

UN Global Compact - Zumtobel Group

COMMUNICATION
ON PROGRESS



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

BUSINESS YEAR
2020/21

UN GLOBAL COMPACT - COMMUNICATION ON PROGRESS

1. THE COMPANY

1.1 Management-Commitment

Dear Reader,

Our claim for more than 70 years has been to create innovative lighting solutions, components and services that meet the needs of our customers.

The success of the Zumtobel Group is based to a significant degree on the bundled expertise of our employees¹, our innovative strength and good, long-standing cooperation with our worldwide partners. Continuity and compliance with legal

and ethical norms are important building blocks for this sustainable and trusting cooperation.

We are therefore pleased to reconfirm the support of Zumtobel Group AG this year for the ten principles of the United Nations Global Compact in the areas of human rights, labour standards, environmental protection and the fight against corruption.

In this annual progress report, we describe the measures we have implemented to ensure the continuous integration of the Global Compact and its principles in our management, corporate culture and daily operations. We have also committed to making this information available to our stakeholder groups through our primary communication channels.

Best regards,

Alfred Felder
CEO Zumtobel Group

Bernard Motzko
COO Zumtobel Group

Thomas Tschol
CFO Zumtobel Group

1.2 Our business model

The Zumtobel Group is an international lighting corporation and a leading supplier of innovative lighting solutions, lighting components and related services. This listed company operates 10 production plants on three continents and has sales offices and partners in nearly 90 countries. The Group employed a workforce of 5,813 as of 30 April 2021 and generated revenues of EUR 1,044.5 million in the 2020/21 financial year.

The founding Zumtobel family has served as a stable core shareholder since the IPO in 2006 and holds roughly 37 % of share capital. The company was founded in 1950 in Dornbirn, Vorarlberg (Austria), and celebrated its 70th anniversary in 2020/21.

With its core brands – Thorn, Tridonic and Zumtobel – the Group offers its customers a wide-ranging portfolio of products and services. The Zumtobel Group consists of two operating segments which form the basis for corporate management: the Lighting Segment with its luminaires and lighting solutions and the Components Segment. Each segment has its own global product portfolio, sales and production organisation.

In the Lighting Segment, the company is one of the European market leaders with its Thorn and Zumtobel brands. Tridonic, the components brand, forms the basis for the Group's leading role in the production of hardware and software for lighting sys-

tems (LED light sources, LED drivers, sensors and lighting systems management).

The Zumtobel Group's service offering is one of the most extensive in the entire lighting industry: examples include consulting on intelligent lighting management and emergency lighting, light contracting, design, project management for turnkey lighting solutions and new data-based services with a focus on the integration of buildings and cities by way of the lighting infrastructure (indoor navigation for guidance or for counting the number of people in a room by means of presence sensors in the lighting).

Applications represent the focal point for

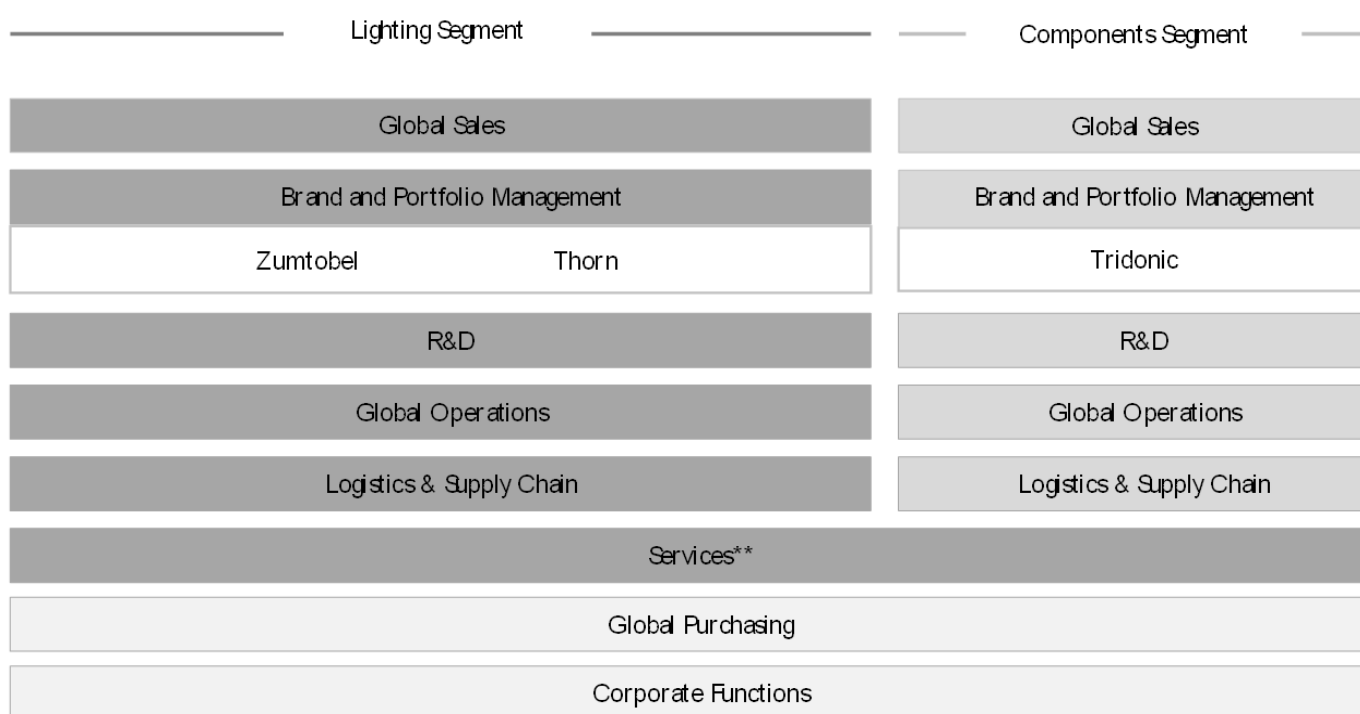
¹In this document, the term „employees, colleagues, customers, partners, etc.“ covers and is understood to mean women, men and diversity in equal measure.

both the Lighting Segment and the Components Segment. Indoor includes applications for industry (incl. logistics, halls and car parks), offices, education and health (incl. hospitals, schools and universities) as well as the retail trade (incl. supermarkets, home furnishing stores and

high-end brand retail), art & culture and exhibition areas (incl. gastronomy). Outdoor addresses applications for roads, tunnels, sport facilities and exterior lighting for public areas, including facade lighting. Services cover all project and software-oriented activities. This application-based

orientation determines the form of the product portfolio and is also reflected in the sales organisation.

Zumtobel Group*



* Simplified illustration as of 30 April 2021

** part of Lighting Segment, also supports Tridonic and their customers

The sales organisation is clearly separated between the two segments and reflects country-specific business models. In the Lighting Segment, this includes sales for construction projects and the related target groups (e.g. architects, lighting and electrical planners, contractors and developers), sales through retail channels, and direct sales to large customers and public contracting entities. Sales in the Components Segment involve OEM sales (Original Equipment Manufacturer) to luminaire

producers as well as advance sales of intelligent solutions to electrical and system planners.

Zumtobel Group AG serves as the parent company of the Group and provides numerous corporate management and service functions for the brands. These central functions include finance, human resources, legal, audit & compliance, insurance, IT and process management, strategy and transformation, central pro-

urement as well as corporate communications and investor relations.

Products and production locations

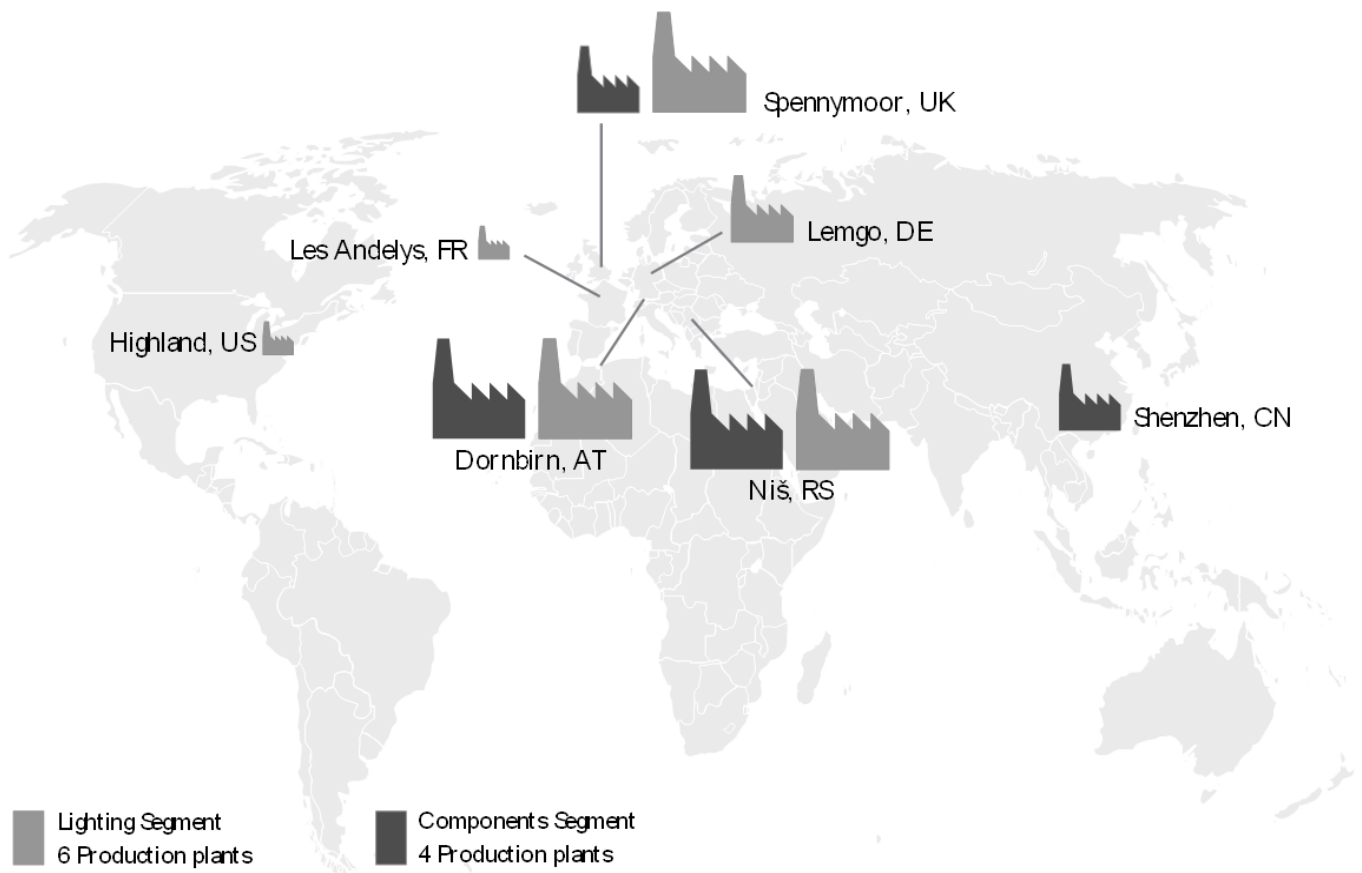
The Zumtobel Group's business model covers nearly the entire value chain in professional lighting – from components, luminaires and light management systems to complete lighting solutions and services. The Zumtobel Group's lighting and com-

ponents plants are organised in a global production network. The individual plants are linked in a way that best utilises their regional and technological strengths for the benefit of the entire Group. Close geographical proximity to the target markets allows for fast and highly flexible deliveries

to customers (“local for local“). Key elements of the FOCUSED strategy that was expanded in 2020/21 include the consistent application of the lean management approach and a competitive cost structure to support the continuous optimisation of production costs.

Lighting and components are produced in individual areas at Dornbirn, Niš and Spennymoor under separate organisation and management. The Zumtobel Group had 10 plants on three continents as of 30 April 2021.

Production network of Zumtobel Group as of 30 April 2021



1.3 Corporate strategy

The Zumtobel Group has, in recent years, consistently implemented the corporate strategy that was introduced in 2018/19 with its stronger focus on customer orientation and reduction in process complexity and costs. The Covid-19 pandemic and the resulting economic reality led to a decision

by management to further develop the “FOCUS” strategy as a means of utilising new opportunities for growth and strengthening the company’s position over the long-term. The result is the new “Be focused” strategy, which has been expanded to include increasingly important aspects

like environmental issues (the letter “E”) and digitalisation (the letter “D”).

+ FOCUSED

FOCUS ON KEY MARKETS AND APPLICATIONS

The Zumtobel Group concentrates on its target markets and on sustainable, profitable growth in core application areas and precisely defined future fields. In the indoor area, activities are based primarily on industry, office and education, retail and art and culture. In the outdoor area, the focus is on lighting for urban areas and streets as well as architecture and sport facilities. The Lighting Segment concentrates on key markets and applications mainly in Europe, while the Components-Segment addresses the global market.

OPERATIONAL EXCELLENCE

The Zumtobel Group works to continually improve the quality of its products and processes and optimise cost structures along the entire value chain. With its own production facilities and a competitive global supplier network, the Zumtobel Group stands for reliably deliveries and customer-oriented service.

COMPETENCE IN EVERY DETAIL

The Zumtobel Group is, and will remain, an innovation leader for components and sensors and is systematically expanding its high expertise in miniaturisation and

product integration. It believes in the seamless interaction between components and lighting as the driver for digitalisation and wants to use its extensive technical expertise to offer an increasing range of Internet-of-Things (IoT) solutions for the world of light.

UNIQUE BRANDS UNDER ONE ROOF

The Zumtobel Group's strong brands cover nearly the entire value chain in the area of light – from components to integrated solutions. The Lighting Segment consequently follows a two-brand strategy (Thorn & Zumtobel) with a balanced product portfolio and a mix of projects, key accounts and the retail sector. The Components Segment relies entirely on the Tridonic brand, which will also stand out with a particular customer orientation in the future.

SMART SOLUTIONS AND SERVICES

The Zumtobel Group relies on innovation and turnkey solutions that cover products, systems and services (including digital offers). They represent an integral part of its distinguishing features and the driver for future growth. Services will be further expanded in the future as an important part of the offering, above all in the Lighting Segment.

ENVIRONMENT AND ENGAGED EMPLOYEES

The Zumtobel Group has set a goal to become climate-neutral by 2025 and to implement the circular economy principle. That would also make the Zumtobel Group a pioneer in this area of the lighting industry. Developing solutions to help customers meet their sustainability targets is also part of this goal. The Zumtobel Group will continue to offer an environment in which employees can grow personally and professionally and, in this way, make an important contribution to the company's success.

DIGITAL SOLUTIONS

The Zumtobel Group is systematically implementing digitalised process workflows "end to end", i.e. from the receipt of orders to after-sales. In addition, the company will increasingly offer digital products with expanded functions as well as digital services that create new customer experiences, strengthen customer ties and support the development of new earnings models for the Group.

**WE RESPECT
HUMAN RIGHTS
AND CONDEMN
ANY FORM OF
DISCRIMINATION.
OUR BEHAVIOUR IS
DEFINED BY
RESPECT,
HONESTY,
TRANSPARENCY
AND RELIABILITY**

2. HUMAN RIGHTS

Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2:

and make sure that they are not complicit in human rights abuses.

2.1 Our commitment

The success of the Zumtobel Group is based on qualified, dedicated and motivated employees. This belief is reflected in our commitment to compliance with human rights and the fundamental principles of labour law, occupational safety, and the protection of health all over the world. Respect for human rights represents an integral part of the corporate culture and management.

As an international company, the Zumto-

bel Group is fully committed to the protection of human rights and compliance with international social standards and the legal regulations applicable in Austria and other countries. The Zumtobel Group has documented this commitment by joining the UN Global Compact.

As an employer with a corporate culture that has grown over many decades, the Zumtobel Group accepts social responsibility for its employees throughout the

world. Compliance with the legal participation rights of employees and the principles and standards defined by the International Labour Organisation (ILO) represent an integral part of the code of conduct.

The Zumtobel Group supports the open and regular exchange of information between the Management Board, employees and Works Council.

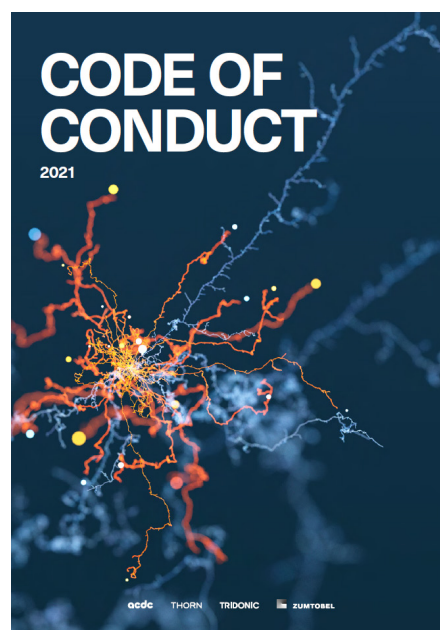
2.2 Progress in the 2020/21 Financial Year

Revision of the code of conduct

The Zumtobel Group's code of conduct, which was last revised in 2016, was updated and made available to all employees during the 2020/21 financial year. It forms the basis for our everyday actions by setting worldwide standards for the Group's workforce.

Compliance with the highest ethical standards is the basis for sustainably strengthening the Zumtobel Group's competitive ability and market position.

Our corporate values and the code of conduct help us to make the right decisions and to always act as a fair, trustworthy and unbiased partner in our dealings with our employees and our external partners.



Recruiting and hiring practices

The Zumtobel Group's recruiting process is focused on qualified applicants and is independent of, for example, race, skin colour, gender, religion, age, sexual orientation, gender identity and gender role or disability.

Health and occupational safety

The Zumtobel Group places high priority on long-term support and protection for the health and physical integrity of our employees. As an employer, we therefore guarantee safe and hygienic working conditions throughout our worldwide operations. All employees are familiar with and observe the Zumtobel Group's health and safety guidelines, which they have committed to follow.

Accident prevention and health protection for employees have high priority for the member companies of the Zumtobel Group and are the subject of regular discussions in employer-employee committees. Specially designed systems record and monitor the related developments. Local officers monitor compliance with specific environmental, health and safety guidelines at all locations.

Healthcare and prevention measures, combined with the maintenance and promotion of employees' fitness for work, are continuously improved and adapted to reflect demographic trends. Health management also includes the regular implementation of projects to improve workplace health protection.

Examples of these projects include age-appropriate workplaces and the maintenance of work fitness as well as integration management. In line with the goal not to lose any employees through illness, the Zumtobel Group has implemented a re-integration process. It gives employees on long-term sick leave an opportunity to return to their previous job or to an alternative function. An internal integration team accompanies this process and supports

the involved employees.

Sustainable procurement initiative

The sustainable procurement initiative was reworked in 2020/21. The Zumtobel Group's activities are designed to communicate the company's expectations for social and ecological responsibility to existing as well as potential business partners. This creates transparency for all stakeholders concerning the relevant procurement processes, content and procedures.

For the Zumtobel Group, integrating sustainability in procurement activities means working even closer with business partners throughout the world to ensure sustainable business processes. The Group expects all stakeholder, in return, to demonstrate their own commitment to social and ecological responsibility. Procurement activities in the Zumtobel Group are focused on increased protection for employees and the environment and on the responsible handling of resources and the reduction of long-term effects on the environment. High priority is therefore given to the integration of sustainability in the instruments used for supplier management

to optimise this potential along the entire value chain.

The requirements of this initiative are embedded deep in the Group-wide procurement process and, in this way, ensure that our sustainability demands are met by all business partners. Our efforts on behalf of sustainable procurement are defined in the business partner code of conduct for social and ecological responsibility and apply to all our business partners.

Compliance with the code of conduct for suppliers is, without exception, a requirement for the selection of new business partners. When the initial discussions with potential business partners indicate a potential risk for social and ecological responsibility and this risk is subsequently confirmed by an on-site inspection, an extensive improvement plan and measures are implemented or the business relationship is terminated when the results are negative.

Compliance with the Zumtobel Group's requirements for social and ecological responsibility by business partners is monitored by the following processes:

For new suppliers – business partner social and environmental conformity process:

- 1) Self-evaluation questionnaire, confirmation of the business partner code of conduct
- 2) Submission of REACH-, RoHs-, conflict mineral statements
- 3) Sustainability audit of the supplier
- 4) Follow-up process to ensure the implementation of improvements in the event of non-conformity

For existing suppliers – ongoing conformity is monitored by:

- 1) Regular supplier evaluations
- 2) Development of suppliers as required
- 3) Ongoing programme for sustainability audits to ensure continuous compliance
- 4) Integration of sustainability as a fundamental element of the merchandise procurement strategy

The process to evaluate the social and environmental compatibility of business partners is integrated in the approval process for potential new business partners (GSAP).

The procedure includes a self-evaluation questionnaire and a sustainability audit, which are intended to show the current status, potential risks and opportunities for improvement.

Self-evaluation questionnaire for suppliers' sustainability

This questionnaire requires business partners to provide general information in the

following categories: work, health & safety, environment and ethics. It is followed by an initial compliance audit that covers the Zumtobel Group's sustainability requirements. Indications of non-conformity with the minimum requirements of the business partner code of conduct can lead to termination of the questioning.

Supplier sustainability audit

The sustainability audit represents a further instrument to evaluate compliance with the Zumtobel Group's expectations on the social and ecological responsibility of its business partners and is carried out directly at the partner's location. In that

way, the sustainability audit makes it possible to identify deviations and implement corrective measures. The implementation and effectiveness of these measures is then verified in a follow-up process. If deviations from the minimum requirements are not remedied to meet the required standard within a defined period, the potential business partnership is terminated.

**WE STAND
FOR ZERO
TOLERANCE
OF CHILD LABOUR
AND
FORCED LABOUR,
AND WE
STRICTLY REJECT
ANY FORM
OF
DISCRIMINATION**

3. LABOUR STANDARDS

Principle 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4:

The elimination of all forms of forced and compulsory labour

Principle 5:

The effective abolition of child labour

Principle 6:

And the elimination of discrimination in respect of employment and occupation

3.1 Voluntary obligation

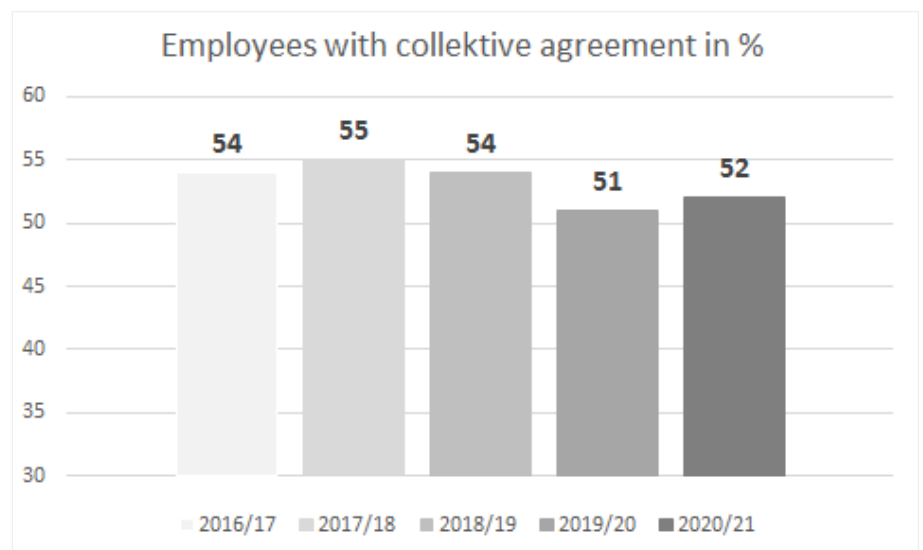
Zero tolerance for child labour and forced labour as well as the rejection of any form of discrimination is a compulsory standard. We are committed to compliance with the core labour standards of the International Labour Organisation (ILO). The observance of these standards is evaluated annually based on a comprehensive survey of the business partners of all subsidiaries worldwide, in which conformity must be verified and confirmed. The survey also covers, among others, the respect for human rights, social performance and the health and safety of employees.

We acknowledge the rights of employees to the freedom of assembly and collective bargaining. Roughly 52 % of the Zumtobel Group's employees are covered by a collective agreement (as of 30 April 2020/21).

Many of the Zumtobel Group's subsidia-

ries also provide various voluntary employee benefits in line with the needs of their local workforce, including subsidies

or company offers for health, accident or life insurance.



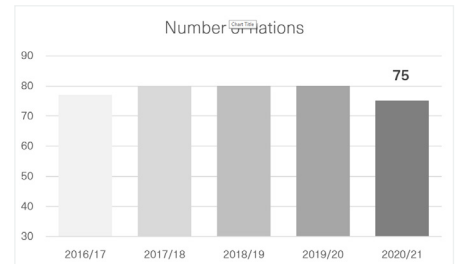
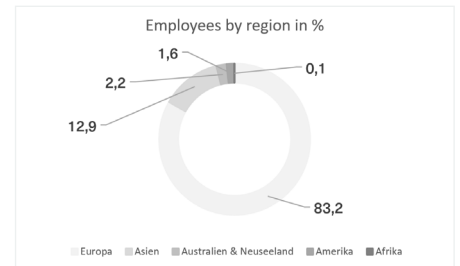
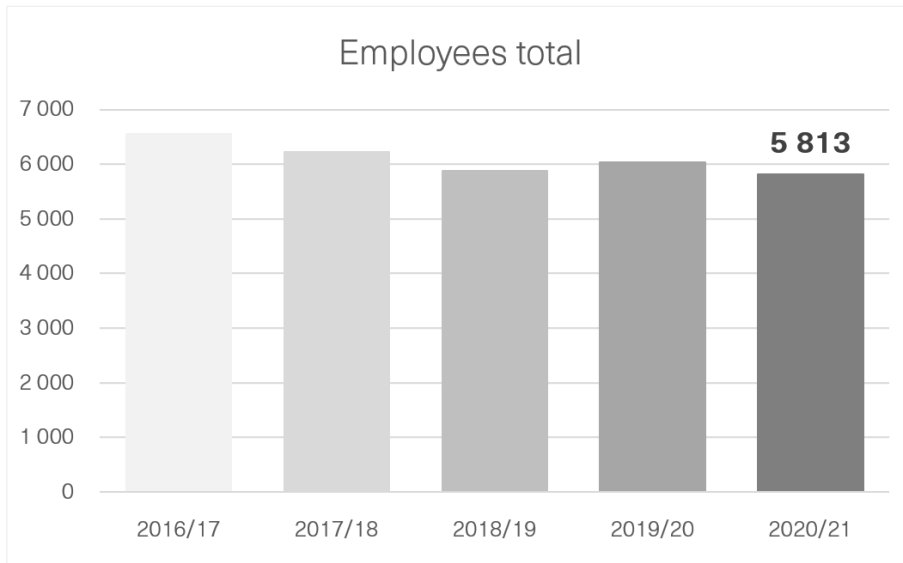
3.2 Progress in the 2020/21 Financial Year

Attractive and fair remuneration

All employees are entitled to fair and performance-based remuneration. Internal and external comparisons are used to confirm that wages and salaries reflect the market level and are not biased by gender.

The Zumtobel Group pays all wages and salaries regularly and on time in accordance with the hours worked. Bonus systems are linked to financial indicators that are clearly defined in advance and aligned

with the sustainable development of business. Both the weighting and the attainment of targets are communicated transparently.



Mitarbeiterstand 2020/21

Antidiscrimination and diversity

Diversity among the workforce is an important factor for creating an innovative working climate and protecting the Group's competitive ability. The men and women employed by the Zumtobel Group come from 75 different nations, whereby the staff at the corporate headquarters in Dornbirn, Austria, represent roughly 50 nations (as of 30 April 2020/21).

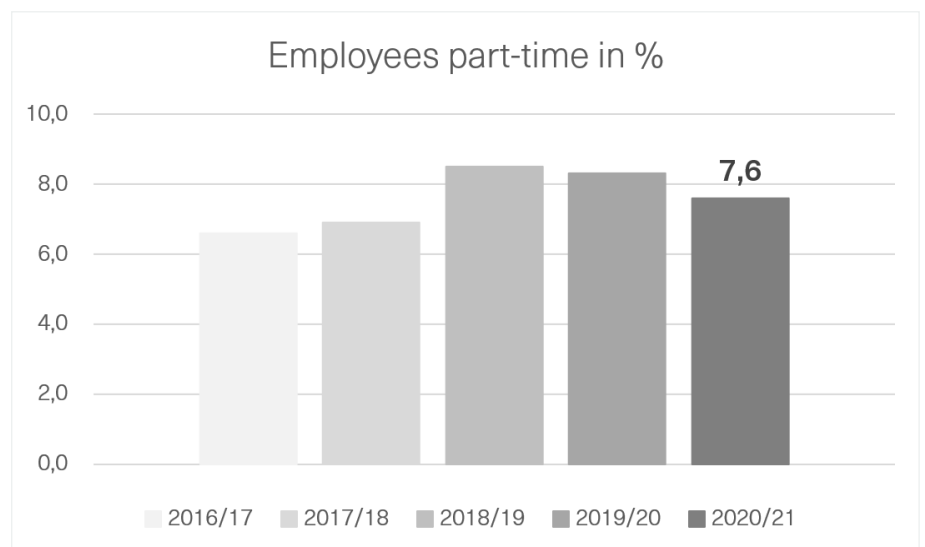
The Zumtobel Group believes in equal opportunity and rejects any form of discrimination based on ethnic origin, nationality, gender, cultural background, age, disability, religious conviction or sexual orientation. Every person is unique, valuable and has individual capabilities. This belief is also reflected in the Zumtobel Group's code of conduct, which prohibits all forms of discrimination. Experience, qualifications and performance form the basis for personnel decisions in all corporate areas and at all management levels.

The share of women in the Zumtobel Group's workforce equals 35.7 % (as of 30 April 2020/21). There is no specific target for the appointment of women to management positions., but the Zumtobel Group recognises that the continuation of

existing initiatives and an open approach to new initiatives requires 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 Zumtobel Group does not tolerate any

form of sexual harassment at the workplace. Sexual harassment covers behaviour with a sexual undertone that is objectionable to the involved person or occurs against his or her wishes. It includes, for example, rude physical contact as well as unnecessary touching, improper and sexist remarks and jokes, suggestive requests and showing or displaying any type of material with a sexual content.



Working time and the work-life balance

The Zumtobel Group complies with all legal regulations concerning working hours and overtime. The limitations on the number of hours of overtime worked are regulated by law and observed. The rules on the duration of work, rest periods and break time are available to employees in an easily understandable form.

An effective work-life balance for employees is an important factor for the Zumtobel Group's. The key points in this context are the fundamentally changing demands of new generations on the labour market and measures to support the reconcilia-

tion of career and family life for working parents. The Zumtobel Group helps to improve the work-life balance by continually increasing the offering of flexible working time models. Part-time employment, educational leave, sabbaticals, parental leave for fathers, home office options or other models are arranged where needed and permitted by the respective position.

Employees in Austria can also take advantage of a free-time option. It permits a reduction in working hours for personal reasons in exchange for waiving a salary or wage increase and results in paid time-off (for example, for age-based work, educational programmes or to accumulate lon-

ger free-time periods over several years).

Mothers and fathers who return to work after maternity and parental leave are actively supported in their reintegration.

Employment of minors

The Zumtobel Group follows a strict policy to protect minors in accordance with the legal regulations in the countries where it operates. Child labour and forced labour are strictly forbidden in the Zumtobel Group.

**WE HANDLE
RESOURCES
CAREFULLY AND EF-
FICIENTLY,
AND REDUCE
AND AVOID
EMISSIONS AND
WASTE ALONG THE
VALUE CHAIN FOR
OUR PRODUCTS AND
SERVICES.**

4. ENVIRONMENTAL PROTECTION

Principle 7:

Businesses should support a precautionary approach to environmental challenges

Principle 8:

Undertake initiatives to promote greater environmental responsibility

Principle 9:

And encourage the development and diffusion of environmentally friendly technologies

4.1 Our commitment

Environmental protection is of great importance to the Zumtobel Group, not only with respect to the development of energy-efficient, environmentally friendly products but also in connection with efforts to make procurement, production and lo-

gistics more environmentally compatible. Our goal is to minimise the environmental impact of our production and procurement processes. This is reflected in the careful and efficient use of resources as well as the avoidance and minimisation of emis-

sions and waste over the entire product lifecycle and the entire value chain of products and services.

4.2 Progress in the 2020/21 Financial Year

Increased focus on sustainability

The Zumtobel Group launched two expanded initiatives at the beginning of 2021 for the future-oriented structuring and acceleration of its sustainability activities. The primary focus is on the circular economy and CO₂ reduction as well as the responsible handling of material resources and the systematic minimisation of waste, emissions and energy consumption. This will represent an integral part of our efforts in the earliest phase of product development and, subsequently, in construction and the operating supply chain.

Share of renewable energy

All of the Group's Austrian locations were converted to 100 % hydroelectric power as of 1 March 2021. The Lemgo plant in Germany has also converted to green electricity. This represents a further step to increase the share of renewable energy and makes an active contribution to reducing

greenhouse gases.

Our goal for the 2021/22 financial year is to raise the share of renewable energy in the Zumtobel Group to at least 50 %.

Sustainable products and services

The Zumtobel Group's commitment to sustainability is closely related to the core business because of the important role played by energy-efficient, intelligently managed lighting technology in reducing worldwide resource consumption. This trend is supported by the continuous increase in the efficiency (lumes/watt) of LED luminaires and a parallel decline in the cost of LED chips. However, the steady increase in efficiency will slow when the physical limits are reached in the coming years.

Artificial lighting is currently responsible for roughly 13 % of worldwide electricity consumption and will continue to decline

by 2030 due to the use of state-of-the-art lighting solutions. Commercial buildings and outdoor lighting – which represents light in exactly those areas of application that form the core expertise of the Zumtobel Group – are responsible for a good two-thirds of this consumption.

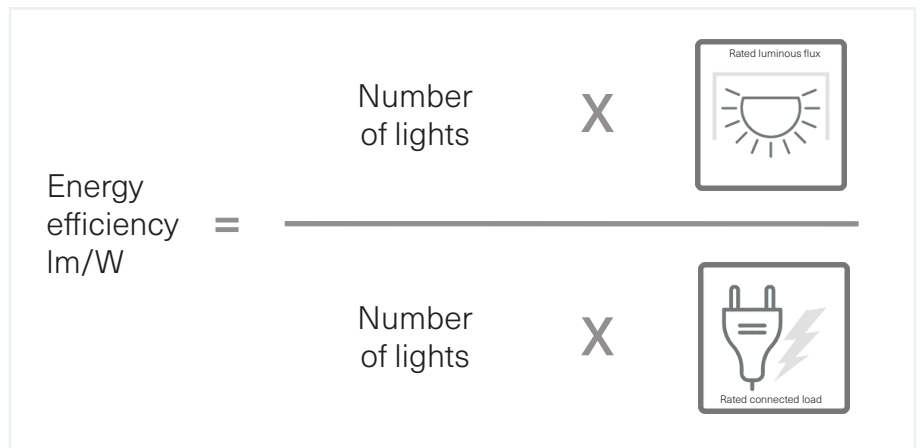
Most of the energy consumption in the lighting lifecycle still occurs during the use of the light, but other issues like resource consumption and the circular economy are also becoming more important because of the slower increase in efficiency. The Zumtobel Group has been working for many years to steadily improve the energy efficiency of its products while, at the same time, integrating sustainability aspects along the product life cycle.

In order to illustrate the Zumtobel Group's contribution to energy efficiency, previous annual financial reports included a hypothetical estimate of the savings potential that would result from the replacement of fictitious equipment based on older tech-

nology (fluorescent lamps) with newer equipment, assuming average use. This theoretical calculation became increasingly unrealistic with the growing market popularity of LEDs and the related increase in modern LED equipment in buildings.

The Zumtobel Group has been reporting the average year-on-year improvement in the energy efficiency of its sold products since the 2019/20 financial year. The total lighting output marketed during the reporting period (i.e. the number of luminaires multiplied by the rated luminous flux) was compared with the total connected load (i.e. the number of luminaires multiplied by the rated connected load) to develop a ratio.

In the 2020/21 financial year, the Zumtobel Group marketed luminaires with an average energy efficiency of 124.2 lm/W; in the previous year, this value equalled 121.8



lm/W. That represents an improvement of 2 % in energy efficiency compared with the previous period.

The year-on-year reduction in the efficiency increase is attributable to two factors: the Covid-19 crisis – which was reflected

in the increased sale of simple, low-priced and not very efficient lighting – and the fact that the energy efficiency potential of LEDs is nearly exhausted, and we are asymptotically approaching the physical maximum which is dependent on the lighting quality.

Environmental management concept

Environmental protection is an essential element of our integrated management system. Environmental management in the Zumtobel Group is based on three supporting elements: environmental and energy management systems that are certified according to international standards (ISO 14001 and ISO 50001), strict compliance with internal and external environmental protection guidelines and efforts to continuously improve the company's environmental and energy-related performance.

The most important goals of this system are to improve the Group's environmental performance, to meet environmental goals for the reduction and prevention of negative effects on the environment and to ensure compliance with legal, and government and voluntary obligations. The development of environmental goals is monitored with transparent and periodical global reporting. The most important indicators

for this global environmental reporting are energy consumption, CO₂ emissions, water consumption, waste and the recycling rate. Absolute values as well as the output-based values are provided because the volume of the produced products has a major influence on the Zumtobel Group's environmental and energy-related performance. The effectiveness and further development of the system is guaranteed by regular internal audits, management reviews and continuous improvement activities.

Clearly defined operations and processes as well as established methods help to ensure that the best available materials and techniques are used where appropriate and economically feasible. Moreover, the development of products and services covers the entire lifecycle from the selection of materials to the required technologies, production, transportation, use and recycling.

All major production plants in the Zumtobel Group are currently certified under ISO 14001, and plans call for the expansion of certification to cover the Services & Solutions administrative location at Dornbirn in autumn 2021.

In addition to quality and lean management, important elements of the Zumtobel Group's global production network also include the environment, energy and occupational safety. The continuous improvement process in the production network (Global Operations) defines clear standards which support the effective and efficient use of available resources by the Zumtobel Group and help to meet customers' high expectations and demands.

The environment is becoming an increasingly important issue for customers and part of their product selection process. Continuous improvement covers the

optimisation of production and support processes and the responsible use of resources and raw materials, including energy, as well as the protection of employees' health and the prevention of processes' negative influence on the environment.

The goal was reached to receive certification under ISO 14001:2015 at the major locations. The Zumtobel Group successfully passed all external audits without any variances. The certification of the Services & Solutions location was postponed to 2021 due to the Covid-19 pandemic. The current environmental reporting was analysed together with the involved departments, and improvements were prepared for the next financial year.

Together with the Management Board, environmental reporting will be reviewed quarterly to evaluate the company's environmental and energy-related performance. The annual environmental workshop with the departments was held online in 2020/21 due to the Covid-19 situation. A global environmental policy was also prepared which reflects the company's strategic focus on sustainability.

The plant in Les Andelys, which was sold in 2017 and repurchased in 2020, was successfully integrated in the Zumtobel Group's production network and, accordingly, in the ISO 14001 matrix certification for the lighting brands. The external auditors from QUALITY AUSTRIA confirmed this integration with a successfully completed review in December 2020.

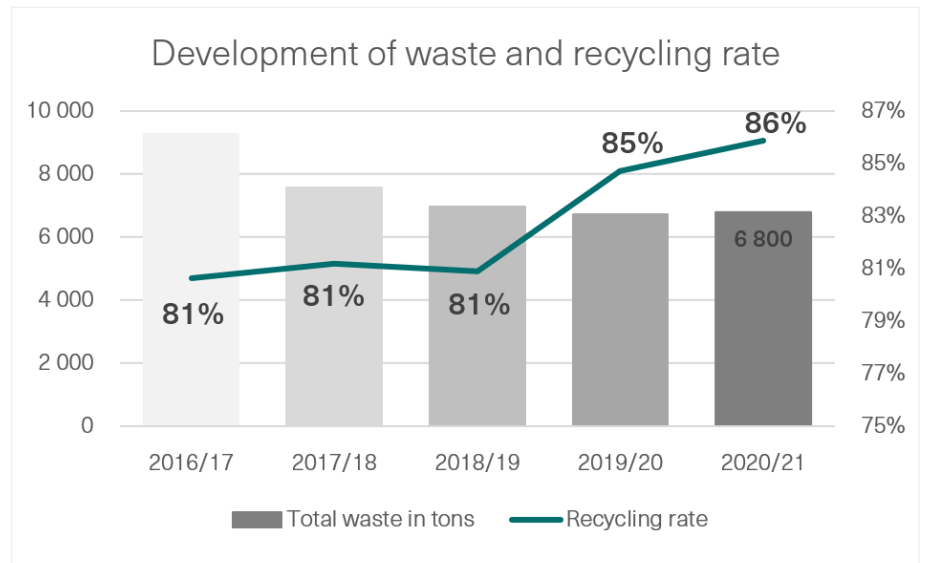
Waste management

The Zumtobel Group places special emphasis on the economical use of resources and the recycling of materials. Key factors include the efficient and economical use of materials as well as the minimisation of production scrap and unnecessary waste. Valuable materials are recycled to conserve resources. Every production location has a designated waste officer, relevant documented processes and detailed recorded on all generated waste.

The indicators for waste are the volume of waste generated per tonne classified by recycling waste, residual waste and hazardous waste. The recycling quota is another important indicator for material recycling.

Material recycling was slightly optimised in 2020/21. The result was an increase in the recycling quota from 85 % to 86.3 % and a further contribution to conserving important raw materials. The overall target for a recycling quota of 86 % was therefore reached. This goal was clearly exceeded by the lighting brands production location in Dornbirn with 92.9 % and Niš with 99% as well as the Tridonic production location in Dornbirn with 87.6 %. The focus for 2021/22 calls for an improvement in the recycling quota at the other locations.

Our goal for the 2021/22 financial year is to reduce the volume of waste by 15%. The recycling quota equals 90 %.



**WE DO NOT ACCEPT
CORRUPTION IN
ANY FORM.**

**WE ALWAYS ACT IN
THE INTERESTS OF
THE COMPANY.**

**WE RESPECT
ALL OWNERSHIP
RIGHTS.**

**WE SUPPORT FAIR
COMPETITION.**

5. THE FIGHT AGAINST CORRUPTION

Principle 10:

Businesses should work against corruption in all its forms, including extortion and bribery.

5.1 Our commitment

The Zumtobel Group strives to develop and protect competitive advantages over other market participants. We believe in the competitive ability of our products and services. Our customers – and we as a Group – benefit from fair competition. The Zumtobel Group does not participate in cartels and does not enter into any agreements with competitors that violate anti-trust or competition regulations, in particular, agreements over prices, the allocation of markets or customers, agreements not to compete, agreements over production

volumes or any other type of manipulation (e.g. pseudo offers) for tenders.

We strictly reject any form of agreements and corruption. This conviction is documented by the Zumtobel Group's membership in the Partnering Against Corruption Initiative (PACI).

Money laundering is used by persons or organisations who/which are involved in criminal activities like terrorism, drug trading, bribery or extortion and who/which

attempt to inject the funds from these activities into the normal financial and economic cycle to create the impression of legitimacy and conceal the actual origin of the funds or the identity of the owner. The Zumtobel Group and its employees are committed to strict compliance with all legal regulations to prevent money laundering. For this reason, we only enter into business relationships with serious customers and business partners.

5.2 Progress in the 2020/21 Financial Year

Revision of the code of conduct

Compliance with legal regulations is the foundation of our entrepreneurial activities and an integral part of the code of conduct for all employees and management. New employees confirm their compliance with the code as part of their internal training.

The updated version of the code of conduct was approved by the Management Board of the Zumtobel Group on 18 November 2020. It was implemented through comprehensive training beginning with the third quarter of the 2020/21 financial year and completed during the fourth quarter. Participation was successfully completed by 95 % of salaried employees.

The code of conduct deals with and provides training on anticorruption, competition and antitrust law and money laundering. The compliance charter has reached the draft stage and will be approved at the

coming meeting of the Audit Committee in June 2021.

A list of the responsible persons forms the individual legal areas is included as an appendix to the charter. This provides the foundation for the preparation of further specific guidelines by the persons in charge, among others on anticorruption, competition and antitrust law and money laundering.

The refusal of a gift from a business partner is considered gross disrespect in some countries and can lead to the termination of a business relationship under certain circumstances. Employees are instructed to contact the corporate compliance officer immediately if they find themselves in this type of situation.

A corporate guideline regulates the ac-

ceptance of invitations and smaller gifts to strengthen regular business contacts. The same applies to invitations and smaller tokens gifts by Zumtobel Group employees.

Whistle-blower system, now live in Austria

The external whistle-blower system installed by the Zumtobel Group at the beginning of 2021 is an anonymous data collection and reporting tool which has been very well received. It was adapted during the past financial year to meet the requirements of the EU Whistle-blower Directive which will take effect in December 2021. The company agreement concluded with the Works Council for whistle-blowers in Germany and Austria marked the final step of the roll-out in the Zumtobel Group.

A secure and anonymous whistle-blower system is an important element for the company's protection. The Zumtobel Group is required to implement the so-called EU Whistle-blower Directive and to install an appropriate system for reporting violations of EU regulations. This reporting process is accompanied by extensive technical and organisational measures and provides maximum protection for whistle-blowers as well as wrongfully accused persons.

As an international lighting corporation, the Zumtobel Group always strives to meet the highest social and ethical standards. Its whistle-blower system offers all stakeholders (employees, suppliers, customers, shareholders, etc.) a secure reporting and communication system for potentially severe violations of compliance issues as well as data protection security.

The reporting process is – if desired –

completely anonymous and secure. This platform is intended primarily for use when other escalation mechanisms have not led to sufficient clarification or do not appear feasible.

Compliance violations involve behaviour or circumstances in which violations of legal regulations, the rules of the code of conduct or other guidelines are presumed. Examples are corruption, fraud, sabotage, violations of capital market compliance, environmental, health and safety regulations, data protection, intellectual property, human rights and labour rights or other severe violations of mandatory internal directives.

Business partner code of conduct

The interests of the company and the private interests of its employees or the representatives on both sides of a transac-

tion must be strictly separated in dealings with suppliers. Actions and purchasing decisions are taken independent of personal interests or considerations that are in no way related to the respective transaction.

We place high priority on compliance with the code of conduct for suppliers and reserve the right to continuously monitor compliance with this document. This monitoring can include occasional inspections at the supplier's location to ensure the observance of these principles. The schedules and context for these inspections are always agreed jointly by the parties. We expect transparent communication and cooperation if any gaps are identified. Failure to comply with the code and/or the failure to correct severe defects can lead to the termination of the business relationship. The anti-corruption law is observed at all times.

6. MEASUREMENT OF RESULTS

In the following section, the progress reported in the 2020/21 annual financial report is allocated to the individual principles and underscored by facts.

6.1 Human rights

Occupational safety and health

Accident prevention and health protection for employees have high priority for the member companies of the Zumtobel Group and are the subject of regularly discussions in employer-employee committees. Local officers monitor compliance with specific environmental, health and safety guidelines at all locations. Measures are implemented on a continuous basis to increase workplace safety and include employee training, improvements to protective clothing and the replacement of machinery.

The LTI rate (Lost Time Injury: number of work accidents with lost time >8 hours x 1,000,000 / Total hours worked) is calculated monthly at all plants. In the Zumtobel Group, the LTI-rate declined to 5.9 in 2020/21 (2019/20: 6.3). The LTI rate fell to 1.7 in the components plants (2019/20: 2.3) and to 9.2 in the lighting plants (2019/20: 10.1). A variety of measures were developed to address these still high numbers and rolled out in the critical lighting plants. These measures include:

- Creation of an increased awareness among employees for accidents at work
- Monitor campaign with the daily status of accidents in each area
- Increased reporting on near-miss accidents

Sustainable procurement

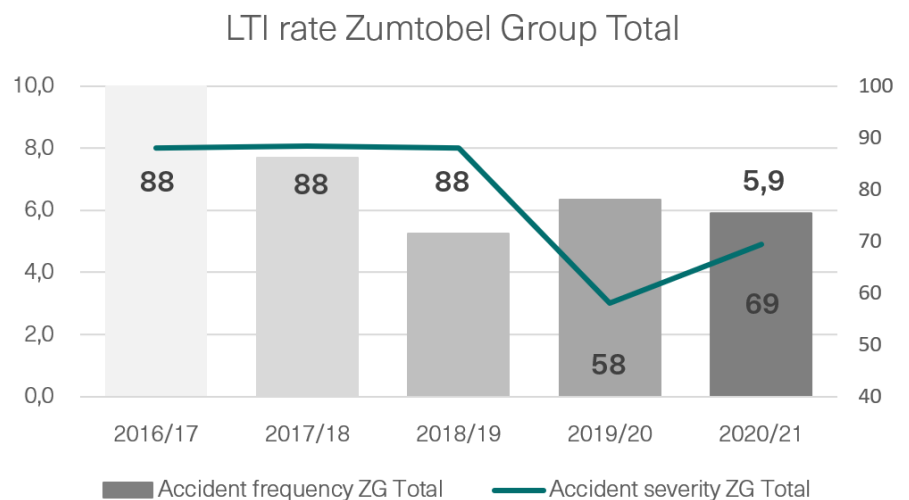
The Zumtobel Group worked with 674 suppliers from roughly 30 countries in 2020/21. The focus here is not only on economic aspects, but also on compli-

- Electronic data collection via the software tool JIRA
- Monthly tracking with management support

The accident severity indicator (number of day lost x 1,000,000 / Total hours worked) rose slightly from 58 in the previous year to 69 in 2020/21.

There were no fatal accidents in 2020/21 or in earlier years. The company's goal is to

continuously reduce the LTI rate over the coming years and to develop a pronounced safety culture, for example through an increase in training on the prevention of work accidents. In addition to the measures compiled under the package "accident reduction", a series of non-verbal caricatures was prepared to address accident prevention in a fun manner. These caricatures appear on the monitors in the break areas.



ance with high environmental and social standards along the entire supply chain. A Group-wide procurement initiative was launched in 2020/21 to ensure complian-

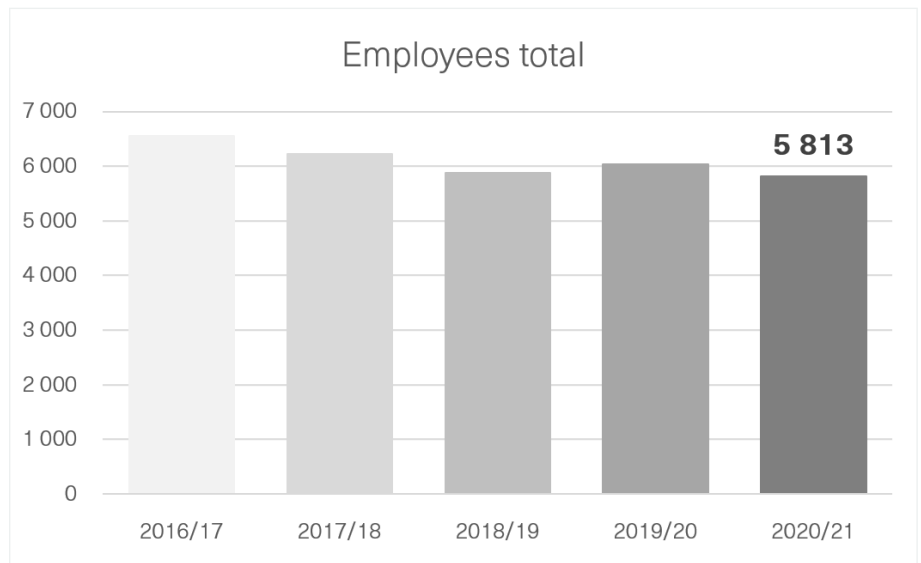
ce by all business partners. It includes increased protection for employees and the environment and guarantees the responsible handling of resources and materials.

6.2 Labor standards

Workforce development

The number of employees declined year-on-year to 5,813 full-time employees as of 30 April 2021 (including contract workers).

Labour productivity – calculated as adjusted EBIT in relation to personnel expenses – fell from 14.4 % in the previous year to 12.7 % in 2020/21 due to the decrease in operating results. Average revenues per employee (including contract workers) declined year-on-year to EUR 179,674 in 2020/21 (2019/20: EUR 187,342). The average length of service with the Zumtobel Group equalled 10.9 years in 2020/21.



Measures to support women

The Zumtobel Group recognises that the continuation of existing initiatives and an open approach to new initiatives requires 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.

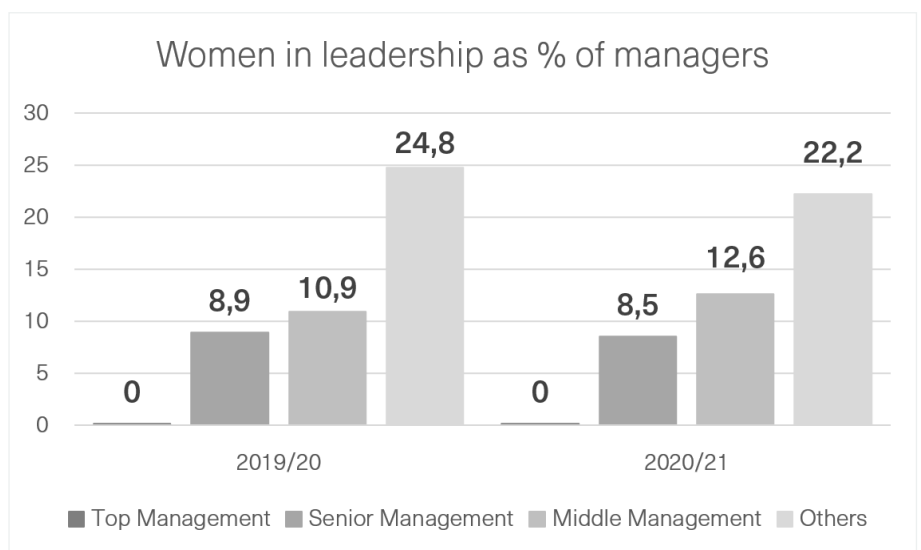
The Zumtobel Group works to increase its attractiveness as an employer and implements measures to support the work-life balance. Part-time employment, educational leave, sabbaticals, parental leave for fathers, home office options or other models are arranged where needed. Mothers and fathers who return to work after maternity and parental leave are actively supported in their reintegration.

The share of women in the Zumtobel Group's workforce equalled 35.7 % in

2020/21 (2019/20: 35.8 %).

There is no 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.



6.3 Environmental protection

The goal is climate neutrality: The Zumtobel Group set a goal in 2020/21 to make a significant contribution to the reduction of greenhouse gas emissions in the coming years and to become climate neutral by 2025.

Increase in certification

Ten major locations in the Group are currently certified under ISO 14001, and the certification of an additional location is planned. Five major locations in the Zumtobel Group are currently certified under ISO 50001, and certification under ISO 45001 is under evaluation.

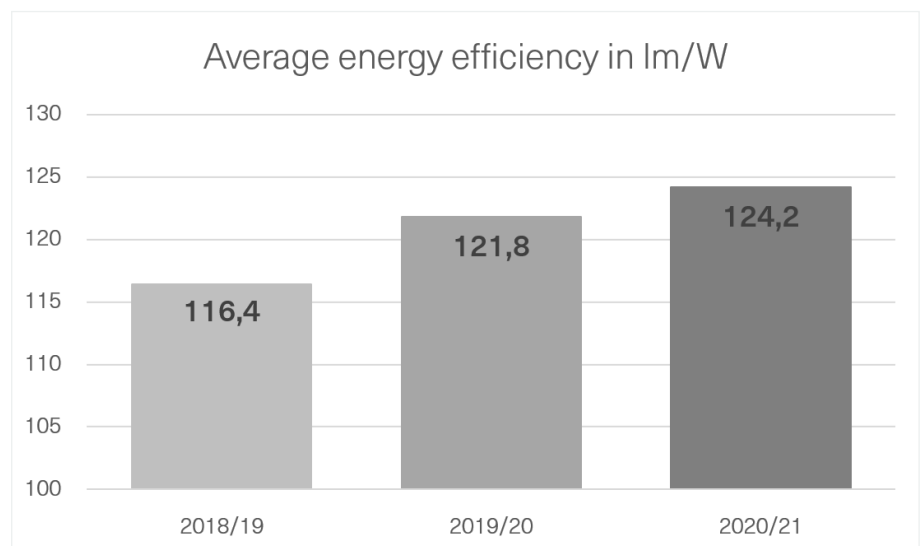
Waste management

The Zumtobel Group recorded roughly 6,800 tonnes of waste from its production processes in 2020/21 (6,383 tonnes excluding the three new locations added to the reporting system). Compared with the previous year (6,714 tonnes), this represents a reduction of 5 %. A total of 499 tonnes were classified as hazardous. The production processes result, above all, in the following hazardous waste: waste oil, cooling materials and lubricants from me-

tal processing, residual adhesives from joining processes and waste from lacquering processes, above all from the lacquering of Outdoor products. The Outdoor production in Les Andelys and the high volume of Outdoor products in Spennymoor led to an increase in the share of hazardous waste to 12 % in 2020/21. The reduction of production activities, especially for expiring product types in the outdoor area in Les Andelys, reduced the use of solvent-based lacquers.

Contribution to reducing electricity requirements

In the 2020/21 financial year, the Zumtobel Group marketed luminaires with an average energy efficiency of 124.2 lm/W; in the previous year, this value equalled 121.8 lm/W. That represents an improvement of 2 % in energy efficiency compared with the previous period.



6.4 Fight against corruption

Sustainable procurement

Sustainability audits with various focal points were carried out at the locations of critical and selected partners in 2020/21. A total of 154 audits were carried out during the past financial year (2019/20: 136) – including 48 audits with a special focus on sustainability in the areas of occupational safety and environmental management.

A new version of the Conflict Mineral Reporting Template (CMRT) was introduced at the beginning of the 2020/21 financial

year. The CMRT was developed by the Responsible Minerals Initiative (RMI) to support its customers in providing accurate information on the countries of origin for tantalum, wolfram, tin and gold and on the supply chain for smelting works and refineries. Based on the new form, confirmations on conflict minerals were obtained from all Lighting Segment suppliers, and the confirmations in the Components Segment were updated.

Recorded violations in the whistle-blower system

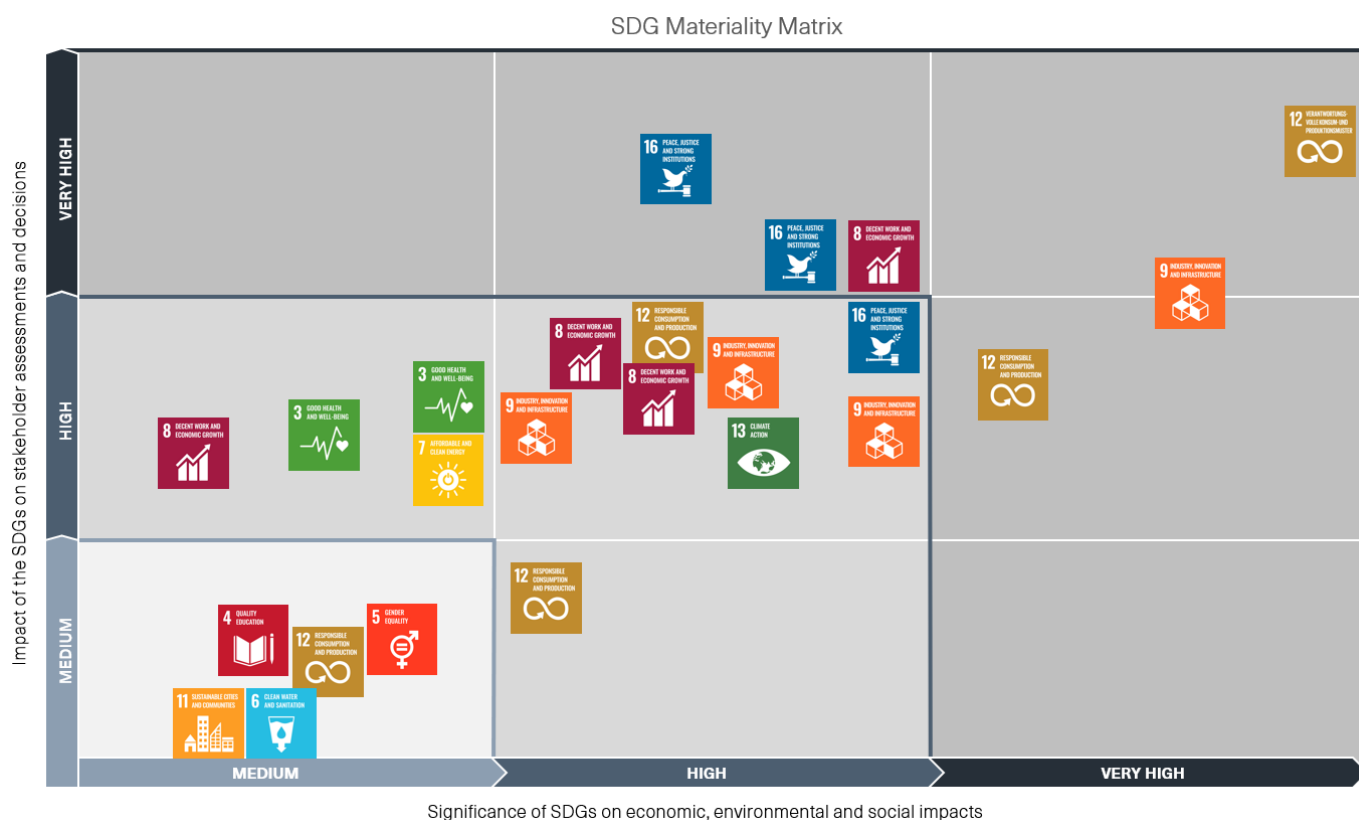
No serious violations of legal requirements were reported or identified during the 2020/21 financial year. This also applies to incidents or proceedings related to violations of human rights, discrimination, competitive or antitrust behaviour, corruption or environmental regulations.

7. UN SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The Zumtobel Group proactively supports the UN Sustainable Development Goals as a global framework for sustainable development. Based on the findings from the

updating of the materiality matrix and an analysis of possible anchor points for the SDGs from the viewpoint of the Zumtobel Group, the SDGs were assigned to the ma-

terial issues and prioritised. The SDG matrix shows the SDGs where the Zumtobel Group plans to make a direct contribution to Agenda 2030.



7.1 Prioritisation of the major SDGs for the Zumtobel Group

The following evaluation method was used to prioritise the SDGs:

- Step 1 – Possible anchor points were allocated to the 17 SDGs based on impact descriptions.
- Step 2 – The potential SDGs were allocated by subject to the material issues for the Zumtobel Group based on a three-step

prioritisation.

- Step 3 – The material effects and risks were evaluated from the viewpoint of stakeholders and the company based on the revised materiality matrix from the third quarter of 2020/21.

- Step 4 – The evaluations were transferred to the SDG matrix.

- Step 5 – The results from 2020/21 were allocated to the prioritised SDGs for the Zumtobel Group and published.

7.2 Contribution and results on the Sustainable Development Goals (SDGs) in 2020/21



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