

CORPORATE COMPLIANCE

How can Interroll contribute to a more sustainable future?

Due to the high number of development activities, Interroll's products are always at the cutting edge of technology. This allows the customer to reduce energy costs while simultaneously increasing efficiency. Thanks to reliable, high-quality regional suppliers, the supply chains are short and the requirements for long-lasting products can be met.

And specifically your department/area of responsibility?

Interroll relies on the latest technologies not only in the development of new products. Processes in administration are also being optimized to reduce paper and energy consumption. In addition, the Finance and Controlling department contributes to the collection of sustainability data. Without the relevant database, no fundamental decisions can be made regarding investments in a more sustainable future.

How does our organization ensure strict adherence to legal and regulatory requirements, fostering a culture of corporate compliance and ethical conduct?

Thanks to a multi-level compliance team, Interroll covers all facets of compliance. The HR department contributes to this by requiring every employee to sign the Code of Conduct and, of course, to act in accordance with it. Data security is the responsibility of a site-specific data protection officer who is in constant contact with external service providers. In addition to the site-specific compliance officer and an active compliance management system, the topic of compliance is also assessed and managed by our German holding company, which actively supports the individual locations.

Nicolas Emmerich, Head of Finance and Controlling Interroll Automation GmbH

Our management approach to corporate compliance helps work toward achieving the following United Nations Sustainable Development Goals (SDGs):



- SDG 16.2: End abuse, exploitation, trafficking and all forms of violence against children**
- SDG 16.5: Reduce corruption and bribery**
- SDG 16.B: Promote and enforce non-discriminatory laws and policies**

Interroll contributes to the achievement of the targets of SDG 16 listed above by ensuring that strict ethical policies for all business areas and relevant business activities were implemented. These have an effect along the entire value chain. Our Code of Conduct, which every employee is required to sign, ensures that our behavior is in line with our values. We conduct risk assessments in the supply chain to help raise awareness among suppliers and eliminate their involvement in child labor, exploitation and human trafficking. We commissioned EcoVadis to conduct a sustainability performance review of all our production sites in 2023 – including the social and human rights aspects mentioned in this section.

We operate a zero-tolerance policy as regards bribery, corruption, fraud, discrimination and harassment. At the same time, we promote diversity, equality and inclusion. Transparent recruitment and promotion practices ensure equal opportunities. A whistleblowing system and secure reporting channels for cases of discrimination enable effective responses.

CONTEXT

GRI 3-3

964 CO

Comprehensive corporate compliance is paramount for Interroll, as transparency regarding compliance is a key aspect of performance, in particular as a listed company. We must comply with all applicable laws, regulations and agreements, as well as certain standards, in order to ensure that our business activities are conducted in a socially, environmentally and ethically responsible manner at all levels and by all the company's organizational units.

Through its defined and active corporate culture and effective compliance management, Interroll ensures that both management and employees observe applicable rules and regulations. Alongside laws and regulations, the Interroll Code of Conduct for all employees is the yardstick for ethical behavior. As part of our supplier relationships, the Supplier Code of Conduct ensures that this is achieved in our supply chains too.

CONCEPT AND GOALS

GRI 3-3
GRI 2-25

964 CO

Corporate compliance management is developed on an ongoing basis at Interroll. The objective is to fully comply with all laws and regulations, internal rules and policies at the Group and local company level, and with voluntary commitments to society. We started updating our Code of Conduct to this end in 2023. All employees will be required to sign it after it is published in 2024.

We respect human rights and have defined a strict system of business ethics, which has been implemented across the organization. We aim to achieve an above-industry-average rating for our human rights and business ethics compliance from selected rating agencies.

We apply a zero-tolerance policy throughout the Group and in all independent units with regard to bribery, corruption, fraud, discrimination and harassment – as well as child and forced labor. This ensures that our business activities are performed responsibly, while also benefiting our working atmosphere and protecting our reputation outside of the company. We plan to start introducing training from 2024. We already maintain an efficient and effective system for reporting breaches. All suspected cases are subject to structured investigation and documented in the Interroll Integrity Line.

We protect our IT infrastructure. Interroll has been managing information security continuously and consistently for many years. Our goals are to protect relevant business data and the corresponding IT infrastructure and to raise employee awareness of the issues. In order to anchor the principles and necessary level of information security within our organization, we have implemented policies which ensure our employees'

support in protecting information and the associated technology. We plan to train all our employees in information security and cyber security.

We have defined qualitative and quantitative goals for the entire Interroll Group which require ongoing compliance. Interroll's reputation and the trust of our business partners, shareholders and the general public depend in large part on the responsible conduct of all employees. It is therefore vital that all management levels of the Interroll Group demonstrate a high degree of ethical competence. Our managers are both role models and ambassadors for such conduct. This reflects our corporate culture, which is built on our common values and the observance of our compliance policies.

Governance and compliance

GRI 2-9

The Board of Directors and Group Management are also responsible for considering and implementing the requirements of corporate compliance. They ensure that the responsibilities for setting goals, delivering resources, taking action and conducting reviews are clearly defined. The Board of Directors receives regular information on corporate compliance and the assessment of the associated risks from Group Management. This ensures that the Board of Directors possesses the requisite knowledge to evaluate these aspects.

964 CO

The CFO oversees corporate compliance within Interroll's organizational structure. Risk factors relating to corporate compliance are assessed as part of the annual risk inventory and, together with the associated reporting, they lie within the CFO's area of responsibility. The Board of Directors submits these reports in accordance with Article 964b CO to the annual general meeting for approval (see page 132).

Operational implementation and performance are delegated to the Director Corporate Sustainability & Compliance in his role as Group Compliance Officer and the local management teams of the legal entities. The latter are responsible for ensuring compliance.

Adherence to this corporate compliance policy and all associated and local statutory obligations is regularly reviewed by Group Management and Corporate Compliance. We will be developing specific implementation plans for each Interroll site to achieve the goals based on their individual situation.

	Targets	KPIs	Unit	2023	2022	Date
964 CO	No human rights violations	Number of human rights violations	Number	0	0	Annually
GRI 205-2	All employees have signed the Code of Conduct	Percentage of employees having signed the Code of Conduct	%	87.6	80.6	Annually
	Human rights and business ethics rated above industry average by selected rating agencies	Number of selected rating agencies that rated Interroll's human rights and business ethics above industry average	Number	5	2	Annually
964 CO	No violations of laws and regulations, internal policies and directives on Group and entity level	Number of violations	Number	2	0	Annually
GRI 2-26	All alleged cases are investigated and documented in the Interroll Integrity Line	Number of reported cases in the Integrity Line that are investigated and documented	Number	10	6	Annually
GRI 205-3	No incidents of bribery, corruption, fraud, discrimination or harassment	Number of incidents of bribery, corruption, fraud, discrimination and harassment	Number	18	21	Annually
	All employees trained in information and cyber security	Number of employees trained in information security and cyber security	Number	1,494	1,079	Annually
		Percentage of employees trained in information and cyber security	%	62.3	44.3	Annually

OPPORTUNITIES AND RISKS OF CORPORATE COMPLIANCE

GRI 3-3
GRI 2-25

The corporate compliance risk analysis is an important component of the statutory reporting requirements to be met by Interroll Holding AG – not only in Switzerland. The holistic focus here too is on respect for human rights, labor and social standards, environmental and climate matters and fighting corruption.

964 CO

The risk analysis helps us to identify and evaluate the potential impact. The identified risks can be categorized as follows based on the three defined risk classes (there were no risks allocated to the “high” category in the reporting year):

ESG risk category “medium”

- Violations of the law by responsible governance bodies
- Violations of the law by individuals
- Legal compliance with Article 964 a-I CO: non-compliance with reporting obligations with the minimal risk of fines for the Board of Directors
- ESG management risk: insufficient opportunities to carry out due diligence at Interroll may result in breaches of contract with stakeholders.
- Human rights violations and/or breaches of international agreements by the Group or Group companies
- Risk of active or passive bribery
- Reputational risks from inadequate or incomplete compliance management and critical gaps revealed in the review process
- Penalties or reputational damage from loss of data

ESG risk category “low”

- Unfounded failure to meet voluntary commitments may trigger disproportionate external criticism and raise questions as to credibility/sincerity among key stakeholders
- Greenwashing in product marketing and communication has negative consequences for the company’s reputation, with potential lawsuits being brought by affected stakeholders (customers and investors)
- Non-compliance with SIX requirements for listed companies

We present the specific measures taken to manage corporate compliance in the following.

STATUS, MEASURES, RESULTS**Organizational changes**

GRI 3-3

964 CO

On 1 January 2023, Interroll created the Corporate Compliance department and the roles of Group Compliance Officer and Group Data Protection Officer. The Director Corporate Sustainability & Compliance is currently responsible for corporate compliance and the two newly created roles. We currently refer to the staff department reporting to the Chief Financial Officer as Corporate Sustainability & Compliance.

Interroll’s Group Compliance Officer is responsible for ensuring compliance with legal provisions and the company’s internal guidelines. His duties include the development and implementation of compliance guidelines, regular monitoring of compliance, employee training, risk assessment and reporting to Group Management.

The Interroll Group Data Protection Officer (DPO) is responsible for compliance with data protection laws and guidelines. He develops and implements data protection guidelines, ensures compliance with data protection regulations, advises employees on data protection issues, liaises with authorities and carries out data protection impact assessments. He ensures that Interroll respects the privacy and rights of data subjects and protects sensitive data appropriately.

Code of Conduct

964 CO

The current Code of Conduct was signed by 2,101 employees, or 87.6 percent of staff in 2023 (2022: 1,965 employees or 80.6 percent). We started updating our Code of Conduct in 2023, and all employees will be required to sign it after it is published in 2024. The Code of Conduct is available online.

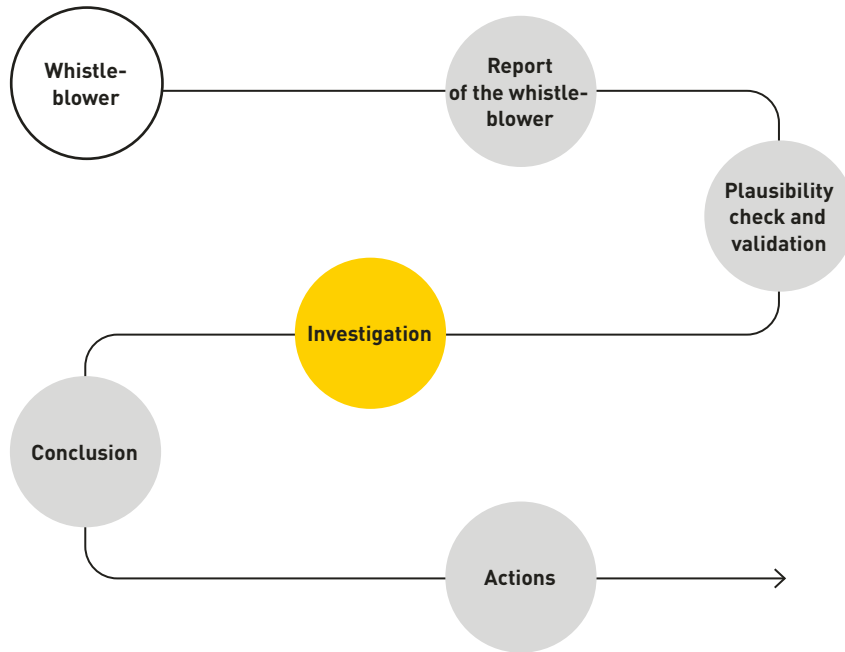
Updated whistleblowing policyGRI 2-25
GRI 2-26
GRI 205-1

Interroll implemented an updated whistleblowing policy in April 2023. We encourage Interroll’s employees past and present, interns, job applicants, customers, suppliers, partners, shareholders and stakeholders in general to immediately report any conduct which gives rise to the reasonable assumption that it breaches applicable laws, regulations, internal control principles, company policies, instructions and rules such as the Supplier Code of Conduct or the anti-bribery and anti-corruption policy or a professional standard.

The whistleblowing policy applies for concerns about actual or potential criminal behavior, unethical conduct and any other misconduct, such as a (suspected) violation of the law by or within Interroll, including but not limited to:

- Bookkeeping, internal checks on bookkeeping and accounting
- Tax evasion
- Money laundering or terrorist financing
- Violations of export control or sanctions
- Market manipulation or insider trading
- Breaches of confidentiality or data privacy
- Theft, fraud, bribery or corruption
- Environmental crime or damage
- Health and safety concerns (including physical and mental wellbeing)
- Undesirable behavior
- Human rights violations
- Serious breaches of the integrity of the whistleblowing system
- Violations of other laws, regulations or Interroll policies

INVESTIGATION PROCESS



Personal grievances such as harassment or bullying do not generally fall under the whistleblowing policy. Every Interroll company is required to implement a grievance mechanism for employees. However, employees are encouraged to report personal grievances via the whistleblowing system if the local procedure has failed or if they fear retaliation, and therefore seek protection via the whistleblowing mechanism. Under the terms of the German Whistleblower Protection Act (Hinweisgeberschutzgesetz), personal grievances about harassment or bullying do fall under Interroll's whistleblowing policy.

The Interroll Compliance Office (ICO) is responsible for the whistleblowing policy, protecting whistleblowers and investigating cases. It comprises the Director Corporate Sustainability & Compliance, who is also Group Compliance Officer, and the Head of Group Auditing. The whistleblowing policy is available online.

Compliance with laws and regulations

GRI 2-27
GRI 205-3
GRI 206-1
GRI 308-2
GRI 406-1
GRI 414-2
GRI 416-1
GRI 417-2

Interroll is committed to lawful and compliant behavior. In 2023, ten reports were received by the Interroll Integrity Line from anonymous whistleblowers, which led to an investigation by the ICO in accordance with the process described above. Of the ten reports, nine were considered to be unfounded. In one case, the suspicion of embezzlement was confirmed, which led to the accused person being dismissed. It is crucial for Interroll to have a functioning whistleblowing system, as the previous confirmed case of embezzlement clearly shows. Such a system enables us to recognize potential breaches of ethical standards or legal regulations at an early stage and to act appropriately. It helps to strengthen employees' trust in Interroll's integrity and at the same time protects Interroll's reputation.

The site in Cañon City (USA) was fined USD 5,425 by the environmental authority for failing to comply with a reporting deadline. In the reporting period, no other cases of corruption, anti-competitive behavior, violation of environmental requirements or non-compliance with laws were recorded, nor any significant cases in connection with media and data protection law.

Information security

GRI 418-1

In terms of managing information security and protecting our information infrastructure, an important ongoing task for Interroll is to identify critical security requirements at the strategic level. The Information Security Board (ISB) has been established to coordinate this centrally, comprising the CFO, the Head of Corporate IT, the Head of Corporate Business Applications and the Director Corporate Sustainability & Compliance.

Security requirements must be formulated in such a way that they meet the business process needs of the Interroll Group, its local companies and its business partners. At the same time, physical and software-based security mechanisms must be implemented and security hierarchies defined covering data access for the people involved and document classification levels.

We did not become aware of any relevant cases of customer data loss or information leaks during the reporting period. We protected our operations against external attacks. We trained 1,494 employees, or 62.3 percent of staff, on aspects of information security in the period under review (2022: 1,079 employees or 44.3 percent).