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COMMUNICATION ON PROGRESS 2017

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THE 10 PRINCIPLES OF THE UN GLOBAL COMPACT

COMMUNICATION ON PROGRESS 2017

1. DECLARATION OF SUPPORT BY GROUP MANAGEMENT

Interroll is setting new global standards with its material flow solutions. We are responsibly shaping new connections between the physical and digital worlds. Our principles make it easier for our customers and employees to act responsibly every day in a complex environment. We combine economic success with sustainable, ecological awareness and social responsibility – both in the short and long term.

Principles for sustainability

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

Our strategies and activities are grounded in universal principles of human rights, labour standards, environmental protection and the fight against corruption. We also strive to advance societal objectives.


Joining the UN Global Compact in November 2016 underscored our global commitment to these aims and committed us to documenting that progress transparently.

Our first progress report on financial year 2017 presents key measures and achievements related to our commitment to comply with the ten principles of the UN Global Compact. We thus emphasise social responsibility's relevance to our business activities.

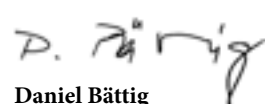
At the same time, we renew our commitment as a member of the UN Global Compact for another year.

28 February 2018

Interroll Holding AG



Paul Zumbühl
CEO



Daniel Bättig
CFO

2. PRESENTATION OF PRACTICAL ACTIONS AND OUTCOME MEASUREMENT IN 2017

HUMAN RIGHTS

Principle 1

Support and respect international human rights in your own sphere of influence.

Principle 2

Ensure that your own company does not commit human rights violations.

Voluntary commitment

“Interroll does not tolerate discrimination, harassment or unfair treatment based on gender, race, disability, ethnic or cultural origin, religion, belief, age or sexual orientation.” This sentence from the Interroll Code of Conduct commits the company and its employees to upholding human rights and respecting related laws. Interroll’s good reputation and the trust of customers, suppliers, business partners, shareholders and the public in Interroll significantly depend on the responsible behaviour of all employees.

Interroll expects all suppliers and subcontractors to adhere to these principles in accordance with Interroll’s corporate values. They represent an important part of supplier selection and evaluation. We also expect our suppliers to adhere to these standards throughout the supply chain.

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

Actions in 2017

1. Introduction of a Supplier Code of Conduct
2. Prevention through training
3. Introduction of the Compliance Management System
4. Introduction of the positions of Chief Compliance Officer and Local Officers

Outcome measure

On 1: When selecting new suppliers, the obligation to adhere to our principles is a prerequisite for a business relationship. The goal is also to oblige the most important existing suppliers to comply with the Supplier Code of Conduct. By the end of 2017, 80% of all suppliers of German companies had already been included. For 2018, we are planning the global rollout for all our companies.

On 2: In order to ensure that our Code of Conduct continues to be practiced, the management of the German companies were trained on the Code of Conduct and Compliance Rules in 2017. In 2018, this is planned for our Chinese, American, Danish and French sites.

On 3: The Interroll Group’s Compliance Management System (CMS) is structured according to the recommendations of the international standard ISO 19600 Compliance Management Systems. This risk-based approach is intended to weigh the severity of any potential violations of laws and obligations in terms of achieving business goals and the negative impact on the reputation of the Group, and to set appropriate action priorities.

On 4: All employees have the right to report violations of the Code of Conduct, a law or an obligation to their supervisors. If necessary, an anonymous report within the whistleblower principle can be made to the Interroll Group’s Chief Compliance Officer (in the initial phase, this is the CFO of the Interroll Group).

LABOUR NORMS

Principle 3

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

Principle 4

Work to eliminate all forms of forced labour.

Principle 5

Work to abolish child labour.

Principle 6

Work to eliminate discrimination in hiring and employment.

Voluntary commitment

Interroll's global Codes of Conduct include basic internationally recognised labour standards such as freedom of association, the exclusion of forced labour and child labour and a work environment free from discrimination. Interroll and its suppliers do not tolerate any discrimination of employees based on gender, race, disability, ethnic or cultural origin, religion, belief, age or sexual orientation.

Actions in 2017

1. Introduction of a Supplier Code of Conduct
2. Prevention through training
3. Introduction of the Compliance Management System
4. Introduction of the positions of Chief Compliance Officer and Local Officers
5. Introduction of Key Performance Indicators (KPI)
6. Employee integration
7. Training of employees
8. Working conditions

Outcome measurement

On 1 to 4: Cf. section on human rights.

On 5: There were no reported forms of forced labour or child labour at Interroll or in the supply chain in the year under review.

On 6: A second Group-wide Employee Engagement Survey yielded very satisfying results. Interroll has a dedicated workforce ready to go the extra mile for the company. Employees also clearly confirmed the quality and customer orientation within the Group. Also see the [press release](#) dated 11 September 2017 on the results of the second Global Employee Survey at the Interroll Group.

On 7: The Interroll [Academy](#) is the driving force behind the knowledge transfer on material flow. Our strong commitment to continuing education and employee training as well as the exchange of expertise with customers and partners make important contributions to the company's success and to the further development of our industry.

We are convinced that proper training leads to motivated employees. We offer training with the aim of providing our employees the expertise they need to offer valuable support to our customers. Our participants, who come from all areas of the company, familiarise themselves not only with Interroll products during training, but also with our customers' applications and challenges.



CEO Paul Zumbühl (2nd from right) together with the successful participants in the management training course in Baal.

Thanks to our many training and continuing education programs, all employees can optimally develop and use their talents. A blended learning combination of classroom teaching and modern, Internet-based training methods (e-learning) overcomes internal obstacles and also reaches inquisitive employees who are not on-site.

On 8: Interroll and its suppliers comply with all applicable laws and regulations relating to working hours and breaks. Overtime is only ever offered voluntarily. All employees receive adequate remuneration and the applicable national minimum legal wage.

Interroll and its suppliers ensure the safety of all employees in the workplace and a working environment that promotes health, supports accident prevention and exposes employees to as few health risks as possible.

Interroll has an appropriate health and safety system. Employees are adequately trained in their native language on occupational health and safety issues. Health and safety information must be clearly displayed in all facilities. Interroll also expects this from its suppliers.

ENVIRONMENT AND CLIMATE

Principle 7

Support a precautionary approach to dealing with environmental issues.

Principle 8

Take initiatives to create a greater sense of environmental responsibility.

Principle 9

Promote the development and distribution of environmentally friendly technologies.

Voluntary commitment

The responsible use of resources and the protection of the environment and climate are key concerns of social responsibility and therefore also central pillars of the Interroll strategy.

Our basic principle “Inspired by Efficiency” refers to more than just the advantages our customers can expect from Interroll solutions. Interroll products and solutions enable companies to increase their profits. They reduce their ecological footprint and ensure sustainable growth. Interroll also attaches great importance to its own resource efficiency. Using resources appropriately is the most important element to maintaining our technological and innovative market leadership position. It also benefits our customers.

Actions in 2017

1. Introduction of a Supplier Code of Conduct
2. Prevention through training
3. Introduction of the Compliance Management System
4. Introduction of the positions of Chief Compliance Officer and Local Officers
5. Introduction of KPIs

Outcome measurement

On 1 to 4: Cf. section on human rights.

On 5: Target values for 2018 have been set after initial KPIs were recorded in 2017. For instance, a 10% reduction in Group-wide paper consumption has been targeted.



Customers can increase their profits with Interroll products and solutions. They reduce their ecological footprint and ensure sustainable growth.

CORRUPTION PREVENTION

Principle 10

Work against all types of corruption, including blackmail and bribery.

Voluntary commitment

Through prevention and the sensitisation of our employees, we want to actively counteract potential rule violations in advance. Our employees are trained with a focus on “Antitrust Law” and “Gifts and Invitations, Conflicts of Interest” in extensive presence and e-learning trainings.

The [anti-bribery guidelines](#) introduced in 2016 are designed to establish control mechanisms to ensure compliance with all applicable anti-bribery and corruption regulations and to ensure that the company conducts its business in a socially responsible manner.

Bribery is understood as offering, promising, granting, accepting or promoting an advantage in return for an unlawful act or infidelity. This includes accepting benefits of material value in exchange for a trade, contract, regulatory or personal benefit. We conduct our business honestly and ethically, in accordance with our Code of Conduct.

We have a zero-tolerance policy when it comes to bribery and corruption. We are committed to acting professionally, fairly and with integrity in all our business relationships and to introducing, applying and enforcing effective anti-bribery mechanisms.

Actions in 2017

1. Introduction of a Supplier Code of Conduct
2. Prevention through training
3. Introduction of the Compliance Management System
4. Introduction of the positions of Chief Compliance Officer and Local Officers
5. Introduction of anti-bribery guidelines

Outcome measurement

On 1 to 4: Cf. section on human rights.

On 5: There were no reported forms of corruption, blackmail or bribery at Interroll or in the supply chain in the year under review.



We seek to actively counteract potential rule violations in advance through prevention and the sensitisation of our employees.



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