

Report by the Supervisory Board of Zumtobel Group AG on 23 June 2015 for the 2014/2015 Financial Year

Dear Shareholders,

The 2014/15 financial year was characterised by the strategic reorientation of the Zumtobel Group. Following the appointment of Ulrich Schumacher as Chief Executive Officer in 2013/14, this reorientation also included the selection of Karin Sonnenmoser as Chief Financial Officer at the beginning of the reporting year. On 25 July 2014 we accepted the resignation of Martin Brandt, Chief Operating Officer, who left the company on 31 July 2014. We now have an excellent Management Board team with Ulrich Schumacher and Karin Sonnenmoser who have already produced visible results in support of future profitable and dynamic growth with the measures implemented to date.

We performed the duties required by law and the articles of association during the 2014/15 financial year by regularly monitoring the direction of the company by the Management Board and the management of Zumtobel Group AG. The Management Board provided us with comprehensive verbal and written reports on a regular and timely basis, which covered the general development of business and major events as well as the position of Zumtobel Group AG and the Zumtobel Group. Experts were invited to our meetings to provide detailed information on specific topics. Between the scheduled meetings, the Management Board supplied the Supervisory Board with regular reports on important individual subjects. The chairmen of the Management and Supervisory Boards also held a number of personal meetings. These activities allowed the Supervisory Board to meet its obligations in full.

The Supervisory Board of Zumtobel Group AG included the following six shareholder representatives as of 30 April 2015: Jürg Zumtobel, Hero Brahms, Fritz Zumtobel, Hans-Peter Metzler, Johannes Burtscher and Stephan Hutter

Meetings of the Supervisory Board

The Supervisory Board met five times during the 2014/15 financial year: four times at scheduled meetings and once in a strategy meeting. One member of the Supervisory Board were excused at each of two meetings, and there was full attendance at all other meetings.

The Supervisory Board meeting on 24 June 2014 focused, above all, on the 2013/14 annual financial statements and consolidated financial statements of Zumtobel Group AG. After an extensive discussion of operating developments in the Zumtobel Group and its two segments (Lighting and Components) during the fourth quarter and the full 2013/14 financial year, we agreed with the Audit Committee's recommendations to approve the audited annual financial statements and the management report and to accept the consolidated financial statements, including the group management report. In this connection, the Management Board's recommendation to distribute a dividend of EUR 0.18 per share was approved. We also approved the report by the insider compliance officer and – based on a recommendation by the Audit Committee – a proposal to the annual general meeting for the election of KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, as the auditor of the individual and consolidated financial statements for the 2014/15 financial year. The Supervisory Board's report to the annual general meeting was discussed and approved. Based on the results of a self-evaluation questionnaire,

opportunities for improving the organisation and work processes of the Supervisory Board were considered. In conclusion, organisational appointments were discussed and approved.

A contract for the provision of services by KPMG AG Wirtschaftsprüfungsgesellschaft, Dortmund, was approved by the Supervisory Board through a circular resolution on 22 July 2014. This contract covers the implementation of the “Zumtobel Synergy” cost reduction project.

The Supervisory Board meeting on 26 September 2014 dealt with the management report and key financial data on the first quarter of 2014/15. Transactions requiring the consent of the Supervisory Board involved refinancing measures, which were discussed and approved.

The Supervisory Board met in a closed conference on 5 November 2014 to discuss strategic issues related to the individual areas of business of the Zumtobel Group.

The main topics of the Supervisory Board meeting on 23 January 2015 included the management report on the first six months of 2014/15 and the outlook for the full financial year as well as status reports on the development of critical sales regions. Transactions requiring the consent of the Supervisory Board involved a refinancing measure, the amendment of the rules of procedure for the Management Board and organizational appointments, which were discussed and approved.

The central topics of the Supervisory Board meeting on 24 April 2015 were the management report on the third quarter of 2014/15, the budget for 2015/16 and the related medium-term planning for the financial years up to 2018/19. The Supervisory Board approved the budget and accepted the medium-term planning. Transactions that required and received the consent of the Supervisory Board included, among others, the discussion and approval of the rules of procedure for the Management Board.

Audit Committee

The Audit Committee met twice during 2014/15, whereby all members were present at both meetings.

The meeting on 24 June 2014 concentrated on the annual financial statements for 2013/14. The auditor of the consolidated and individual financial statements and company staff supplied the Audit Committee with detailed information on the consolidated financial statements and individual financial statements of Zumtobel Group AG as well as accounting processes and major accounting principles. The system for and presentation of special effects was discussed and approved, and new development in the compliance organisation were explained. Other reports (risk management system, internal control system, internal audit, corporate governance and insider compliance) were also discussed and accepted. The Management Board's recommendation for the distribution of profit was approved. A resolution for the appointment of the auditor for the 2014/15 financial year was approved and passed on to the Supervisory Board.

The Audit Committee meeting on 23 January 2014 dealt with the six-month financial statements as of 31 October 2014, whereby the related reports by the auditor and corporate staff were accepted. The accounting process, the focus of the review and related issues were examined in detail. The current status and focal points of the audit by the Austrian Financial Reporting Agency were discussed. Other reports were presented and accepted on the status of the internal control system, the risk management system, internal audit, corporate compliance management and anti-corruption measures and corporate governance in the Zumtobel Group. In conclusion the recent corporate law changes in Group structure and their accounting and tax effects were reviewed.

Committee for Management Board Matters

The Committee for Management Board Matters met seven times during the reporting year, with full attendance at all meetings. Numerous preparatory telephone conferences were held in advance of these meetings.

One of the committee's most important responsibilities in 2014/15 was its work on the Compensation Committee, which takes decisions on the remuneration system. The Compensation Committee includes representatives of the Management Board, Supervisory Board and human resources department and is supported by FehrAdvice & Partner AG, an independent consulting firm located in Zurich. As announced in the corporate governance report for 2013/14 and approved in the meeting on 24 April 2014, a new scheme was introduced for the calculation of variable remuneration for the Management Board and key managers of Zumtobel Group AG during the reporting year.

Experience from the variable remuneration scheme used in 2012/13 and 2013/14 showed that performance evaluation requires substantial discussions and coordination when adjusted operating earnings are to be compared with the adjusted operating earnings of key competitors of the Zumtobel Group and their brands. The Management Board's goals with respect to the new strategy are to promote cooperation within the Group, to leverage synergy effects and, in this way, to optimise the Group as a whole so ("one firm"). These goals were reflected in the changeover to a capital market-based performance indicator (total shareholder return) for the entire Group. Under the new system, performance evaluation is based on a comparison of the total shareholder return of Zumtobel Group AG with the total shareholder return of a specifically selected group of comparable companies. The new remuneration scheme was discussed in detail during numerous meetings and telephone conferences in 2014/15. In the meeting on 22 April 2015, the decision was taken to also use total shareholder return as the performance indicator in 2015/16. Additional information is provided in the section on "Remuneration".

The meeting on 23 June 2014 dealt with alternatives in connection with the voluntary resignation of Martin Brandt, Chief Operating Officer (COO), as of 31 July 2014. The committee members and Management Board held a number of preparatory telephone conferences prior to this meeting.

Activities in 2014/15 also focused on the development of a new scheme for the Supervisory Board remuneration together with FehrAdvice & Partner AG. The duties of and demands on the Supervisory Board as the senior controlling body have grown significantly in recent years due to the greater complexity of business models, increasing internationalisation and rising liability risks. The current remuneration does not reflect these increased responsibilities or liability risks for the Supervisory Board members. In order to guarantee a high degree of professionalism and ensure that the work of the Supervisory Board remains attractive over the long-term, recommendations were made to expand the committees' activities and adjust the Supervisory Board remuneration to an appropriate level in European comparison. These recommended adjustments were discussed in the meeting on 22 April 2015 and will be passed on to the full Supervisory Board and, subsequently, presented to the annual general meeting of Zumtobel Group AG on 24 July 2015 for a final decision.

Annual Financial Statements

The annual financial statements and the management report as well as the consolidated financial statements and the group management report of Zumtobel Group AG for the 2014/15 financial year were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, and given unqualified opinions. After an extensive review and discussion of the annual financial statements of Zumtobel Group AG with the auditor at meetings of the Audit Committee and the Supervisory Board, which provided no

grounds for limitations, the Supervisory Board stated its agreement with the management reports for the company and the Group pursuant to § 96 (1) of the Austrian Stock Corporation Act and approved the annual financial statements of Zumtobel Group AG. These financial statements are therefore considered finalised in accordance with § 96 (4) of the Austrian Stock Corporation Act. The same applies to the consolidated financial statements. The Supervisory Board also approved the corporate governance report, which was reviewed by the Audit Committee.

The Supervisory Board supports the recommendation by the Management Board to the annual general meeting, which calls for the distribution of a EUR 0.22 dividend per share from annual profit for the 2014/15 financial year and the carryforward of 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 strong personal commitment during the past financial year.

We would also like to thank the shareholders of Zumtobel Group AG for the confidence they have placed in us.

For the Supervisory Board

Jürg Zumtobel
Chairman of the Supervisory Board

Dornbirn, 23 June 2015