gómez de León López and photographs by Ana Gómez de León López, is a modern exegesis of this extinct devotional practice: a project in which twenty-four objects were photographed at different intervals of time to capture their evolution, making a new calendar of matter and light. As humanity has transitioned to a secular understanding of time in which hours are organized and conceived in terms of productivity, *The Book of Hours* interrogates the place of contemplation in our era, its possibility and necessity. Through this book – a public display of a private collection of objects – readers are invited to contemplate these arrays of matter, and experience the ways in which they once interacted with light, that burning needle in time’s template.



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Assembling Zumtobel Group’s Annual Report and *The Book of Hours* is a gesture towards a new understanding of public and private time; whereas the former tracks the productive results of man-hours, the latter explores the contemplative nature of off-hours, each one accounting for its own particular difficulties. In *The Book of Hours*, the subject’s relationship to nature and memory are revealed as an ongoing struggle. Together, the Annual Report and *The Book of Hours* evince the complexity of our ways of inhabiting time, perhaps suggesting that some of the challenges we face as subjects are not unlike the challenges faced by collectivities.

# Remuneration Report 2022/23

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# Introduction

This Remuneration Report describes the principles of the remuneration system for the members of the Management Board and explains the structure and amount of their individual incomes. The report also provides information on the benefits to which the Management Board members are entitled at the end of their employment, and information on the remuneration of the Supervisory Board.

The 46<sup>th</sup> General Meeting of the Zumtobel Group on 29 July 2022 approved the revised Remuneration Policy for the Management Board and confirmed the Remuneration Policy for the Supervisory Board which was established in 2020. The Remuneration Report for the 2021/22 financial year was prepared by the Management and Supervisory Boards and presented to the 46<sup>th</sup> General Meeting of the Zumtobel Group on 29 July 2022 for voting. The results of voting on the Remuneration Report for the 2021/22 financial year brought an approval rate of 88.90% (previous year: 75.09%) of the valid votes cast.

## Results of voting on the Remuneration Report for the 2021/22 Financial Year

Voting results	No. of votes cast	Per cent
In favour	21,714,731	88.90%
Against	2,711,906	11.10%
<b>Abstention</b>	<b>272</b>	<b>0.001%</b>

In the 2022/23 financial year, revenues rose by 5.3% to EUR 1,209.2 million (previous year: EUR 1,148.3 million). The Zumtobel Group recorded positives adjusted Group EBIT of EUR 87.2 million in 2022/23 (previous year: EUR 63.7 million) and an EBIT margin of 7.0% (previous year: 5.3%) as well as an improvement in free cash flow to EUR 52.3 million (previous year: EUR 15.9 million). The Total Shareholder Return of the Zumtobel Group for the 2022/23 financial year equalled 0.36% (previous year: 6.27%).

# 1. Management Board Remuneration

## 1.1 Introduction

The Remuneration Policy (hereafter the “Remuneration Policy 2020/2021”) for the Management Board of Zumtobel Group AG (hereafter also the “Zumtobel Group“ or the “Company”) was approved by the 44<sup>th</sup> General Meeting on 24 July 2020 with an approval rate of 86.08% and has since applied to all members of the Management Board.

In 2021/2022, the Committee for Management Board Matters (hereafter the “Remuneration Committee”) of the Supervisory Board reviewed the Remuneration Policy for 2020/2021 with the support of an independent remuneration consultant. The evaluation focused, above all, on opportunities to improve incentives with a view towards implementation of the Company’s strategic goals and support for the long-term, sustainable development of the Zumtobel Group. Other focal points included the expectations of the capital market and the feedback from the shareholders of Zumtobel Group AG on the Remuneration Policy for 2020/2021.

The results of this review led to the development of substantial recommendations for the adaptation of the Remuneration Policy 2020/2021 by the Remuneration Committee. Based on a recommendation of the Remuneration Committee, the revised Remuneration Policy (hereafter also the “Remuneration Policy”) was approved by the full Supervisory Board on 29 July 2022 in accordance with C-Rule 43 of the Austrian Corporate Governance Code. The revised Remuneration Policy for the Management Board of the Zumtobel Group was presented to the 46<sup>th</sup> General Meeting of Zumtobel Group AG on 29 July 2022 for voting in accordance with Section 78b (1) of the Austrian Stock Corporation Act and approved by a majority of 98.88%.

### Results of voting on the Remuneration Report for the members of the Management Board – Remuneration Policy 2022/2023

Results of voting	No- of votes cast	Per cent
In favour	24,153,741	98.88%
Against	273,168	1.12%
Abstention	0	0.00%

The following Remuneration Policy was approved by the 46<sup>th</sup> General Meeting of Zumtobel Group AG retroactively as of 1 May 2022 for all active and future members of the Management Board.

The revision of the Remuneration Policy 2020/2021 resulted hereafter changes:

- a substantial strengthening of the pay-for-performance connection,
- an even closer link between the incentives and strategic goals of the Zumtobel Group,
- an effective connection between the interests of the Management Board and shareholders, and
- an adapted design that is better aligned with the market and shareholders’ expectations.

The main changes compared with the Remuneration Policy 2020/2021 are described in Section 1.3.1 “Summary of the Remuneration Policy“. Detailed information on the changes can be found in the Remuneration Policy for the Management Board of Zumtobel Group AG.

## 1.2 Procedures related to the Remuneration Policy

This Remuneration Policy was approved by a resolution of the full Supervisory Board on 29 June 2022 and presented to the 46<sup>th</sup> General Meeting of Zumtobel Group AG for voting.

The Management Board reports each year – with the support of additional persons if necessary – on the subject of remuneration to the Remuneration Committee. This committee can initiate a revision of the Remuneration Policy if required.

The Remuneration Committee consists primarily of independent members of the Supervisory Board. All Supervisory Board members must avoid any conflict of interest and, if necessary, must abstain from voting.

In accordance with Section 78b (1) of the Austrian Stock Corporation Act, the Remuneration Policy must be submitted to the General Meeting at least every fourth year and also in the event of any material changes.

The Remuneration Committee reviews the Remuneration Policy at least every fourth financial year – if necessary, together with internal and external experts – and decides whether a revision is required.

The Remuneration Committee then makes a recommendation on the Remuneration Policy to the full Supervisory Board. This same procedure is followed in the event of a premature material change in the Remuneration Policy. The Supervisory Board is then required to pass a resolution on the Remuneration Policy and submit an appropriate resolution to the General Meeting.

## 1.3 Remuneration of the Management Board members

### 1.3.1 Summary of the Remuneration Policy

The following section summarises the most important components of the revised Remuneration Policy and provides a comparison with the Remuneration Policy from 2020/2021. The main adaptations are highlighted to improve comparability.

Remuneration Policy for the Management Board		
Remuneration policy 2020/2021		Revised Remuneration Policy
<b>Fixed remuneration</b>		
<ul style="list-style-type: none"> <li>Annual base salary which is paid in 14 monthly instalments</li> </ul>	Base salary	<ul style="list-style-type: none"> <li>Annual base salary which is paid in 14 monthly instalments</li> </ul>
<ul style="list-style-type: none"> <li>Benefits in kind and customary market fringe benefits, in particular a company car, contribution to private health and accident insurance, D&amp;O insurance</li> </ul>	Fringe benefits	<ul style="list-style-type: none"> <li>Benefits in kind and customary market fringe benefits, in particular a company car, contribution to private health and accident insurance, D&amp;O insurance</li> </ul>
<b>Variable remuneration</b>		
<ul style="list-style-type: none"> <li>Plan type: Target bonus</li> <li>Performance period: 1 year</li> <li>Criteria:                             <ul style="list-style-type: none"> <li>Adjusted EBIT (75%)</li> <li>Free cash flow (25%)</li> </ul> </li> <li>Cap: 200% of target amount</li> </ul>	Short-Term Incentive (STI)	<ul style="list-style-type: none"> <li>Plan type: Target bonus</li> <li>Performance period: 1 year</li> <li>Criteria:                             <ul style="list-style-type: none"> <li><b>EBIT margin (60%)</b></li> <li><b>Free cash flow (20%)</b></li> <li><b>ESG targets (20%)</b></li> </ul> </li> <li>Cap: 200% of target amount</li> </ul>
<ul style="list-style-type: none"> <li>Plan type: Deferral/deferment of STI</li> <li>Performance period: 5 years with annual measurement and payout</li> <li>Criteria:                             <ul style="list-style-type: none"> <li>Relative Total Shareholder Return (Peer group: individual comparable companies)</li> </ul> </li> <li>Cap: 200% of deferred amount</li> </ul>	Long-Term Incentive (LTI)	<ul style="list-style-type: none"> <li>Plan type: <b>Performance Cash Plan</b></li> <li>Performance period: <b>4 years</b></li> <li>Criteria:                             <ul style="list-style-type: none"> <li><b>Revenue growth (CAGR) (50%)</b></li> <li><b>Relative Total Shareholder Return (50%) (Peer group: STOXX® Europe 600 Industrial Goods &amp; Services)</b></li> </ul> </li> <li>Cap: 200% of target amount</li> </ul>
<ul style="list-style-type: none"> <li>Possibility to grant additional discretionary remuneration up to a maximum of 20% of the target remuneration</li> <li>Consideration of non-financial criteria, esp. sustainability targets</li> </ul>	Discretionary remuneration	<ul style="list-style-type: none"> <li><b>No discretionary remuneration</b></li> </ul>
<b>Additional features</b>		
<ul style="list-style-type: none"> <li>Clawback option if variable remuneration components were based on obviously false data and subsequently paid out</li> </ul>	Malus and clawback	<ul style="list-style-type: none"> <li>Possibility for reduction (<b>malus</b>) and reclamation (<b>clawback</b>) of variable remuneration <b>in the event of incorrect consolidated financial statements or compliance violations</b></li> </ul>
<ul style="list-style-type: none"> <li>No Share Ownership Guideline</li> </ul>	Share Ownership Guideline (SOGs)	<ul style="list-style-type: none"> <li><b>Share Ownership Guideline: 100%</b> of annual gross base salary (SOG target)</li> </ul>

### 1.3.2 Remuneration structure

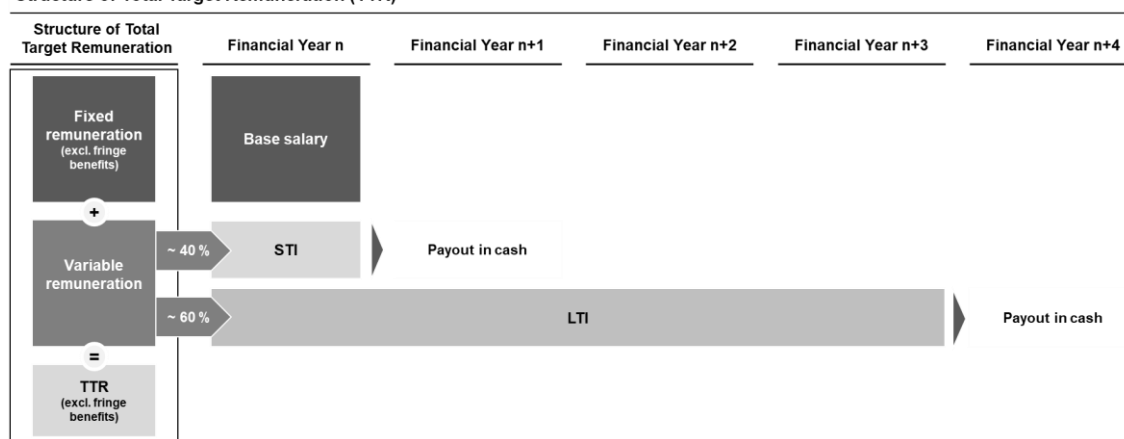
The total target remuneration for the Management Board members comprises fixed remuneration components (base salary and fringe benefits) as well as the target amounts from the variable remuneration components Short-Term Incentive (STI) and Long-Term Incentive (LTI). The target amount in each case represents the variable remuneration component based on a target achievement of 100%.



The Management Board's remuneration is dependent to a great extent on performance. This is ensured by the significant share of variable remuneration in total target remuneration. Variable remuneration is predominantly tied to the achievement of ambitious, long-term oriented targets. In this way, the remuneration structure places a strong focus on the long-term, sustainable development of the Company.

The structure of the total target remuneration can vary slightly between the individual Management Board members, especially between the chairman and members of the Management Board. When determining remuneration, the Supervisory Board ensures that the individual remuneration components move within the ranges shown in the following illustration. Fringe benefits are not included in this presentation because they are naturally subject to annual fluctuations. The fringe benefits generally comprise 1% to 3% of the total target remuneration.

### Structure of Total Target Remuneration (TTR)



## 1.3.3 Fixed remuneration

The fixed remuneration of the Management Board members comprises a base salary and customary fringe benefits. There are no company pension commitments for the Management Board members.

### 1.3.3.1 Base salary

Every member of the Management Board is entitled to a fixed annual base salary. It is aligned with the activities and responsibilities of the Management Board and, as is customary in Austria, is paid in 14 equal monthly instalments. The base salary is principally intended as compensation for the acceptance of the Management Board appointment and the related overall responsibility in accordance with the allocation of duties. The Remuneration Committee of Zumtobel Group AG reserves the right – after the approval of appropriate resolutions on capital measures by the die General Meeting – to pay part of the base salary (e.g. one-third) in the Company's shares when a Management Board contract is extended or a new appointment is made; these shares must be held until the member leaves the Management Board.

### 1.3.3.2 Fringe benefits

As an additional contractual benefit, every member of the Management Board can participate in the collective accident insurance policy for work-related accidents that is provided for the Management Board members. The related premiums are carried by the Company.

The Company can reimburse documented costs for global health insurance for each Management Board member and his/her family.

The Company provides each Management Board member with a company car (upper middle class) in accordance with the current company car guideline of Zumtobel Group AG, which may also be used for private purposes. The taxes and duties attributable to the non-monetary remuneration value for private use must be carried in full by the Management Board member.

In the event of illness or no-fault accidents, the provisions of the Austrian Salaried Employees Act apply to the continuation of salary payments.

The Company transfers the contributions to the employee pension scheme on behalf of the Management Board members.

Every Management Board member is covered, as are all other corporate bodies, by the criminal law insurance policy and the pecuniary damage liability insurance ("D&O insurance") concluded by the Company. The related premiums are carried by the Company.

In individual cases, the Supervisory Board can grant a one-off payment to a new Management Board member when he/she takes office. This payment is intended, for example, to cover relocation or rental costs or other losses of previously allocated remuneration from a former employer which arise due to the acceptance of a position with the Zumtobel Group. It also gives the Supervisory Board the necessary flexibility to attract the best possible candidates.

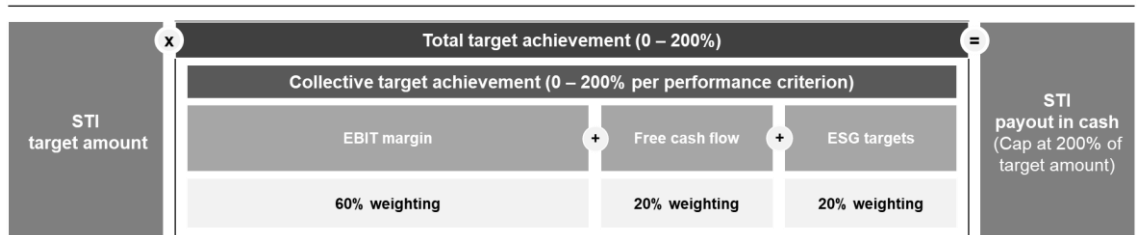
### 1.3.4 Variable remuneration

#### 1.3.4.1 Short-Term Incentive (STI)

The STI is designed as a target bonus, whereby the amount of the payout from the STI is dependent on the achievement of financial targets as well as selected targets from the areas of Environmental, Social and Governance (in short: ESG). As financial performance indicators, the Supervisory Board selected the EBIT margin with a weighting of 60% and free cash flow with a weighting of 20%. The ESG targets are included in the overall STI total target achievement with a weighting of 20%. The two financial targets represent key indicators for the Zumtobel Group's operational success. The performance criteria for the STI, in total, are essential steering elements for the achievement of the Zumtobel Group's central strategic goals, sustainable and profitable growth, and the continuous improvement of liquidity. The maximum payout from the STI is limited to 200% of the target amount (which defines the amount of the payout at 100% target achievement).

The STI is paid out in cash and calculated as follows:

Overview: Short-Term Incentive (STI)



### Performance criterion: EBIT margin

The EBIT margin is defined as EBIT (Earnings Before Interest and Taxes) divided by revenue for the respective financial year. It is based on the consolidated financial statements for the Company which were reviewed by the auditor and presented by the Supervisory Board to the General Meeting.

To calculate the target achievement, the Supervisory Board defines the strategic target and a minimum and maximum value for the EBIT margin before the beginning of the respective financial year. The target achievement equals 100% when the actual EBIT margin for the financial year reflects the strategic target. If the EBIT margin is equal to or lower than the minimum value, the target achievement equals 0%. An EBIT margin equal to or exceeding the maximum value results in a target achievement of 200%. If the maximum value is reached, a higher EBIT margin will not lead to a further increase in the target achievement. Target achievement values between the defined target achievement points are interpolated on a linear basis.

### Performance criterion: Free cash flow

The 100% target for the free cash flow performance criterion represents the budget approved by the Supervisory Board for the respective financial year. The target achievement equals 100% when free cash flow for the financial year, based on the consolidated financial statements of the Company as reviewed by the auditor and presented by the Supervisory Board to the General Meeting, exactly corresponds to the budgeted free cash flow for this financial year. If free cash flow differs by -30% or more from the budget, the target achievement equals 0%. A deviation of +30% or more in free cash flow from the budget results in a target achievement of 200%. If the maximum value is reached, a higher free cash flow will not lead to an increase in the target achievement. Target achievement values between the defined target achievement points are interpolated on a linear basis.

### Performance criterion: ESG

The ESG targets are derived from the Zumtobel Group's sustainability report or from the following criteria catalogue prepared by the Supervisory Board. The criteria for the ESG targets are based on the categories of Environment, Social and Governance and operationalised with concrete targets. The concrete targets, together with minimum and maximum values, are established annually by the Supervisory Board before the start of the respective financial year. The target achievement for the ESG targets is also limited to 200%.

#### Criteria Catalogue for ESG Targets

 Environment	 Social	 Governance
Product responsibility	Responsible employer	Corporate governance & compliance
Sustainable procurement	Product responsibility	Sustainable management
Op. environmental protection	Sustainable procurement	Responsible employer
	Sustainable management	

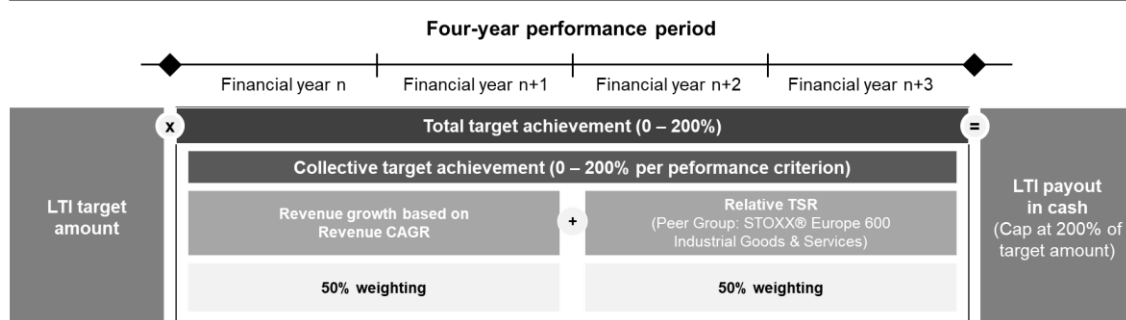
### 1.3.4.2 Long-Term Incentive (LTI)

The LTI is designed as a Performance Cash Plan with a four-year performance period. A new LTI tranche is allocated each year. As the key performance criteria for measurement of the LTI payout, the Supervisory Board defined relative Total Shareholder Return ("relative TSR") in relation to the STOXX® Europe 600 Industrial Goods & Services and revenue growth. Both performance criteria are included in the calculation of the final payout amount with a weighting of 50%. This creates, on the one hand, a clear incentive to meet the

Zumtobel Group's long-term growth ambitions. On the other hand, it also provides a method to compare the Zumtobel Group's performance on the capital market with a relevant industry index, which aligns the interests of the Management Board with the interests of the Zumtobel Group's shareholders. The maximum payout under the LTI is limited to 200% of the target amount (which defines the amount of the payout at 100% target achievement).

The LTI is paid out in cash and calculated as follows:

**Overview: Long-Term Incentive (LTI)**



**Performance criterion: Relative TSR**

The TSR describes the development of the Company's share price, including notional reinvested dividends. The relative TSR compares the TSR of Zumtobel Group AG with the TSR of other companies. To determine the target achievement of the relative TSR, the absolute TSR development of Zumtobel Group AG is compared annually at the end of the respective financial year with the absolute TSR development of the STOXX® Europe 600 Industrial Goods & Services. The outperformance method is used for this purpose. It involves the calculation of the difference between the TSR development of Zumtobel Group AG and the TSR development of the comparative index in percentage points. The target achievement is calculated based on the outperformance relative to the index in percentage points.

The annual target achievement equals 100% when the TSR performance of Zumtobel Group AG reflects the TSR of the comparative index, meaning the outperformance equals zero percentage points. Underperformance of -20 percentage points or less represents an annual target achievement of 0%. Outperformance of +20 percentage points or more leads to an annual target achievement of 200%. If the maximum value is reached, higher relative TSR performance will not result in a further increase in the target achievement. Target achievement values between the defined target achievement points is interpolated on a linear basis.

The target achievement of the relative TSR for the entire performance period equals the average of the individual annual target achievements during the performance period.

**Performance criterion: Revenue growth**

Revenue growth is calculated by comparing the revenue, as reported in the consolidated financial statements, generated by Zumtobel Group AG in the last financial year of the respective performance period with the revenue of the financial year prior to the start of this performance period. The decisive factor is the average annual increase in revenue (Compound Annual Growth Rate, CAGR).

The strategic target and the minimum and maximum values for the revenue growth performance criterion are defined by the Supervisory Board before the start of the performance period. The target achievement equals 100% when actual average revenue growth equals the strategic target for the respective performance period (zero percentage points difference). If actual average revenue growth equals or falls below the lower limit, the target achievement equals 0% ("minimum value"). If the actual revenue growth equals or exceeds the upper limit, the target achievement equals 200% ("maximum value"). Target achievement values between the defined target achievement points are interpolated on a linear basis.

## Evaluation of accrued LTI tranches up to and including the 2021/22 financial year

The evaluation of the accrued LTI tranches from earlier years under the previous Remuneration Policy up to and including the 2021/22 financial year is based on the Total Shareholder Return of Zumtobel Group AG compared with the Total Shareholder Return of a specifically selected, comparable group of companies (Peer group).

The evaluation of the accrued LTI tranches due for payment in the respective year includes an incentive sensitivity of 30%. That means: If the TSR of the Zumtobel Group is 30% or more higher than the peer group, the payment tranche is valued at 200% and payment will be made; if the TSR is 30% or more below the peer group, the tranche is valued at 0% and the payment will be forfeited.

The peer group is widely diversified from both a geographical and industry perspective. The focus is placed, above all, on geographic comparability and the similarity of business activities.

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

Geographical distribution	Share	Industrial sectors	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%		

## 1.4 Other contractual provisions

### 1.4.1 Share Ownership Guideline

A Share Ownership Guideline (SOG) was established for the Management Board members who were appointed after the new Remuneration Policy was approved by the General Meeting on 29 July 2022.

<sup>1</sup> The peer group has been revised and adapted several times since the introduction of the relative performance indicator based on Total Shareholder Return in 2014/15, most recently in 2021/22. The peer group consists of 22 companies.

The SOG is designed to strengthen the Company's capital market orientation and equity culture and, in this way, align the interests of the Management Board members and shareholders of der Zumtobel Group AG.

Every Management Board member is required to invest in a minimum amount of Zumtobel Group AG shares and to hold these shares throughout his/her entire appointment to the Management Board. The minimum amount of the share investment, i.e. the so-called SOG target, equals 100% of the annual gross base salary.

A build-up period of five years was established to reach the SOG target. During this period, the Management Board members are also required to invest at least 15% of the SOG target in Zumtobel Group AG shares each year. This is intended to ensure the continuous accumulation of investments to reach the SOG target, which must be met in full by the end of the fifth year after the start of the build-up period. Zumtobel Group AG shares held by a Management Board member at the start of the build-up period count towards the fulfilment of the SOG target.

#### **1.4.2 Malus and clawback rules**

The Supervisory Board is entitled, in pre-defined cases, to reduce variable remuneration which has not yet been paid out in part or in full to zero ("malus") or to reclaim the net amount of variable remuneration which has already been paid out in part or in full ("clawback").

Pre-defined cases include the following: intentional breaches of duty in the form of violations of major provisions of the Corporate Code of Conduct, the violation of material obligations under employment contracts, or the violation of due diligence obligations as defined in Section 84 of the Austrian Stock Corporation Act, where these violations meet the requirements for a gross breach of duty that would justify termination of the appointment as a member of the Management Board pursuant to Section 75 (4) of the Austrian Stock Corporation Act. A clawback is excluded when the material violation occurred more than five years ago.

Moreover, if the determination or payment of variable remuneration was based on incorrect consolidated financial statements, the Management Board members are required to repay any difference resulting from subsequent corrections. Any claim for repayment ceases to exist if the relevant financial year ended more than five years ago.

The malus and clawback rules do not interfere with any claims by the Company for compensation for damages, especially arising from Section 84 of the Austrian Stock Corporation Act, the Company's right to cancel an appointment pursuant to Section 75 (4) of the Austrian Stock Corporation Act and the Company's right to cancel an employment contract for good cause.

#### **1.4.3 Design of the contracts for the Management Board members**

##### **Term**

The terms of the contracts (employment contracts) for the Management Board members principally equal three years.

##### **Premature termination**

A member of the Management Board can be prematurely removed from his position by the full Supervisory Board for good cause as defined by Section 75 (4) of the Austrian Stock Corporation Act. In particular, good

cause includes gross breach of duty, the inability to carry out due and proper management, or loss of confidence by the General Meeting.

The Company is entitled, in the event of recall, to prematurely cancel the employment contract when the reason was caused by the Management Board member and the Company is entitled to dismissal in analogous application of Section 27 of the Austrian Salaried Employees Act.

The employment contract can be cancelled by the Company or by the Management Board member in keeping with a six-month notice period as of the end of each month. This also applies in the event of a change of control.

### Consequences of termination

In principle, the end of the employment relationship is followed by the determination and payment of variable remuneration based on the originally agreed measurement criteria (performance targets, performance periods etc.) and settlement dates. The target amount for the STI, respectively the LTI tranche of the financial year in which the employment relationship ends will be reduced by 1/12 for every full month in which the employment relationship did not exist in that financial year.

If the employment relationship is terminated by the Company for good cause before the end of the performance period, all current tranches of the LTI will be forfeited without replacement or compensation.

In the event of permanent disability or death of a Management Board member, the STI and all current tranches of the performance cash plan whose performance period has not yet ended, will be paid out immediately. The payment will represent the accumulated target amounts from the STI and all outstanding LTI tranches, whereby the respective target amount for the financial year in which the employment relationship ends will be reduced by 1/12 for every full month in which the employment relationship did not exist in that financial year.

If a Management Board member does not commence adequate employment considered reasonable for his/her person within the agreed termination period, he/she will be entitled to three further monthly compensation payments including a proportional share of variable remuneration.

### Non-competition clause

The Company can conclude an agreement with the members of the Management Board which subjects them to non-competition after the end of their term of office in exchange for the continuation of fixed and variable payments for a maximum of 12 months.

## 1.5 Temporary deviation from the Remuneration Policy

Deviation from this Remuneration Policy is only permitted under exceptional circumstances and on a temporary basis and may only involve Points 4.1 (Fixed remuneration) and 4.2 (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 evaluating a performance criterion which no longer permits determination of the target achievement
- The unforeseen departure of a Management Board member for whatever reason, when a comparable re-appointment to the position does not appear possible within the framework of this Remuneration Policy
- Significant macroeconomic upheavals or changes, respectively military conflicts or terrorist events.

The Remuneration Committee or the Supervisory Board must pass a resolution in such cases to establish that an exceptional circumstance has occurred and confirm that deviation from the Remuneration Policy is necessary for the long-term development of the Company or the protection of its profitability. If the Remuneration Committee or the Supervisory Board reaches this conclusion, it can enter into contractual obligations of an appropriate scope with the Management Board members on behalf of the Company which deviate from this Remuneration Policy.

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

The Supervisory Board must then pass a resolution on the Remuneration Policy and submit an appropriate resolution to the General Meeting.



## 1.6 Total remuneration of the Management Board

### 1.6.1 Total remuneration for 2021/22 and 2022/23

The following table shows the total remuneration for the members of the Management Board for the 2022/23 financial year:<sup>2</sup>

in kEUR	Target achievement	Alfred Felder CEO		Thomas Erath CFO (since Aug. 2021)		Bernard Motzko COO		Marcus Frantz CDTO (since Nov. 2022)		Thomas Tschol CFO (up to Jul. 2021)		Total remuneration of the Management Board	
		2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
<b>Remuneration target</b>													
Fixed (base salary)		700	650	369	263	520	520	225		186	1,814	1,619	
Variable	100%	700	650	249	177	350	350	225		0	1,524	1,177	
<b>Total target</b>		<b>1,400</b>	<b>1,300</b>	<b>617</b>	<b>439</b>	<b>870</b>	<b>870</b>	<b>450</b>		<b>186</b>	<b>3,337</b>	<b>2,795</b>	
Range for total remuneration													
Minimum	0%	700	650	369	263	520	520	225		186	1,814	1,619	
Maximum	200%	2,100	1,950	866	616	1,220	1,220	675		186	4,861	3,972	
<b>Remuneration granted</b>													
Fixed (base salary)		700	650	369	263	520	520	225		186	1,814	1,619	
as a % of total remuneration		43%	39%	53%	49%	53%	49%	43%		98%	47%	47%	
STI <sup>3</sup>	164%	460	195	163	79	230	158	148		0	1,002	432	
LTI <sup>4</sup>		420	780	149	185	210	368	135		0	914	1,333	
Other fringe benefits		34	33	18	13	29	26	11		3	92	75	
as a % of total remuneration		2%	2%	3%	2%	3%	2%	2%		2%	2%	2%	
<b>Total granted</b>		<b>1,615</b>	<b>1,658</b>	<b>699</b>	<b>540</b>	<b>989</b>	<b>1,071</b>	<b>519</b>		<b>189</b>	<b>3,822</b>	<b>3,459</b>	
<b>Remuneration paid</b>													
Fixed (base salary)		700	650	369	263	520	520	225		0	286 <sup>5</sup>	1,814	1,719
STI payout previous periods		195	130	79	0	158	105	0		0	96	432	331
LTI payout previous periods		227	36	0	0	99	15	0		80	11	407	61
<b>Total payments</b>		<b>1,122</b>	<b>816</b>	<b>448</b>	<b>263</b>	<b>777</b>	<b>640</b>	<b>225</b>		<b>80</b>	<b>393</b>	<b>2,653</b>	<b>2,111</b>

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

<sup>3</sup>The STI values represent payment based on a target achievement of 164.4%.

<sup>4</sup>The LTI grant represents the target amount in effect since 2022/23 – previously deferral amount resulting from STI target achievement.

<sup>5</sup>The amount reported under „Remuneration paid – Fixed (base salary)“ includes a one-off bonus of kEUR 100 which was granted by the Supervisory Board's Committee for Management Board Matters.

The main components of other fringe benefits are the company cars and the private health and accident insurance for the Management Board members.

Zumtobel Group AG has concluded asset damage liability insurance (D&O insurance) for the Supervisory Board and Management Board members, managing directors and key employees. This insurance covers damages to the Company caused by this circle of persons (unintentional, respectively without a material breach of duty). There is no deductible for the insured corporate bodies and employees of Zumtobel Group AG.

The target achievement for variable remuneration in 2022/23 equalled 164.4%.

<b>Performance criterion</b>	<b>Target</b>	<b>Actual</b>	<b>Weight</b>	<b>Target achievement</b>
EBIT margin (%)	5.0	6.96	60%	165.67%
Free cash flow (million)	22.5	52.3	20%	200.00%
ESG targets	<ul style="list-style-type: none"> <li>• Implementation of human resources development measures (talent pools and succession planning, trainee programme, employee training)</li> <li>• Measurement of employee satisfaction (organisation of global employee survey and improvement measures)</li> <li>• Reduction of CO<sub>2</sub> emissions</li> <li>• Improvement in waste and recycling rates</li> <li>• Reduction of production waste in the plants</li> </ul>		20%	125,00%
<b>Total</b>				<b>164.40%</b>

## 1.6.2 Entitlements and payments from the LTI bonus bank (acquired up to and including 2021/22)

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 at 100% of TSR target achievement	Actual TSR target achievement	Payment based on TSR target achievement	Payment in reporting year
<b>Total remuneration: active and former Management Board members</b>								
2022/23	2,695	0	-688	2,008	688	123%	849	441
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>								
2022/23	1,490	0	-358	1,132	358	123%	442	227
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>								
2022/23	185	0	-62	124	62	123%	76	0
2021/22	0	185	0	185	0	92%	0	0
<b>Bernard Motzko COO</b>								
2022/23	714	0	-181	533	181	123%	223	99
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>								
2022/23	306	0	-87	219	87	123%	107	80
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

The Total Shareholder Return of the Zumtobel Group for the 2022/23 financial year equals 0.36% and is 7.04% higher than the Total Shareholder Return of the defined peer group (-6.68%). This represents a target achievement of 123.48% based on the accrued and payable LTI tranches scheduled for evaluation in 2022/23.

### 1.6.3 Annual change in remuneration and performance

This table shows the development of the total remuneration for all Management Board members compared with the Company's performance. Also included is the development of the average remuneration of other employees over the past five years.

in kEUR	Basis 2022/23	Δ 2022/23	Δ 2021/22	Δ 2020/21	Δ 2019/20	Δ 2018/19
		vs. 2021/22 in %	vs. 2020/21 in %	vs. 2019/20 in %	vs. 2018/19 in %	vs. 2017/18 in %
<b>Management Board remuneration granted</b>						
Alfred Felder CEO	1,615	-2.6	29.0	-7.2	77.8	43.5
Thomas Erath CFO	699	29.3 <sup>6</sup>	new			
Bernard Motzko COO	989	-7.7	31.8	-11.8	46.1	
Marcus Frantz CDTO	519	new				
<b>Company performance</b>						
Revenues (million)	1,209.2	5.3	9.9	-7.7	-2.6	-2.9
Adjusted EBIT (million)	87.2	36.8	40.1	-15.7	95.0	40.6
EBIT (million)	84.3	38.7	40.2	23.9	> 100	> 100
EBIT margin (%)	7.0	31.7	27.5	34.2	> 100	> 100
Net profit (million)	60.0	28.8	2.0	> 100	> 100	-67.4
Free cash flow (million)	52.3	> 100	-84.1	87.7	> 100	> 100
<b>Average remuneration of other employees in Austria</b>						
Employees in Austria	69	4.8	2.2	3.1	1.3	5.9

The remuneration granted also includes the allocation of LTI tranches. The evaluation and payment of the accrued and payable LTI tranches in the respective year can, as explained under 1.3.3.2 Long-Term Incentive (LTI), range from 0% to 200%.

### 1.6.4 Information on share-based remuneration

There is no share-based remuneration.

### 1.6.5 Information on remuneration from subsidiaries

No remuneration was granted by subsidiaries.

<sup>6</sup> For Thomas Erath, the calculation basis in 2021/22 equals nine months from the date of appointment.

## 2. Supervisory Board Remuneration

### 2.1 Principles of the Remuneration Policy

#### 2.1.1 Preparation of the 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 and were intended for application after presentation to the 44<sup>th</sup> General Meeting of Zumtobel Group AG. In accordance with Section 98a in connection with Section 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 Objective

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 be sufficiently attractive to recruit and retain appropriately qualified persons for the assumption of responsibilities on the supervisory board of a listed international corporation. 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 fees

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 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 Section 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 presented to the 44<sup>th</sup> 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 changes since that time, no information is provided under this point.

## 2.2 Total remuneration of the Supervisory Board

The remuneration and attendance fees for the Supervisory Board are approved by the General Meeting and were last amended by the General Meeting on 24 July 2015. The fixed remuneration per financial year equals EUR 120,000 for the chairperson of the Supervisory Board and EUR 60,000 for every other elected Supervisory Board member. No additional attendance fees are paid for the Supervisory Board meetings or for the General Meeting. In addition, the elected members of the Supervisory Board committees receive variable remuneration. The chairperson of each committee is entitled to remuneration of EUR 15,000 per meeting up to a maximum of EUR 30,000 per financial year for his/her activities in this function. 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 delegated by the Works Council do not receive any Supervisory Board remuneration. The fixed remuneration is paid in equal monthly instalments. The variable remuneration is only paid to members who are personally present and is transferred one week after the respective meeting.

Remuneration of the Supervisory Board:<sup>7</sup>

in kEUR	Fixed remuneration		Variable remuneration (attendance fees)		Total remuneration of the Supervisory Board <sup>8</sup>	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
<b>Total remuneration</b>	<b>420</b>	<b>420</b>	<b>240</b>	<b>210</b>	<b>660</b>	<b>630</b>
Karin Zumtobel-Chammah	120	120	30	30	150	150
Georg Pachta-Reyhofen	60	60	50	50	110	110
Volkhard Hofmann	60	60	60	55	120	115
Eva Kienle	60	60	40	35	100	95
Thorsten Staake	60	60	40	25	100	85
Christian Beer	60	60	20	15	80	75

<sup>7</sup> Note: In the sense of transparency and clarity, the above amounts include only the remuneration for the meetings in the respective financial year regardless of the payment date.

<sup>8</sup> The table includes an adjustment of the variable remuneration (attendance fees) for Volkhard Hofmann, Eva Kienle, Thorsten Staake and Christian Beer because the amounts reported for attendance fees in the remuneration report for 2021/22 were based on the assumption of full attendance.

### **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 granted by subsidiaries.

Dornbirn, 26 June 2023

Alfred Felder  
Chairman of the Management Board, CEO

Karin Zumtobel-Chammah  
Chairwoman of the Supervisory Board





