

PRODUCT AND SERVICE RESPONSIBILITY

How can Interroll contribute to a more sustainable future?

With professional maintenance, high-quality spare parts and a sophisticated repair concept, components and systems can have a longer life and a second life. In addition, modernizations, conversions and expansions can further extend the product service life. Interroll plays a crucial role in promoting a more sustainable future by implementing clearly defined processes. These include a step-by-step installation process, local work instructions, comprehensive documentation and a formal training and certification program.

And specifically your department/area of responsibility?

Personally, I have responsibility for all aspects of the after-sales business which includes spare parts sales, refurbishment, field service, installation, RMA process and technical training for the American region.

How does our organization prioritize and ensure the highest standards of quality in both products and services?

Our organization prioritizes the highest standards of quality by having a clearly defined IPS production system, quality control metrics through lean management processes and proper documentation.

Michael Klco, Director of Service Americas

Our management approach to the product and service responsibility material topic helps work toward achieving the following United Nations Sustainable Development Goals (SDGs):



Goal 3: Ensure healthy lives and promote well-being for all at all ages

SDG 3.4: Reduce mortality from non-communicable diseases

SDG 8.8: Protect labor rights and promote safe and secure working environments

We contribute to occupational health and safety at our customers' and plant operators' workplaces with products that are safe to install and use and with appropriate information materials. This helps to avoid work accidents in plant operations and potentially also prevent work-related illness.

SDG 9.4: Upgrade all industries and infrastructures for sustainability

Digitalizing our services helps to upgrade industries and infrastructures through the smart, networked solutions we offer for efficient use of resources and improved energy efficiency. Logistics 4.0 solutions optimize intralogistics and plant operations for the user, reduce energy consumption and minimize environmental impacts. Remote servicing and predictive maintenance improve plant availability and reduce downtime. Training for customers on sustainable use and maintenance of digitalized systems also fosters sustainable practice.

SDG 12.3: Halve per capita global food waste

Interroll's products and services provide reliability and high speed in the international flow of goods. This relates in particular to hygienic material-handling solutions for food products and pharmaceuticals, which helps to extend the shelf life of perishable goods and reduce product waste in general.

CONTEXT

GRI 3-3

Customer satisfaction – a key success factor for Interroll – is directly linked to our customer promise of “Quality, Speed, Simplicity” at the heart of our business. We fully address product and service responsibility by making user safety our utmost priority. This includes installation through system integrators and operation by the user. This is also inextricably linked to our efforts to achieve top product and service quality.

GRI 417-1

In a world of unrelenting economic competition, product and service responsibility is characterized by sustainable product performance without compromising on quality and safety. This is backed by the necessary certifications and safety information we provide for all products. Product and service quality must go hand-in-hand with customer and user requirements and expectations. Our priority is always to ensure fast and safe material handling – ideally without any downtime. Environmental and safety aspects are playing an ever greater role.

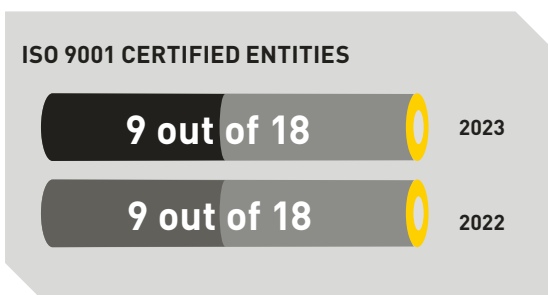
CONCEPT AND GOALS

GRI 3-3
GRI 2-25
GRI 416-1

964 CO

The overriding goals of product responsibility are the safety of our products and a guarantee of minimal plant downtime for the plant operators who use our components. Interroll has an excellent reputation in the industry in both regards, which is confirmed in our dialog with customers. Accident reports concerning our systems are documented on an ongoing basis, but are few in number and have limited consequences. We aim to eliminate customer health and safety incidents resulting from the installation and use of our products.

Our customers recognize that the quality of our services sets us apart from our competitors. We plan to reinforce this by introducing an ISO 9001-certified quality management system at all our production sites by 2027. Nine sites already have the ISO 9001 certification. We are committed to keeping product defects to an absolute minimum. We keep track of complaints about product defects and work systematically toward reducing these each year, with the aim of keeping cost of quality (COPQ) permanently below 0.2% of sales and reducing the number of customer complaints by 10% year on year.



Fast, on-time delivery along with our availability, particularly for service issues, have a major impact on customer satisfaction, prompting our goal of permanently stabilizing on-time deliveries (ODP) to customers at 95 percent. We also aim to achieve a 95-percent rate of deliveries from stock within 48 hours. We measure customer service by the time it takes our service team to respond to customer inquiries. We aim to respond to all inquiries or provide feedback within an appropriate time, and have also set a 95-percent target for our on-time response rate.

Governance and compliance

GRI 2-9

The Board of Directors and Group Management are also responsible for considering and implementing the requirements of our product and service responsibility in the overall corporate strategy. They ensure that the responsibilities for assessing risks, setting goals, delivering resources, taking action and conducting reviews are clearly defined. The Board of Directors receives

regular information on “product and service responsibility” and an assessment of the associated risks from Group Management. The Board of Directors thereby ensures that it possesses the requisite knowledge to evaluate these aspects.

The CEO oversees product and service responsibility within Interroll’s organizational structure.

Quality and safety risks 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).

The responsible parties for operational implementation and performance are: the Chief Operations Officer (COO) for product quality, the Chief Sales Officer (CSO) for service quality and the Chief Technology Officer (CTO) for product safety.

Adherence to this policy and local statutory obligations relating to product and service responsibility is regularly reviewed by Group Management and Corporate Compliance.

964 CO	Targets	KPIs	Unit	2023	2022	Date
GRI 416-2	No health and safety incidents caused by our products during assembly and operation	Number of health and safety incidents caused by our products	Number	0	0	Continuously
	Costs of Poor Quality (CoPQ) below 0.2%	Costs of Poor Quality (CoPQ) as a percentage of revenue	%	0.26	0.21	Continuously
	10% reduction in customer complaints over the previous year	Reduction in customer complaints compared to previous year	Number	3,819	3,970	Continuously
	95% on-time delivery performance to customers	Percentage of on-time delivery performance (ODP) to customers	%	93.04	88.50	Continuously
	95% of deliveries from stock within 48 hours	Percentage of deliveries from stock within 48 hours	%	n/a	n/a	Continuously
	95% on-time reaction (OTR) rate	On-time reaction (OTR) rate	%	n/a	n/a	Continuously
	All manufacturing units ISO 9001 certified	Number of ISO 9001-certified manufacturing units	Number	9	9	2027

OPPORTUNITIES AND RISKS OF PRODUCT AND SERVICE RESPONSIBILITY

GRI 3-3
GRI 2-25

964 CO

The product and service responsibility 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.

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:

ESG risk category “high”

- Lack of product life cycle analysis: companies not in a position to assess the entire life cycle of their products may lose customers
- Innovation risks: companies that do not invest in sustainable innovation may be overtaken by more competitive rivals with more sustainable products and services. On the other hand, unforeseen pressure to catch up may result in replacing existing equipment and extraordinary capital expenditure.

ESG risk category “medium”

- Regulatory risk: unanticipated changes in environmental and product safety requirements may lead to compliance issues and legal risks

ESG risk category “low”

- Product quality and safety: insufficient product quality and safety problems may result in product recalls, causing reputational damage, as well as additional costs and even legal problems
- Loss of acceptance associated with end-of-life disposal: disposal and recycling of products at the end of their life cycle can be expensive and may involve environmentally harmful practices

We present the specific measures taken to manage our product and service responsibility in the following.

STATUS, MEASURES, RESULTS

964 CO

Out of our 16 production sites and two assembly plants, nine already had an ISO 9001-certified quality management system in the reporting period. Steps were agreed in planning talks with the production sites to provide all sites with an ISO 9001-compatible quality management system by 2027 and obtain certification.

GRI 201-1

No safety incidents associated with our products were reported during the period under review (2022: none). We received a total of 3,819 complaints in 2023 (2022: 3,970). In 2023, the total cost of complaints of CHF 1,446,380 was therefore equivalent to 0.26 percent of sales (2022: 0.21%).

We were unfortunately still unable to achieve our usual on-time delivery rate in the period under review due to persistent delays in the supply chain. We recorded a rate of 93.04 percent in the reporting period (2022: 88.50%).

COSTS OF COMPLAINTS IN % OF SALES

0.26

2023

0.21

2022