

THE 10 PRINCIPLES OF THE UN GLOBAL COMPACT



Global Compact
Network Switzerland

PROGRESS REPORT 2020

1. STATEMENT OF SUPPORT FROM THE GROUP MANAGEMENT

Interroll sets new standards worldwide with its material-handling solutions. We are responsibly helping to shape new connections between the physical and digital worlds. Our principles make it easier for our customers and employees to act responsibly in a complex environment every day. We reconcile economic success with sustainable, ecological awareness and social responsibility – both in the short and long term.

Sustainability principles

- We act sustainably and focus on long-term business success. In doing so, we strive for an appropriate balance between environmental awareness, social responsibility and economic success.
- We oblige business partners and suppliers to comply with minimum principles.
- We commit our managers and employees to our Interroll Code of Conduct.

Our strategies and activities are consistently guided by universal principles in the areas of human rights, labor standards, environmental protection, and the fight against corruption. In addition, we strive to advance social objectives. By joining the United Nations (UN) Global Compact in November 2016, we underscored our global commitment for the first time and also pledged to transparently document our progress in the areas mentioned. Our fourth progress report, which covers fiscal 2020, demonstrates the key measures and successes of our ongoing commitment to compliance with the 10 principles of the UN Global Compact.

In addition, we outline how our actions support the UN Sustainable Development Goals (SDGs). We are emphasizing the relevance of social responsibility for our business activities. At the same time, we renew our commitment as a member of the UN Global Compact for another year.

February 26, 2021

Interroll Holding AG

Heinz Hössli
Chief Financial Officer

Martin Regnet
Head of Communications &
Investor Relations

2. PRESENTATION OF PRACTICAL MEASURES AND MEASUREMENT OF RESULTS IN 2020

HUMAN RIGHTS

Principle 1

Support and respect the protection of internationally proclaimed human rights.

Principle 2

Ensure that the company itself is not complicit in human rights abuses.

Self-commitment

“Interroll does not tolerate any discrimination, harassment, or unfair treatment based on gender, race, disability, ethnic or cultural origin, religion, belief, age or sexual orientation.” This extract from the Interroll Code of Conduct requires the company and its employees to respect human rights and the relevant laws. Interroll’s good reputation and the trust placed in Interroll by customers, suppliers, business partners, shareholders and the general public depend heavily on the responsible conduct of all of its employees.

Interroll expects all suppliers and subcontractors to adhere to these principles, which reflect Interroll’s corporate values. They represent an important component of supplier selection and evaluation. Furthermore, we expect our suppliers to observe these standards in the further course of their supply chain.

The relevant guidelines set out in the Interroll Supplier Code of Conduct are intended to ensure compliance with all applicable laws, regulations and ordinances and to ensure that the processes along the Interroll supply chain meet certain social, ecological and economic standards.

Measures in 2020

1. Global update of the code of conduct for suppliers
2. Global update of the code of conduct
3. Education and prevention through training
4. Continued implementation and expansion of the compliance management system
5. Further developments and training

Measurement of the results

Res 1: When selecting new suppliers, a commitment to comply with our principles is a prerequisite for a business relationship. The aim is also to commit the most important existing suppliers to compliance with the Interroll Supplier Code of Conduct. By the end of 2020, 95% of all suppliers to the European companies had already been covered, and great progress was also made in the Americas and Asia-Pacific in 2020.

For 2021, we are targeting 95% of all suppliers worldwide.

Res 2 and 3: To ensure that our code of conduct continues to be lived, it was updated in 2020 and translated into all national languages of our sites and distributed to all employees. The employees have signed the Interroll Code of Conduct, thereby committing themselves to comply with it. Special in-depth training courses were also held at some companies.

Additional in-depth training will take place in fiscal year 2021.

Res 4: The Compliance Management System (CMS) of the Interroll Group is structured according to the recommendations of the international standard ISO 19600 Compliance Management Systems. The risk-based approach is designed to weight the severity of potential violations of laws and obligations in relation to the achievement of corporate objectives and the negative impact on the Group’s reputation, and to determine appropriate priorities for action. In Germany, a local compliance board has been active since 2019. Renewed readiness checks were carried out in Germany by an external compliance expert. The findings from these will be further analyzed and rolled out globally in fiscal 2021.

LABOR STANDARDS

Principle 3

Uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4

Strive to eliminate all forms of forced and compulsory labor.

Principle 5

Promote the effective abolition of child labor.

Principle 6

Promote the elimination of discrimination in respect of employment and occupation.

Res 5: Every employee has the right to report violations of the rules of the Interroll Code of Conduct, of a law, or of an obligation to his or her supervisor. In Germany, an anonymous whistleblower system with mailboxes has also been set up.

Commitment

Interroll's globally applicable Codes of Conduct include fundamental, internationally recognized labor standards such as freedom of association, the exclusion of forced labor and child labor, and a working environment free of discrimination. Interroll and its suppliers do not tolerate discrimination against employees on the basis of gender, race, disability, ethnic or cultural origin, religion, belief, age, or sexual orientation.

Measures in 2020

1. Global update of our Interroll Supplier Code of Conduct for Suppliers
2. Global update of the code of conduct
3. Prevention through training
4. Continued implementation and expansion of the Compliance Management System
5. Expanded cooperation between the Chief Financial Officer and local compliance managers
6. Measurement of key performance indicators (KPI)
7. Involvement of employees
8. Training of the employees
9. Working conditions

Measurement of the results

Res 1 to 5: See the section on human rights.

Res 6: Overall, there was no reported form of forced labor or child labor at Interroll or in the supply chain in the reporting year.

Res 7: The third Group-wide Employee Engagement Survey showed very good results in 2019. Interroll has a committed workforce that is willing to go the extra mile for the company at any time. Employees also clearly confirmed the quality and customer focus within the Group. In order to verify the consistency, the next Group-wide Employee Engagement Survey is planned for the 2022 financial year.

Res 8: The Interroll Academy is the driving force behind knowledge transfer in all aspects of material handling. With our strong commitment to the training and development of our employees and the exchange of know-how with customers and partners, we make an important contribution to the success of the company and the further development of our industry. We are convinced that good training is a prerequisite for motivated employees. That is why we train them with the aim of providing them with the specialist knowledge that will enable them to serve our customers and users as competent partners in all phases of customer projects.

Our participants, who come from all areas of the company, therefore familiarize themselves during a training course not only with Interroll products, but also with the applications and problems of our customers.

Our numerous learning solutions and training offerings enable all employees to optimally develop and use their talents. A blended learning combination of hands-on workshops and new, Internet-based training methods (e-learning offerings) overcomes internal barriers and reaches inquisitive employees who cannot be on site in Baal, Germany. In this way, we also achieve global consistency. In 2020, a large amount of new content (e.g., for new product developments) was added to the learning program. Further expansion of the internal training offering is planned for 2021. In the 2020 pandemic year, the Interroll Academy greatly expanded its virtual training program and supplemented the offering to employees with new formats such as gamification apps and podcasts.



Cooperation with universities was also expanded. For example, Interroll has agreed to cooperate with the Fontys University of Applied Sciences. The common goal is to introduce students of logistics, information technology (IT), engineering and business administration to the world of modern intralogistics and to enable them to apply their acquired knowledge in practice at Interroll, the world's leading supplier of material-handling solutions.

Res 9: Interroll and its suppliers comply with all applicable laws and regulations regarding working hours and breaks. Overtime must always be worked voluntarily. Care must be taken to ensure that all employees receive appropriate remuneration and the national statutory minimum wage where applicable. Interroll and its suppliers shall ensure the safety of all employees in the workplace and guarantee a health-promoting working environment that supports accident prevention and exposes employees to as few health risks as possible. Interroll has an appropriate health and safety system in place. Employees shall receive adequate training in their native language on health and safety issues in the workplace. Health- and safety-related information shall be clearly posted in the facilities. Interroll also expects this from its suppliers. In the 2020 financial year, absences due to accidents were reduced and the number of accident-free days were successfully increased through health and safety management at Interroll.



ENVIRONMENT AND CLIMATE

Principle 7
Support a precautionary approach to environmental challenges.

Principle 8
Take initiative to create a greater sense of responsibility for the environment.

Principle 9
Encourage the development and diffusion of environmentally friendly technologies.

Commitment

The responsible use of resources and the protection of the environment and climate are core social responsibility topics and therefore also a central field of action of the Interroll strategy. Our basic principle, “Inspired by Efficiency,” refers not only to the benefits our customers can expect from Interroll solutions. With Interroll products and solutions, companies can increase their profits. They reduce their environmental footprint and ensure sustainable growth. Interroll also attaches great importance to its own resource efficiency. For Interroll, the responsible use of resources is the most important prerequisite for maintaining our technological and innovative market leadership position. Our customers also benefit from this.

Measures in 2020

1. Global update of our code of conduct for suppliers
2. Global update of the Interroll Code of Conduct
3. Prevention through training
4. Continued implementation and expansion of the Compliance Management System
5. Expanded cooperation between the Chief Compliance Officer and local officers
6. Measurement of key performance indicators (KPIs)

Measurement of the results

Res 1 to 5: See the section on human rights.

Res 6: Following the initial recording of KPIs in fiscal 2017, further target values were set for 2020. A reduction of 10% was targeted for Group-wide paper consumption. Further projects in the area of “paperless” have been initiated. A further 10% reduction is planned for 2021.



Interroll products and solutions enable customers to increase their profits. They reduce their ecological footprint and ensure sustainable growth.

CORRUPTION PREVENTION

Principle 10

Advocate against all forms of corruption, including extortion and bribery.

Commitment

We aim to actively counteract potential breaches of rules in advance through prevention and awareness-raising among our employees. In extensive classroom and e-learning training courses, our employees are trained on topics such as “antitrust law” or “gifts and invitations, conflict of interest.” The anti-bribery guidelines introduced in 2016 are designed to establish control mechanisms to ensure compliance with all applicable anti-bribery and anti-corruption regulations and to ensure that the company conducts its business in a socially responsible manner. Bribery is defined as offering, promising, granting, accepting or promoting an advantage in return for an illegal act or breach of trust. It includes accepting gratuities of material value in exchange for a commercial, contractual, governmental or personal benefit. In accordance with our code of conduct, we conduct our business honestly and ethically. We have a zero-tolerance policy regarding bribery and corruption. We are committed to acting professionally, fairly and with integrity at all times in all our business relationships, and to implementing, applying and enforcing effective anti-bribery mechanisms.

Measures in 2020

1. Global update of our code of conduct for suppliers
2. Global update of the Interroll Code of Conduct
3. Prevention through training
4. Continued implementation and expansion of the Compliance Management System
5. Expanded cooperation between Chief Financial Officer and local compliance managers
6. Global update of our anti-bribery policies
7. Controlling of the anti-bribery guidelines

Measurement of the results

Res 1 to 5: See the section on human rights.

Res 6: To ensure that our anti-bribery guidelines continue to be lived, they were updated in 2020 and translated into all national languages of our sites and distributed to all employees together with the Interroll Code of Conduct. Employees have signed the Interroll Code of Conduct, thereby committing to comply with it and with the anti-bribery guidelines. Special in-depth training was also provided at some companies.

Res 7: Overall, there were no reported forms of corruption, extortion, or bribery at Interroll or in the supply chain in the reporting year.

SUSTAINABLE DEVELOPMENT GOALS

In addition to its commitment to the UN Global Compact, Interroll is committed to selected UN Sustainable Development Goals (SDGs) of the United Nations. Interroll focuses on the following topics, which are presented here as examples:

Interroll promotes the health and well-being of its employees (SDG 3)

3 GOOD HEALTH AND WELL-BEING
 Interroll offers its employees the use of sports facilities at some of its sites, for example a fitness center on the company premises in Wermelskirchen, Germany, and an athletics track on the premises of the Interroll plant in Thailand. In addition, the canteen in Wermelskirchen offers meals made from organically grown ingredients. When it comes to occupational safety, Interroll meets the highest standards at all its sites worldwide and regularly monitors compliance. Employees receive appropriate training.

Interroll promotes the training of its employees (SDG 4)

4 QUALITY EDUCATION
 Interroll is already committed to training. In Germany and Switzerland, 32 apprentices worked for Interroll during the reporting period. In addition to the regular courses offered by the Interroll Academy, Interroll supports the further training of employees with customized programs, for example with cooperation partners such as the Fraunhofer Institute or Krauthammer. In the “Culture for Growth” leadership program, over 200 managers have been trained in recent years. Interroll is currently expanding its cooperation with universities in a targeted manner in order to connect with young talent. Interroll has announced future sponsoring activities in the area of “knowledge and inspiration” and will develop them accordingly in 2021.



Efficient power supply: The robust, ready-to-use switched-mode power supplies with IP54 degree of protection are mounted directly where the protective extra-low voltage is needed, and not in the control cabinet. This allows much shorter cable lengths. The result is very short cables, which reduce power and material consumption and reduce faults such as a possible drop in line voltage, as well as a positive contribution to occupational safety.



Durability, flexibility and modularity pay off when it comes to resource consumption: despite intensive use over six years at a third-party logistics (3PL) provider in South Germany, the Interroll Crossbelt Sorter could be overhauled without any problems and reused at the fashion company Ulla Popken (Germany) in a resource-saving manner.

Interroll is committed to fair working conditions (SDG 8)



Employees are Interroll's most important asset. The company values their contributions and ensures fair working conditions. This includes compliance with working hours and break regulations as well as the offer of social benefits, collectively agreed wages, and job security. Where locally appropriate, Interroll also offers company housing.

Interroll helps drive innovation in industry and infrastructure (SDG 9)



The company is "Inspired by Efficiency" and lives this also in the handling of energy. Interroll offers numerous solutions with an energy saving potential of 20% to 50% compared to standard solutions on the market. The principle of zero pressure accumulation conveying and Interroll's focus on 24-volt/48-volt technology offer high potential to further reduce energy consumption for material flow. Interroll also offers modular solutions for increasing the productivity of existing systems as part of a retrofit. In 2020, for example, Interroll installed for a used sorter for full use at Ulla Popken in Bremen, Germany; the sorter previously had been used for several years at a contract logistics company.

Interroll is committed to the responsible consumption of materials and goods (SDG 12) and to a conscious approach to the climate (SDG 13)



The Interroll Production System (IPS), introduced in 2006, is based on the Kaizen principle and aims to achieve continuous improvement in efficiency. Thus, waste is avoided and processes are simplified. Production employees are actively involved in the process. In addition, Interroll uses digital technologies to further increase productivity. Paperless production has already been introduced at the Wermelskirchen site and the flow of information in the production area around the orders to be processed has been digitalized. From 2021 onward, the experience gained will be incorporated into a global rollout at other sites.

In the responsible use of energy, a number of measures were taken at Interroll sites in 2020. For example, at the Sant'Antonino, Switzerland, plant, the heating system was modified to save CHF 13,000 per year in heating costs by using wastewater from production. New, energy-efficient heating systems were also installed at the Wermelskirchen and Baal sites.