

3. Corporate Governance Report 2009/10

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3. Corporate Governance

3.1 Corporate Governance in the Zumtobel Group

The Zumtobel Group views corporate governance as a model for the comprehensive management and monitoring of the company. This orientation is reflected in the Group's corporate culture with its strategic focus on sustainability, long-term development and responsibility.

The general framework for the design of the corporate governance system in the Zumtobel Group is formed by the Austrian Corporate Governance Code. The major building blocks of the corporate governance system are the mission statement and corporate values, which play a key role in the long-term creation of value and a sustainable increase in the worth of the company. These elements are supplemented by the code of conduct and corporate policies.

Major developments during the 2009/10 financial year

In keeping with the objective of the Zumtobel Group to continuously adapt the corporate governance system to reflect changes in the operating environment, a number of measures were implemented during 2009/10. One focal point was the final implementation of the 8th EU Guideline and a 2008 amendment to Austrian corporate law ("Unternehmensrechtsänderungsgesetz 2008"). Although these requirements only apply to the Zumtobel Group beginning with the 2009/10 financial year, most of the required activities were successfully completed during 2008/09. Only a few actions remained for 2009/10, e.g. the roll-out of the relevant standards in the smaller Group companies. With respect to internal controls in the area of financial reporting, the processes implemented in 2008/09 were further improved during the reporting year. The ongoing development of the corporate governance system in 2009/10 also involved the optimisation of corporate guidelines, including the revision of the corporate treasury policy and the introduction of a new corporate policy on licence reporting.

New activities were launched in the area of compliance management. Compliance represents a major goal of the internal control system and the risk management system, both of which are based on COSO¹ models in the Zumtobel Group. In the future the previous structures and processes for compliance management will be made even more transparent. The underlying concept for the necessary improvements was approved during the final quarter of 2009/10, and operational implementation will begin during the first quarter of 2010/11.

3.2 The Austrian Corporate Governance Code

The Austrian Corporate Governance Code is issued by the Austrian Working Group for Corporate Governance. It is available for review on the website of this organisation (www.corporate-governance.at).

A new version of the Austrian Corporate Governance Code was issued in January 2010. It applies to financial years beginning after 31 December 2009, i.e. for the Zumtobel AG beginning with the 2010/11 financial year. The version of the code issued in January 2009 applies to reporting by the Zumtobel Group for 2009/10.

Zumtobel AG previously announced its intention to voluntarily comply with the Austrian Corporate Governance Code in the January 2009 version. Zumtobel views the active implementation of the code as an important obligation to support management and monitoring that is focused on realising a sustainable and long-term increase in the value of the company. As a consequence of this conviction, the new C-Rules

¹ COSO: Committee Of Sponsoring Organisations of the Treadway Commission, see www.coso.org

defined in the January 2010 version of the code were for the most part voluntarily implemented by 30 April 2010 – although this was not required.

As in previous years, Zumtobel AG complied with nearly all provisions of the code in 2009/10, meeting not only the minimum requirements but also generally observing almost all R-Rules. The actions of the Group varied in part from only four of the 83 C-Rules in the code. These differences are described below in accordance with the "comply or explain" principle.

Zumtobel AG also intends to comply with the code during the 2010/11 financial year, and will continue to pursue the best possible implementation of all rules.

3.2.1 Comply or Explain

The Management Board of Zumtobel AG instructed the corporate internal audit department to evaluate and report on compliance with the Austrian Corporate Governance Code in 2009/10. Based on this review, Zumtobel AG can confirm that it met all L-Rules of the Austrian Corporate Governance Code (January 2009 and January 2010 versions) during the 2009/10 financial year. The following C-Rules in the January 2009 version of the code were not or are not applied in full:

Rule 30: The Zumtobel Group classifies information on insurance coverage in general and D&O coverage in particular as confidential data, whose disclosure may result in damage to the corporation. Therefore, the Zumtobel Group does not disclose this information.

Rule 51: The remuneration of the individual members of the Supervisory Board is not disclosed. The Zumtobel Group believes this data does provide only little added value for the readers of this annual financial report.

Rule 55: The Chairman of the Supervisory Board, Jürg Zumtobel, served as the Chairman of the Management Board of Zumtobel AG up to his appointment as member and Chairman of the Supervisory Board in 2003.

Rule 83: The external evaluation of the effectiveness of risk management by the auditor takes place every two years, whereby the next review is scheduled for 2010/11.

3.2.2 Disclosure of auditors' fees

The Annual General Meeting on 24 July 2009 appointed KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft to audit the consolidated and annual financial statements of Zumtobel AG. Furthermore, KPMG performs limited tax and financial consulting services for the Zumtobel Group through its partner offices.

KPMG Austria performed or arranged to perform the following services for Zumtobel AG in 2009/10:

In TEUR	2009/10	2008/09
Total fees	212	231
thereof audit and related activities	158	209
thereof audit related consulting	54	13
thereof other services	0	9

The fees charged by member companies of the KPMG network for audit services in the Zumtobel Group totalled TEUR 1,320, including external costs.

3.3 Risk Management and the Internal Control System

The COSO models form the basis for the risk management system and the internal control system used in the Zumtobel Group. Consequently, these systems overlap and influence each other during their daily application.

Risk management is viewed as an independent strategic process, which focuses on the interaction with risks and opportunities. The more risk management deals with the global risks to which companies are exposed, the more it becomes an independent process. The more it deals with the risks arising from individual corporate processes, the more it fuses with the internal control system.

In accordance with § 243a (2) of the Austrian Corporate Code as well as Rules 69 and 70, the management report must disclose the major elements of the internal control system and risk management system related to accounting processes. The relevant information can be found in the Group Management Report under sections 1.12 (Risk Management) and 1.13 (Internal Control System).

Internal audit

The corporate internal audit department of Zumtobel AG reports directly to the Management Board. In accordance with Rule 18 of the Austrian Corporate Governance Code, this department also provides regular reports to the Audit Committee on the planning for and most important results of its activities.

A risk-oriented audit schedule that is approved by the Management Board and coordinated with the Audit Committee forms the basis for the work of corporate internal audit. This group is responsible for evaluating the internal control system in operating processes as well as monitoring the internal control system used in financial reporting. Self-assessments and other innovative auditing methods are becoming an increasingly important element of this work.

The activities of corporate internal audit also include ad-hoc audits at the request of the Management Board. These examinations focus on current risks and reviews that are not directly related to processes, e.g. on projects and other non-recurring activities.

3.4 The Corporate Bodies and Committees of Zumtobel AG

In accordance with Austrian law, the organisation of Zumtobel AG is based on three independent corporate bodies: the annual general meeting, the supervisory board and the management board. The Management Board of Zumtobel AG is responsible for the direction of the company. The Supervisory Board, a separate body that is elected by the Annual General Meeting, is responsible for the control function. The Management Board and the Supervisory Board are organised to ensure the strict separation of members, and it is not possible to hold a seat on both bodies at the same time. The cooperation between these three bodies is defined by the articles of association as well as the rules of procedure for the Management Board and the Supervisory Board. The articles of association are published on the website of the Zumtobel Group (www.zumtobelgroup.com).

3.4.1 Shareholders and the annual general meeting

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

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

The shares issued by Zumtobel AG are bearer shares. Therefore, information on the shareholder structure can only be compiled when shareholders deposit their shares prior to the annual general meeting or when Zumtobel collects information on these shareholdings. The available information on the shareholder structure is provided in section 1.3 (The Zumtobel Share).

3.4.2 The Management Board

The members of the Management Board are appointed by the Supervisory Board. They may only take on additional duties or functions with the prior approval of the Supervisory Board.

Name	Function	appointed in	term ends in	service time
Dr. Andreas Ludwig	CEO (until 30.04.2010)	2003	2010	7 years
Dr. Harald Sommerer	Management Board member (since 25.03.2010) CEO (since 01.05.2010)	2010	2013	-
Dipl. Wirtsch. Ing. Martin Brandt	COO (Chief Operation Officer)	2009	2012	1 year
Dipl. Wirtsch. Ing. Thomas Spitzenpfeil	CFO (Chief Financial Officer)	2004	2013	6 years

Andreas Ludwig - CEO (up to 30 April 2010)

Andreas Ludwig joined the Management Board of Zumtobel AG on 1 May 2003 and was appointed CEO and Chairman of the Management Board on 1 September 2003. Mr. Ludwig resigned from the Management Board on 30 April 2010. He was born in Vienna in 1959, and received his Doctorate of Laws from the University of Vienna. He started his career in 1984 as an audit assistant with Wr.Treuhand und WirtschaftsberatungsgesmbH., Vienna. In 1986 he joined Swarovski America Lt., Rhode Island, as Assistant to the CFO. Between 1987 and 2001 he held various management positions within the Swarovski Group, including Vice President Finance of Daniel Swarovski Corporation AG, Feldmeilen, Switzerland (1987-1990), CFO and COO of Zale Corporation, Dallas, USA (1991-1993), and CEO of Tyrolit Group, Schwaz, Austria (1994-2001). In 2001 Mr. Ludwig joined UBS Warburg, London, as Managing Director, a function he performed until 2003.

Additional functions or inter-company relations outside the Zumtobel Group: member of the Management Board of the Federation of Austrian Industry, member of the Management Board and Vice-President of the Vorarlberg, Federation of Industry, Chairman of ZVEI², Section Electrical Lighting and President of CELMA³ (Mr. Ludwig resigned from all these functions as of 30 April 2010).

² ZVEI - Central Association of Electrical and Electronics Manufacturers ("Zentralverband Elektrotechnik- und Elektronikindustrie e.V."), Frankfurt am Main, Germany

³ CELMA - Federation of National Manufacturers Associations for Luminaires and Electrotechnical Components for Luminaires in the European Union

Harald Sommerer - CEO (as of 1 May 2010)

Harald Sommerer has been a member of the Management Board since 25 March 2010 and CEO and Chairman of the Management Board of Zumtobel AG since 1 May 2010. His term of office extends until 30 April 2013. Mr. Sommerer was born in Vienna in 1967, and received a Doctorate in Social and Economic Sciences from the University of Economics and Corporate Management in Vienna as well as a Master of Management from the J. L. Kellogg Graduate School of Management at Northwestern University. From 1997 to 2010 Harald Sommerer was a member of the Management Board of AT&S Austria Technologie & Systemtechnik AG, where he served as CFO from 1998 to 2005 and CEO from 2005 to January 2010.

Additional functions or inter-company relations outside the Zumtobel Group: member of the Professional Association Committee of FEEI, Vienna (Austria) since 1 May 2010, member of the Management Boards of the Vorarlberg Federation of Industry and the Federation of Austrian Industry since 1 May 2010.

Martin Brandt - COO

Martin Brandt has been a member of the Management Board and Chief Operating Officer of the Zumtobel Group since 1 September 2009. His term of office extends until 30 April 2012. Mr. Brandt was born in Ravensburg in 1960, and received his degree as an industrial engineer from the TH Karlsruhe. Martin Brandt started his career with Mercer Management Consulting GmbH, and subsequently became head of the Munich office of Baumgartner und Partner consultants. In 1996 he joined Effeff Fritz Fuss GmbH & Co KGAA in Albstatt as a division manager and was appointed Managing Director in 1998. At ASSA ABLOY Sicherheitstechnik GmbH in Berlin, he served as Market Regional Manager for the D-A-CH regions beginning in 2004, and became Executive Vice President of ASSA ABLOY AG in Hong Kong and CEO of ASSA ABLOY Asia Pacific in 2006.

Additional functions or inter-company relations outside the Zumtobel Group: none

Thomas Spitzenpfeil - CFO

Thomas Spitzenpfeil has been CFO and a member of the Management Board of Zumtobel AG since 1 May 2004, and his term of office extends until 30 April 2013. He was born in 1962 in Saulgau, Germany, and received his degree as an industrial engineer from the Darmstadt University of Technology in 1989. In 1990 he started his career as a trainee with Robert Bosch GmbH, and then took on the function of Controller and Assistant of a Division CFO, a position he held from 1990 to 1993. In 1993 he joined VIAG AG as Head of Controlling for "Aluminium". In 1995 he became head of Works Controlling at Kodak AG in Stuttgart. From 1996 to 2002 he held various management positions at VAW Aluminium AG, including Head of Controlling for the "Rolled Products" division (1996–1998), Finance Director of the "Rolled Products" division (1998-2000), and Managing Director of Service Center Accounting (2000-2002). When VAW Aluminium AG was taken over by Norsk Hydro in 2002, Mr. Spitzenpfeil became CFO of the "Rolled Products" division and member of the Supervisory Board of Hydro Aluminium Deutschland GmbH.

Additional functions or inter-company relations outside the Group: member of the Supervisory Board of Austria Metall AG in Braunau-Ranshofen / Austria (since 23 November 2007).

The **distribution of duties** among the members of the **Management Board** is defined in the rules of procedure for this body, which were approved by the Supervisory Board and last amended in 2010.

Name	Duties
Andreas Ludwig (up to 30 April 2010)	Overseas regions Thorn/Zumtobel (USA, Australia/New Zealand), Tridonic, research and development, internal and external communications, human resources, strategy & corporate development, strategic projects, corporate identity
Martin Brandt	Sales, marketing, product management for the Zumtobel brand; sales, marketing, product management for the Thorn brand, "Lighting Europe" operations, Thorn/Zumtobel emerging markets
Thomas Spitzenfeil	Controlling, accounting, treasury, tax and legal, information technology, internal audit, investor relations, insurance, facility management

The distribution of duties was changed as follows as of 1 May 2010:

	Harald Sommerer	Martin Brandt	Thomas Spitzenfeil
Operating segments	Lighting Segment Coordination		
	Brand coordination Zumtobel (worldwide) Tridonic (worldwide)	Brand coordination Thorn (worldwide)	
Lighting Segment Regional responsibility	Lighting Segment Europe (Zumtobel) and USA	Lighting Segment Europe (Thorn), emerging markets, Australia/New Zealand	
Lighting Segment Matrix functions		Quality management, Lean Six Sigma, business process improvement, pricing systems, logistics	Strategic procurement
Corporate functions	Technology, human resources, Group marketing, internal and external communications		Controlling, accounting, treasury, tax & legal, IT, internal audit, insurance management, investor relations, facility management

The members of the Management Board are independently responsible for the conduct of business in their respective areas. They also have specific responsibilities for operations in the Lighting Segment. The Management Board holds monthly meetings (since March 2010: weekly) to coordinate the control and management of the Group and the Lighting Segment, whereby minutes are recorded of the discussions and results of these meetings. The Components Segment is directed by management that reports directly to the Management Board of Zumtobel AG.

Relations between the members of the Management Board and the company are the responsibility of the Supervisory Board Committee for Management Board Matters, which also serves as a remuneration committee in the sense of Rule 43 and as a nominating committee in the sense of Rule 41. The Supervisory Board has defined a job profile and appointment procedure for appointments to the Management Board (Rule 38).

3.4.3 The Management Board | Remuneration rules and remuneration

In accordance with established procedures, the fixed component of salary is based on the scope of responsibilities of the individual Management Board members. This remuneration is paid in 14 instalments at the end of the month following customary procedures in Austria.

Zumtobel AG has no special incentive programme to cover the variable part of remuneration for the Management Board. The members of the Management Board participate in the Leadership Incentive Programme (LIP) together with other key managers. This incentive programme was revised in 2009 and, in combination with the Matching Stock Program Programme (MSP), now meets the requirements of C Rule 27 of the Corporate Governance Code in the January 2010 version (for the Zumtobel Group mandatory as of 2010/11). The key features of the LIP include pre-defined, upper limits for variable remuneration (as a percentage of fixed remuneration) as well as performance criteria that are based on measurable, sustainability-oriented and long-term incentives. The performance criteria include both financial and non-financial benchmarks, whereby the financial criteria are defined by the Supervisory Board and the non-financial criteria represent personal targets that are established together with the responsible manager (for the CEO by the Supervisory Board).

The economic crisis was reflected in special bonus targets for the Management Board members in 2009/10. These targets focused on safeguarding the continued existence of the Group and included the maintenance of positive free cash flow, the realisation of significant cost reductions, the expansion of market shares and compliance with the financial covenants. The bonus system was fundamentally redesigned for 2010/11, and the targets were shifted to growth and profitability.

Remuneration recognised for the Management Board⁴

Disclosures in accordance with Rules 29, 30 and 31 of the Austrian Corporate Governance Code:

In TEUR	2009/10	2008/09
Total remuneration for the Management Board	4.505	1.514
thereof fixed remuneration	1.311	830
thereof variable remuneration	1.158	684
thereof expenses resulting form an exit agreement	2.036	
<hr/>		
In TEUR	2009/10	2008/09
Andreas Ludwig	3.536	1.006
thereof fixed remuneration	750	550
thereof variable remuneration	750	456
thereof expenses resulting form an exit agreement	2.036	
<hr/>		
Harald Sommerer	33	
thereof fixed remuneration	33	
thereof variable remuneration		
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Martin Brandt	382	
thereof fixed remuneration	249	
thereof variable remuneration	133	
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Thomas Spitzenpfeil	554	508
thereof fixed remuneration	279	280
thereof variable remuneration	275	228

Zumtobel AG has no special pension fund for members of the Management Board. The Management Board contracts include a change of control clause. If the company is taken over by a new majority shareholder, the

⁴ Note: in order to improve transparency and clarity, the above table includes the remuneration earned in 2009/10 irrespective of the payment date

members of the Management Board have the right to terminate their contracts unilaterally. In this case, the member(s) of the Management Board would be entitled to receive the previously agreed fixed and variable remuneration up to the end of the originally agreed contract term, with a minimum payment covering a period of 12 months. With the exception of this change of control clause, the members of the Management Board have no special claims or entitlements at the end of their function.

The share-based remuneration for the Management Board is based on the employee participation programmes for senior executives, i.e. the "Stock Option Programme" (SOP) and the "Matching Stock Programme" (MSP). Both programmes are described in detail under section 2.6.8.4 of the notes. The granting of options from the SOP was terminated at the end of the 2007/08 financial year. The members of the Management Board have received and exercised the following options⁵:

Andreas Ludwig

	MSP			SOP		
	2009/10	2008/09	01.05.2003 - 30.04.2008	2009/10	2008/09	01.05.2003 - 30.04.2008
Granted	153.128	153.128	187.272	closed	closed	255.000
Executed	0	0	0	0	0	230.000
Expired	0	78.048	0			
Forfeiture	153.128	0	0			
Waived	153.128	109.224	0			
Available	0	153.128	187.272	25.000	25.000	25.000
Exercise price				7,50 EUR	7,50 EUR	7,50 EUR

Harald Sommerer

Mr. Sommerer will first participate in the MSP during the 2010/11 financial year.

Martin Brandt

	MSP
	2009/10
Granted	61.240
Executed	0
Expired	0
Waived	0
Available	61.240

⁵ Note: in order to improve transparency and clarity, the allocation and exercise of options are assigned to the relevant financial years based on the date of granting and exercise.

Thomas Spitzenfeil

	MSP			SOP		
	2009/10	2008/09	01.05.2003 - 30.04.2008	2009/10	2008/09	01.05.2003 - 30.04.2008
Granted	61.240	61.240	74.896	closed	closed	70.000
Executed	0	0	0	0	0	36.400
Expired	0	31.216	0			
Waived	61.240	43.680	0			
Available	61.240	61.240	74.896	33.600	33.600	33.600
Exercise price				7,50 EUR	7,50 EUR	7,50 EUR

The website of the Zumtobel Group (www.zumtobelgroup.com) provides up-to-date information on the purchase and sale of the company's shares by its directors in accordance with the Austrian Stock Exchange Act. This disclosure exceeds the requirements of Rule 73 in that the information remains on the website for at least six months.

3.4.4 The Supervisory Board

The members of the Supervisory Board of Zumtobel AG are elected by the Annual General Meeting. The Austrian Stock Corporation Act allows employee representatives to delegate one member to the Supervisory Board for each two members elected by the Annual General Meeting. This applies to both the Supervisory Board as well as its committees, with the exception of the Committee for Management Board Matters.

Name	Function	appointed / delegated in	term ends in	service time
Dipl.-Ing. Jürg Zumtobel	Chairman	2003	2010	7 years
Dr. Harald Sommerer	First Vice Chairman (until 24.03.2010)	2006	2010	4 years
Hero Brahms	Second Vice Chairman	2008	2010	2 years
Walter M. Dünser	Member (until 24.03.2010) First Vice Chairman (since 25.03.2010)	1994	2010	16 years
Dr. Wolf Klinz	Member	2001	2010	9 years
Dipl.-Ing. Fritz Zumtobel	Member	1996	2010	14 years
Ludwig Auer	Delegated by the Employees' Council	2004		6 years
Herbert Kaufmann	Delegated by the Employees' Council	2004		6 years
Mario Wintschnig	Delegated by the Employees' Council	2007		3 years

The Supervisory Board initially defined the criteria for the independence of its members in accordance with Rule 53 in a meeting on 29 September 2006. On 26 June 2009 the Supervisory Board approved an amended version of these criteria, which more closely reflects the guidelines in the Austrian Corporate Governance Code. In accordance with these criteria, a member of the Supervisory Board is considered to be independent when he/she has no business or personal relations with the Zumtobel Group or its management board members. Such relations include, among others, material customer delivery transactions or close family ties. The criteria for independence are disclosed in full on the website of the Zumtobel Group (www.zumtobelgroup.com).

All members of the Supervisory Board have declared their independence in accordance with these criteria. Therefore, Rules 39 and 53 are met in full. Three members of the Supervisory Board – Brahms, Klinz and

Sommerer – are independent and are neither shareholders nor representatives of shareholders. Accordingly, Rule 54 is also met in full.

There are no contracts between the members of the Supervisory Board and the Zumtobel Group that require approval or must be disclosed under Rules 48 or 49.

All functions or corporate positions held by members of the Supervisory Board outside the Zumtobel Group are disclosed on the Group's website (www.zumtobelgroup.com) and listed in this corporate governance report in accordance with Rules 56 and 57.

3.4.5 The Supervisory Board | Activity report

The Supervisory Board met six times during the 2009/10 financial year: four times at scheduled meetings, once in the form of a conference call and once at an unscheduled meeting. No member of the Supervisory Board was absent from more than half of the meetings.

The Supervisory Board meeting on 26 June 2009 focused on the 2008/09 annual financial statements of Zumtobel AG and the Group. The Board agreed with the recommendations of the Audit Committee to authorise the annual financial statements and approve the use of retained earnings. In addition, the Supervisory Board discussed and endorsed its report on the 2008/09 financial year for release to the annual general meeting. Also approved were the reports on the effectiveness of the risk management system and the activities of the officer for insider compliance, which were passed on by the Audit Committee. In connection with reporting on the development of business, the Supervisory Board discussed the status of the "Excellerate" project and progress on major projects as well as transactions requiring Board approval. The Supervisory Board also analysed the efficiency of its work in accordance with Rules 31 and 36 of the Austrian Corporate Governance Code. A survey of the current situation formed the basis for an assessment of opportunities to improve the organisation and working processes of the Supervisory Board. In conclusion, the Supervisory Board evaluated the use of treasury shares for the Matching Stock Programme.

The unscheduled conference call of the Supervisory Board on 21 July 2009 dealt with major projects as well as transactions requiring Board approval, including the appointment of Martin Brandt to the Management Board and related changes in the organisation.

On 24 September 2009 the Supervisory Board dealt with the management report on the first quarter of 2009/10 as well as reports on the development of business, in particular the status of current projects. The subject of future performance-based remuneration for employees was also discussed. Extensive consideration was given to the long-term suitability of various remuneration systems in an economic environment that is becoming less predictable. The Supervisory Board intends to strengthen the monitoring of performance-based remuneration, and the rules of procedure for the Management Board were therefore amended to expand the list of transactions that require the approval of this body. In connection with transactions requiring the approval of the Supervisory Board, the extension of the contract with Thomas Spitzenpfeil was approved at this meeting.

The main topics of the meeting on 15 January 2010 included the management report on the first six months of 2009/10 with key indicators and the risk report, the outlook for the 2009/10 financial year and the status of ongoing projects. The relevant resolutions proposed by the Audit Committee were subsequently approved. In addition, the Supervisory Board discussed the strategy and strategic planning of the Group and its segments in detail. These consultations also addressed the challenges that will arise from the expected changes in the competitive environment. In connection with transactions requiring the

approval of the Supervisory Board, the report by the Committee for Management Board Matters on issues relating to the incentive systems was approved.

The unscheduled meeting of the Supervisory Board on 25 March 2010 dealt with the resignations of Harald Sommerer from the Supervisory Board and Andreas Ludwig as CEO as well as the related changes. Harald Sommerer was appointed to the Management Board as of 25 March 2010 and as new CEO as of 1 May 2010. In addition, Hero Brahms was appointed to succeed Mr. Sommerer as chairman and financial expert of the Audit Committee. Walter Dünser was also appointed first vice-chairman of the Supervisory Board.

The Supervisory Board meeting on 15 April 2010 was held at the Light & Building trade fair in Frankfurt. The central topics of discussion were the management report on the third quarter of 2009/10 and the outlook for the 2009/10 financial year as well as the standing of key corporate indicators, the development of business in the segments and the risk report. The status report by the Management Board on the executive agenda for 2009/10 was also accepted. Another focal point was the budget for 2010/11, including earnings stabilisation measures and mid-term planning. The Supervisory Board also approved amendments to the articles of association that were required to reflect changes in Austrian stock corporation law and accepted personnel changes on the supervisory boards of Zumtobel Lighting GmbH and TridonicAtco GmbH. The members of the Supervisory Board concluded their meeting with a visit to the Thorn, Zumtobel, Tridonic and Ledon Lamp exhibits to review the innovative performance of these four brands.

3.4.6 The Supervisory Board | Committees

The Supervisory Board of Zumtobel AG has established the following committees:

Audit Committee

Members: Harald Sommerer (Chairman and Finance Expert up to 24 March 2010), Hero Brahms (Chairman and Finance Expert as of 25 March 2010), Walter M. Dünser, Jürg Zumtobel and Mario Wintschnig.

Duties: The Audit Committee is responsible for the audit and preparations for the approval of the annual financial statements and consolidated financial statements, the management report and the recommendation for the distribution of profit. This committee also nominates the auditor for approval by the annual general meeting; the auditor is then commissioned by the chairman of the Supervisory Board. The Audit Committee is also responsible for the monitoring of accounting processes and the work of the auditor as well as the internal control system, the risk management system and internal audit. These responsibilities were met in full during the 2009/10 financial year. At each meeting the responsible managers report to the committee on the current status of these systems and processes. The chairman of the Audit Committee also meets twice a year with the head of corporate internal audit.

The Audit Committee met twice during the 2009/10, and all members were present at both meetings.

The meeting on 25 June 2009 concentrated on the 2008/09 annual financial segments. Due to the importance of this topic, a preparatory conference call was held on 22 June 2009. In both the meeting and the conference call, the auditor and company staff supplied the Audit Committee with detailed information on the consolidated financial statements and individual financial statements of Zumtobel AG as well as accounting processes and major accounting principles. The reports on the internal control system, the risk management system and the activities of corporate internal audit were discussed and accepted. The committee also received the corporate governance report and the report by the insider compliance officer. A resolution for the appointment of the auditor was approved and passed on to the Supervisory Board.

The meeting on 15 January 2010 focused on the six month financial statements as of 31 October 2009, and included the acceptance of related reports by the auditor and corporate staff. Another point of discussion was the management letter issued in April 2009. In preparation for the 2009/10 financial statements, the audit approach and auditor's focal points were presented and new and amended accounting standards (IFRS) were discussed. Status reports were presented on the internal control system, the risk management system and the activities of corporate internal audit, and the most important results of the individual audits were discussed.

Committee for Management Board Matters

Members: Jürg Zumtobel (Chairman), Hero Brahms, Walter M. Dünser.

Duties: The Committee for Management Board Matters is responsible for relations between the company and the members of the Management Board. It corresponds to the remuneration committee required by Rule 43 of the Austrian Corporate Governance Code and also fulfils the duties required of a nominating committee under Rule 41. As such, this committee developed and approved a job profile and nomination process for the Management Board in accordance with Rule 38.

The Committee for Management Board Matters worked extensively on a number of issues in 2009/10. Formal meetings were held on 27 November 2009 and 16 December 2009, while additional consultations took the form of conference calls or discussions at scheduled meetings of the Supervisory Boards. A number of conference calls and meetings on special topics were also held with external experts. In its role as a remuneration committee, the Committee for Management Board Matters dealt with the further development of the Group-wide bonus systems and employee stock participation programme. A key focus of duties during the reporting year was the selection of a new chairman for the Management Board following the resignation of Andreas Ludwig.

3.4.7 The Supervisory Board | Shareholder representatives

Jürg Zumtobel

Jürg Zumtobel has been Chairman of the Supervisory Board of Zumtobel AG since 1 September 2003. His term of office extends until the Annual General Meeting for the 2009/10 financial year. Born in 1936 in Frauenfeld, Switzerland, Jürg Zumtobel joined the Zumtobel Group in 1963, and was responsible for various functions in production planning and control, production and sales. From 1991 to 2003 he was CEO and Chairman of the Management Board of Zumtobel AG.

Additional functions or inter-company relations outside the Zumtobel Group: House of Culture, Bregenz/Austria (member of the Supervisory Board).

Harald Sommerer (up to 24 March 2010)

Mr. Sommerer has been a member and first vice-chairman of the Supervisory Board of Zumtobel AG from 7 April 2006 to 24 March 2010. He was appointed to the Management Boards of Zumtobel AG on 25 March 2010 and became CEO and Chairman of the Management Board on 1 May 2010.

Additional functions or inter-company relations outside the Zumtobel Group: various functions in the AT&S Group (up to December 2009).

Hero Brahms

Mr. Brahms has been a member and second vice-chairman of the Supervisory Board Zumtobel AG since 29 July 2008. His term of office extends up to the Annual General Meeting for the 2009/2010 financial year. Mr. Brahms was born in 1941 in Münster/Westphalia, Germany. His career includes positions such as member of the Management Board of Hoesch AG in Dortmund/Germany (1982 to 1991), Vice-President of Treuhandanstalt Berlin/Germany (1991 to 1994), member of the Management Board and CFO of Kaufhof AG in Cologne/ Germany (1994 to 1996) and member of the Management Board and CFO of Linde AG in Wiesbaden/ Germany (1996 to 2004).

Additional functions or inter-company relations outside the Zumtobel Group: Société Générale, Frankfurt/Germany (senior advisor up to 15 September 2010), Telefunken Holding AG, Frankfurt/ Germany (chairman of the Supervisory Board since 1 May 2009).

Walter M. Dünser

Mr. Dünser has been a member of the Zumtobel AG Supervisory Board since 1994. His term of office extends until the Annual General Meeting for the 2009/10 financial year. Mr. Dünser joined the Zumtobel Group in 1949. Born in 1930 in Dornbirn, Austria, he graduated from an Austrian commercial secondary school. His first contacts to the founder of Zumtobel KG were in 1949, and he took over the responsibility for accounting and other commercial duties as an authorised officer for that company in 1950. In 1976 he became a member of the Management Board and CFO of the Zumtobel AG and joined the Supervisory Board in 1994.

Additional functions or inter-company relations outside the Zumtobel Group: Anteilsverwaltungssparkasse Dornbirn, Dornbirn/Austria (member of the savings bank advisory board), Dornbirner Sparkasse Bank AG, Dornbirn/ Austria (chairman of the supervisory board), Hilti & Jehle GmbH, Feldkirch/ Austria (chairman of the supervisory board), GWZ Private foundation, Vienna/Austria (chairman of the foundation advisory board), Hektor Private foundation, Dornbirn/ Austria (chairman of the foundation advisory board).

Wolf Klinz

Mr. Klinz has been a member of the Zumtobel AG Supervisory Board since 2002. His term of office extends until the Annual General Meeting for the 2009/10 financial year. Born in 1941 in Vienna, Mr. Klinz's career includes positions as a Managing Partner of McKinsey & Company and as a member of the management board of several European technology enterprises, such as Landis & Gyr, Lurgi and Hartmann & Braun. From 1990 to 1994 he was a member of the Management Board of Treuhandanstalt, Berlin. He also served as President of the Frankfurt Chamber of Industry and Commerce. He has been a member of the European Parliament since 2004.

Additional functions or inter-company relations outside the Zumtobel Group: AVECO AG, Frankfurt am Main/Germany (member of the supervisory board), IVG Immobilien AG, Bonn (member of the advisory board).

Fritz Zumtobel

Fritz Zumtobel has been a member of the Supervisory Board of Zumtobel AG since 1996. He was Chairman until 1 September 2003 and Vice-Chairman from 1 September 2000 to 7 April 2006, and is now a member. His current term of office extends until the Annual General Meeting for the 2008/09 financial year. Fritz Zumtobel was born in 1939 in Frauenfeld, Switzerland. He joined the Zumtobel Group in 1965 and held various positions during his career, mainly in the technical field. He was a member of the Management Board of Zumtobel AG from 1974 to 1996.

Additional functions or inter-company relations outside the Zumtobel Group: JHD Pirvate foundation (member of the foundation board), Aurelio Pirvate foundation (member of the foundation board).

3.4.8 The Supervisory Board | Employee representatives

Ludwig Auer

Mr. Auer was delegated to the Supervisory Board of Zumtobel AG by the Employees' Council for Wage Employees in September 2004. He was born in 1955 in Treibach, Austria, and joined the Zumtobel Group in 1980 as an employee in model production. In 2004, Mr. Auer became Chairman of the Employees' Council for Wage Employees at Zumtobel Lighting GmbH.

Additional functions or inter-company relations outside the Zumtobel Group: none

Herbert Kaufmann

Mr. Kaufman was delegated to the Supervisory Board of Zumtobel AG by the Employees' Council for Wage Employees in August 2004. Born in 1957 in Dornbirn, Austria, Mr. Kaufmann joined the Zumtobel Group in 1985 as an employee in electronics assembly. Since 2004 he has been Chairman of the Employees' Council for Wage Employees at TridonicAtco GmbH & Co KG.

Additional functions or inter-company relations outside the Zumtobel Group: none.

Mario Wintschnig

Mr. Wintschnig was delegated to the Supervisory Board of Zumtobel AG by the Employees' Council for Salaried Employees in January 2007. He was born in 1961 in Dornbirn, Austria, and joined the Zumtobel Group in 1981. At present he is a pricing manager with Zumtobel Lighting GmbH. Since January 2007 he has served as Chairman of the Employees' Council for Salaried Employees at Zumtobel Lighting GmbH, Zumtobel AG and Zumtobel Licht GmbH.

Additional functions or inter-company relations outside the Zumtobel Group: none.

3.4.9 The Supervisory Board | Remuneration rules and remuneration

According to the rules of procedure for the Supervisory Board (last amended on 7 April 2006), each member of this body receives annual remuneration in addition to reimbursement of his or her expenses and an attendance fee for each meeting. The amount of the attendance fee and remuneration are approved by the Annual General Meeting and were last amended on 15 July 2005. The attendance fee equals EUR 3,000, and is only paid once even if there are two or more meetings on the same day. The Chairman and Vice-Chairman of the Supervisory Board receive annual remuneration of EUR 40,000, while the other members receive EUR 20,000. The employee representatives are only entitled to the attendance fee of

EUR 3,000. The attendance fee is paid immediately after the meeting, and the remuneration is paid by the end of the month in which the annual general meeting for the previous financial year is held.

Remuneration of the Supervisory Board⁶ *Disclosure in accordance with Rule 51:*

In TEUR	2009/10	2008/09
Total remuneration for the Supervisory Board	349	350
thereof remuneration	178	180
thereof attendance fees	162	150
thereof reimbursement of expenses	9	20

⁶ Note: In order to improve transparency and clarity, the remuneration shown reflects the meetings held in 2009/10, irrespective of the date of payment.

