

REMUNERATION REPORT

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The remuneration report provides information about the principles of Interroll's remuneration policy, the management process, and the remuneration of the Board of Directors and Group Management. It complies with the requirements of Articles 14 to 16 of the Swiss Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (VegüV) of November 20, 2013, the Directive on Information Relating to Corporate Governance of the SIX Swiss Exchange and the principles of the Swiss Code of Best Practice for Corporate Governance issued by Economiesuisse, which entered into force on August 28, 2014. Further improvements were made to this remuneration report for 2020 in terms of transparency and readability. The aim is to ensure the best possible transparency for the reader.

BASIC PRINCIPLES OF REMUNERATION

A fair and transparent remuneration system is designed to contribute to the long-term development and success of the Interroll Group as a business. The remuneration system in place at the Interroll Group is in line with its corporate strategy and is geared toward appropriately rewarding the achievement of both short-term and long-term targets. Interroll is committed to recruiting, developing, and retaining the most talented people in its particular field and industry.

The Interroll Group's remuneration policy is based on the following principles:

- The members of the Board of Directors receive a fixed cash remuneration only. This ensures the independence of the board in its supervision of Group Management.
- The ratio of fixed to variable remuneration for members of Group Management is intended as a solid, prudent framework for preventing excessive fluctuations in levels of remuneration. Specifically, it has been designed to safeguard the Group's long-term business success and to prevent an individual's willingness to take risks that could negatively impact the Group's medium- and long-term interests.
- Remuneration must be commensurate with the level of responsibility, the individual's specific contribution to the Group's success, and the individual workload of a given role. In addition, remuneration is to ensure appropriate and competitive rewards based on the role and level of individual performance.
- Share plans, which form part of the Group Management's remuneration, are aimed at rewarding the achievement of long-term Group objectives in the interests of the shareholders and fostering long-term corporate performance. The Board of Direc-

tors is responsible for defining the principles of the Group's remuneration policy and management process and is supported by the Remuneration Committee in this respect. The Board of Directors decides on the total remuneration for both the Board of Directors and Group Management and presents a proposal for approval to the Annual General Meeting.

On behalf of the Board of Directors, the Remuneration Committee prepares all proposals and the basis for remuneration decisions regarding the remuneration for both the Board of Directors and Group Management pursuant to the Articles of Incorporation, Article 23^{bis} (Remuneration Committee). Its key duties are as follows:

- Propose and regularly review the Interroll Group's remuneration policy.
- Propose and develop remuneration regulations for the Board of Directors and Group Management.
- Propose and specify the remuneration principles for the following financial year.
- Propose the remuneration for members of the Board of Directors.
- Propose the remuneration for the CEO and, at the CEO's request, the remuneration of the other members of Group Management.
- Propose employment terms and conditions and material amendments to existing contracts of employment with members of Group Management and make proposals regarding other strategic Human Resources (HR) decisions.

At the Annual General Meeting of Interroll Holding AG on May 7, 2021, the Board of Directors will propose for approval the maximum possible total remuneration of the Board of Directors for the period up to the Annual General Meeting 2022 and the maximum possible total remuneration for Group Management for financial year 2021. The voting rules governing the authorization of the Board of Directors and Group Management are included in the Articles of Incorporation dated May 8, 2015 (Article 12^{bis} Remuneration of the Board of Directors and Group Management).

The Articles of Incorporation can be found on the website at www.interroll.com/en/investoren/corporate-governance.

Overview of the areas of responsibilities of the Remuneration Committee, Board of Directors and Annual General Meeting

Stages of authorisation	Recommendation	Review	Authorisation
Principles of remuneration (Articles of Incorporation)	Remuneration Committee	Board of Directors	Annual General Meeting (mandatory vote)
Detailed remuneration model (remuneration regulations)	Remuneration Committee	Board of Directors	Board of Directors
Maximum total remuneration of the Board of Directors	Remuneration Committee	Board of Directors	Annual General Meeting (mandatory vote)
Individual remuneration for members of the Board of Directors	Remuneration Committee	Board of Directors	Board of Directors
Maximum total remuneration of Group Management	Remuneration Committee	Board of Directors	Annual General Meeting (mandatory vote)
Remuneration of the CEO	Remuneration Committee	Board of Directors	Board of Directors
Individual remuneration for all other members of Group Management	CEO	Remuneration Committee	Board of Directors

REMUNERATION OF THE BOARD OF DIRECTORS

Remuneration model and the determination of remuneration

Remuneration paid to members of the Board of Directors is fixed, commensurate with members' responsibilities and paid in cash or shares, and no variable components are included.

In this way, Interroll ensures the independence of the Board of Directors in its supervision of Group Management. The remuneration depends on the workload and responsibilities of the Board of Directors. Interroll ensures the independence of the Board of Directors in its supervision of the Group Management. Remuneration is based on the demands and high level of responsibility of the Board of Directors.

The annual remuneration is paid to the members of the Board of Directors of Interroll Holding AG for all services rendered by Interroll Holding AG and the Group companies directly or indirectly controlled by it. Every year, the Board of Directors determines the fixed remuneration of the members of the Board of Directors of Interroll Holding AG for the period up to the next Annual General Meeting of Interroll Holding AG on the basis of the approved Articles of Incorporation dated May 8, 2015 (Article 22^{bis}, Total Remuneration of the Board of Directors and the Management), the remuneration regulations dated March 15, 2014 and, at the request of the Remuneration Committee, subject to approval by the Annual General Meeting. All social security contributions are made by the employer.

Fixed-term contracts of employment and mandate agreements for members of the Board of Directors may be for a fixed contractual term of up to one year.

Total remuneration for the 2020 term of office (audited)

The remuneration of the members of the Board of Directors (BoD) is disclosed in accordance with VegüV and OR 663c as follows:

in CHF thousands		Cash	Shares/ options	Social security*	Other benefits	Total remuneration	Shares held as of 31.12.	Voting rights in %
Urs Tanner								
2020	P, CC	270		35		305	35	0.00
2019	P, CC	270		35		305	-	0.00
Paolo Bottini								
2020	VP, AC	135		22		157	20	0.00
2019	VP, AC	135		22		157	20	0.00
Philippe Dubois								
2020	AC	100	9	11		120	205	0.03
2019	AC	100		11		111	100	0.01
Elena Cortona								
2020	***	90		15		105	15	0.00
2019	***	90		15		105		0.00
Stefano Mercorio								
2020	AC, CC	100		21		121	-	0.00
2019	CC	100		21		121	-	0.00
Ingo Specht								
2020		90		15		105	56,417	7.20
2019		90		15		105	62,045	7.91
Total Board of Directors								
2020		785	9	119	-	913	56,692	7.23
2019		785	-	119	-	904	62,165	7.93

P: Chairman of the BoD; AC: Audit Committee; VP: Vice Chairman of the BoD; CC: Remuneration Committee.

* Social security costs consist of employer and employee contributions to OASI/IV.

2019 = term of office from AGM 2018 to AGM 2019; 2020 = term of office from AGM 2019 to AGM 2020

The Board of Directors has no stock options for shares in Interroll Holding AG.

Valuation of total remuneration for the 2020 term

The remuneration of CHF 913,000 (previous year: CHF 904,000) of the Board of Directors from the Annual General Meeting 2019 to the Annual General Meeting 2020 remains approximately at the level of the previous term and is significantly below the total amount of CHF 1,200,000 approved at the Annual General Meeting 2020.

Outlook for total remuneration for the 2021 term

At the Annual General Meeting on May 7, 2021, the Board of Directors proposes a maximum remuneration of CHF 1,550,000 for the term until the next Annual General Meeting in 2022 (previous year: CHF 1,200,000). As in the previous year, the proposed maximum remuneration includes a reserve for contingencies. There are two reasons for the increase of CHF 350,000: On one hand, an additional member of

the Board of Directors is to be elected at the Annual General Meeting 2021. In addition, the new Chairman of the Board of Directors is to perform his role as "Active Chairman" for two years (term of office: Annual General Meeting 2021 to Annual General Meeting 2023) and receive a correspondingly increased fee during this period. His duties are described in detail in the corporate governance report in chapter 7 ("Authority Regulations"). All other fees remain unchanged. Despite various new appointments to the Board of Directors and the Group Management as well as the expansion of the Board of Directors by one member, the combined maximum compensation of the Board of Directors and the Group Management proposed to the Annual General Meeting in May 2021 will be reduced by a total of CHF 350,000.

Other remuneration (audited) and further information

No further payments in cash or in kind are made and no other remuneration (e.g. commission for the takeover or transfer of companies or parts thereof) is paid to members of the Board of Directors.

Severance pay for members of the Board of Directors is not permitted, whereby any remuneration due to members up to the end of the contractual term does not constitute severance pay.

Members of the Board of Directors do not receive any flat-rate compensation for business expenses apart from the reimbursement of travel expenses actually incurred.

Loans and credits (audited)

The terms and conditions governing any loans or credits granted to members of the Board of Directors are defined in the Articles of Incorporation under Article 22^{bis} (Total Remuneration of the Board of Directors and the Management).

Interroll Holding AG and its subsidiaries did not grant any loans, advances or credits to members of the Board of Directors in the reporting years 2020 and 2019.

REMUNERATION OF GROUP MANAGEMENT

Remuneration model and the determination of total remuneration

An individual remuneration agreement exists for each Group Management member, whereby the *projected total remuneration* is based on the criteria set out below for determining remuneration and market trends for top executives in the relevant industry and country. The projected total remuneration comprises a fixed and a variable short-term remuneration component (short-term Incentive, STI) as well as a long-term remuneration component paid out in shares with a vesting period of at least four years (Long-Term Incentive, LTI).

The *projected total remuneration* may be undercut or exceeded depending on performance and the course of business. In its actions, the Group Management must at all times focus on long-term and sustainable value

creation and not on short-term profit maximization. The total remuneration of the members of the Group Management, and in particular that of the CEO, is structured in line with this objective.

The actual total remuneration is determined on the basis of the following main criteria:

- Professional and market experience
- Complexity of the task area
- Global responsibility of the function
- Personal and concrete performance contribution to the long-term strategic development as well as value enhancement of the Group

The Interroll Group consults external consultants on a case-by-case basis when designing and determining remuneration. For new appointments to the Group Management in the years 2017–2020, market comparisons for top executive positions were carried out with the respective recruiting consultants on the occasion of the personnel search in Europe and the Americas and consulted for the determination of remuneration. In addition, market comparisons were made using detailed Kienbaum and Towers Watson salary studies for top managers for the years 2017–2019. The reference group was primarily comparable companies in the manufacturing industry or production. In principle, such comparisons are based on a median positioning and adjustments are made where necessary.

In determining the total annual remuneration, all payments made by Interroll Holding AG and its directly controlled subsidiaries to the members of the Group Management are taken into account, irrespective of whether these compensate global or local activities for one or more subsidiaries in Switzerland or abroad (based on separate employment contracts) of a member of the Group Management.

On the basis of the approved Articles of Association of May 8, 2015 (Article 22^{bis} Total Remuneration of

Overview of the remuneration model for the Group Management: composition of total remuneration

Definition	Instrument	Purpose
Fixed remuneration	Monthly cash payments	Remuneration for performance of the function and all qualifications required to perform the role
Variable remuneration (Short-Term Incentive, STI)	Annual cash payment	Remuneration for the achievement of financial and individual targets in the reporting year
Long-term share participation (Long Term Incentive, LTI)	Annual share allocation with multiyear vesting period	Promoting sustainable results and a long-term focus on shareholders' interests
Social security contributions and fringe benefits	Pension scheme, insurance and non-cash benefits	Protection against risks and coverage of business expenses (car)

the Board of Directors and the Management), the remuneration regulations of March 15, 2014 and the Remuneration Committee's request, the Board of Directors sets the total remuneration of Group Management every year, subject to approval from the Annual General Meeting as of 2015.

The total remuneration of the CEO is determined by the Remuneration Committee. The total remuneration of the other members of the Group Management is determined by the CEO and submitted annually to the Remuneration Committee for approval by the Board of Directors. On the occasion of the Annual General Meeting of Interroll Holding AG on May 7, 2021, the Board of Directors will submit the maximum possible total remuneration of the Group Management for the financial year 2021 for approval.

Fixed remuneration

The amount of the fixed remuneration is contractually stipulated and generally remains unchanged for three to five years while the function remains unchanged. Adjustments may be made on the basis of the assessment of individual performance and in the event of changes to the area of responsibility.

Variable remuneration (Short-Term Incentive, STI)

According to Article 22^{bis} of the Articles of Incorporation, the variable remuneration of the Group Management may not exceed 60% of the total remuneration (or 150% of the fixed remuneration) as a rule.

For the CEO, the variable remuneration (STI) component of the fixed remuneration is 75% if the plan is achieved (with a maximum of 150% and a minimum of 0%). For operational management functions, the plan value is 50% (with a maximum of 100% and a minimum of 0%). Finally, for members with centralized roles within the holding company, the targeted amount of the variable remuneration component is 25% of fixed remuneration (with a maximum of 50% and a minimum of 0%). The maximum is a theoretical cap and not a planned metric to be achieved. See also table below.

The calculation basis for variable remuneration (STI) includes the measurable sustained financial success (of the company or a part thereof) and annual individual targets, which must be measurable and of considerable strategic significance.

"Financial success" component of variable remuneration (STI):

The weighting of the *financial success* component of variable remuneration is generally 100% for the CEO, at least 75% for operational management functions, and at least 50% of variable remuneration (STI) for central holding functions.

The corporate financial performance for calculating the *financial success* component of variable remuneration balances the amount and quality of the financial performance achieved. For this purpose, the amount of the operating profit achieved in the financial year (EBITDA) is first multiplied by a predefined percentage. The determination of the amount of this percentage results from plan remuneration and plan EBITDA. In a second step, the quality of performance is taken into account by increasing/decreasing the resulting remuneration amount through the achievement of financial performance parameters compared to a predefined benchmark set for three years. This benchmark includes two views: On the one hand the relative positioning compared to companies with solid market positioning and comparable size within a relevant industry (material handling in Europe and the United States), and on the other hand own ambitious financial mid-term performance targets.

Depending on the strategic situation of the company or the function of the members of the Group Management, individual performance parameters may be weighted differently for the performance assessment or may not be taken into account.

The table on page 65 is intended to illustrate the performance measurement:

Overview of weighting of the variable remuneration (STI) in relation to fixed remuneration:

Role in Group Management	Variable remuneration (STI) in relation to fixed remuneration			Share of "financial success" component in variable remuneration (STI)	Share of "individual targets" component in variable remuneration (STI)
	Min.	Projected	Max. ³⁾		
Group CEO	0%	Approx. 75%	150%	100%	0%
Executive VP ¹⁾	0%	Approx. 50%	100%	75%	25%
Corporate VP ²⁾	0%	Approx. 25%	50%	50%	50%

¹⁾ Executive Vice President (EVP): operational management role

²⁾ Corporate Vice President (CVP): centralized role within the holding company (Corp. Finance, Corp. Marketing)

³⁾ Max. theoretical value for cap, not intended to be an achievable target

Overview of calculation of the “financial success” component of variable remuneration (STI)

	Performance parameters (fiscal year)	Meaning
Success level	Operating profit (x % EBITDA)	Earning power
Quality of success	Operating profit margin (EBITDA %)	Profitability
	Sales growth (% compared to PY)	Market position, innovation
	Gross margin (as a % sales)	Price strength, procurement strength
	Return on invested capital (ROIC)	Management of current/fixed assets

“Individual targets” component of variable remuneration (STI):

For the *individual targets* component, between three and a maximum of five individual measurable targets are agreed every year, with either the same or a different weighting. These targets must make an important contribution to the current or long-term success of the Group or parts thereof.

Individual goals include, for example:

- Developing and launching new products
- Gaining market share
- Tapping new markets and customer segments
- Successfully integrating an acquired company
- Successful strategic projects
- Achieving inventory reduction targets, etc.

The multiyear plan basis of variable remuneration (rather than the annual budget) motivates the Group Management to think longer term, measures relative continuous improvement to prior year periods or to the aforementioned three-year fixed benchmark, and prevents short-term cost cutting in the area of market development and innovation, etc.

The Remuneration Committee may exceptionally deviate from the agreement on variable remuneration in favor of a member of the Group Management if the lack of target achievement is exclusively due to external factors. There was no deviation from the agreement in the reporting.

Long-term incentive (LTI)

Pursuant to Article 22^{bis} (Total Remuneration of the Board of Directors and the Management) of the Articles of Incorporation, shares with multiyear vesting periods may be allotted to members of Group Management as part of total remuneration.

Based on their commitment and influence, Group Management members are to participate long-term in the Group's increased value and also share the business risk as shareholders (and equity co-investors), as well as identify with Interroll's values.

CEO share plan:

As a result of this objective, a long-term share plan (LTI) was agreed with the CEO in early 2005. As a long-term remuneration component, the CEO receives a number of shares that are dependent on the performance of the share price and the exceeding of certain minimum target thresholds of earnings per share, operating profit margin (EBITDA in %) and return on invested capital (ROIC). If one or more of these three financial key performance indicators fall short of the target threshold, the agreed number of shares to be allotted will be reduced in accordance with a predefined formula. If all three financial key performance indicators exceed the target thresholds, the predefined number of shares will be allotted, but only up to a maximum cash value of CHF 500,000 after any applicable tax deduction. These shares vest over a period of at least six to eight years. The share plan as described above is agreed for a period of three years and shall remain unchanged over this period of time. The value of the defined and vested shares corresponds to approximately 20% of the *projected total remuneration* at the time the three-year cycle is contractually agreed. Upon resignation of the current CEO as of April 30, 2021, this share plan will end. The share plan of the new CEO (assumption of office May 1, 2021) corresponds to that of the rest of the Group Management.

The share plan for the rest of Group Management:

The share plan for the rest of Group Management was also introduced as a long-term remuneration component with the restructuring of the Group in 2011. Under the plan, these members of Group Management receive a number of shares as a long-term component of the variable remuneration. The shares received as part of this component must account for at least 20% and no more than 100% of variable remuneration. Each member of the rest of Group Management must reach a decision regarding the individual share to be received and report this by no later than December 15 of the current financial year, otherwise 20% will be allotted. These shares vest over four years.

Allotment arrangement:

The conversion rate for variable remuneration applicable to the number of Interroll shares allotted to the CEO and the rest of Group Management is the relevant share price on December 31 of the financial year ended less the deduction permitted for tax purposes, depending on the length of the vesting period. Shares are allotted during the first quarter of each new financial year after the results of the past financial year have been made available.

Total remuneration for 2020 (audited)

The remuneration of the members of the Group Management is disclosed as follows in accordance with Articles 14 to 16 of the Federal Council Ordinance against Excessive Compensation in Listed Stock Corporations of November 20, 2013 (VegüV), the Directive on Information Relating to Corporate Governance of the SIX Swiss Exchange and the principles of the Swiss Code of Best Practice for Corporate Governance of Economiesuisse, which came into force on August 28, 2014:

Explanation of the calculation method

The calculation method under IFRS differs in two respects from the calculation of compensation and shareholdings of the Board of Directors and the Group Management in accordance with OR 663^{bis} and 663c:

- Compensation for company cars under IFRS is based on the expenses including depreciation and lease instalments. Under the OR, a rate of 0.8% per month of the acquisition cost of the vehicles is used.
- Under IFRS, share-based remuneration is determined at market value at the allotment date. Under the OR, shares are valued at their taxable value, which is derived from the market value. As a result of the vesting period granted, the taxable value decreases compared with the market value according to the vesting period defined.
- The difference of CHF 0.486 million (previous year: CHF 0.373 million) related to company cars – CHF 0.025 million (previous year: CHF 0.033 million) and share-based payments – CHF 0.461 million (previous year: CHF 0.340 million).

Valuation of total remuneration for the 2020 financial year

Due to the financial and individual targets achieved, the total remuneration paid to the Group Management in the past year was CHF 5.380 million, at the level of the previous year (CHF 5.379 million) and significantly lower than the maximum total remuneration of CHF 5.9 million approved at the 2020 Annual General Meeting.

in CHF thousands	Remuneration (net)		Share-based compensation		Social security ²⁾	Other benefits	Total remuneration
	Fixed	Variable ¹⁾	Shares ²⁾	Options			
CEO (highest)							
2020	703	917	435	0	573	44	2,672
2019	716	891	495	0	563	43	2,708
Other members							
2020	1,583	203	488	0	308	126	2,708
2019	1,503	62	594	0	385	127	2,671
Total Group Management							
2020	2,286	1,120	923	0	881	170	5,380
2019	2,219	953	1,089	0	948	170	5,379

1) The difference between provisions made in the previous year and the actually paid-out bonuses is netted with the variable compensation planned for the year under review.

2) In the year under review, a total of 739 treasury shares were granted to senior executives as part of their bonus plans (2019: 989 shares) with a four-to eight-year sales restriction (from the date of the allotment).

The share-based compensation corresponds to the tax value.

3) Social security costs consist of employer and employee contributions to OASI/IV.

The Group Management was able to close the very challenging financial year 2020 under the influence of the COVID-19 crisis with a record result and also further strengthen the strategic position of the Interroll Group.

The total remuneration paid to the Group Management in 2020 was 107% (previous year: 107%) of the *total plan remuneration* based on the calculated target achievement in accordance with the calculation methodology described.

The variable remuneration for the Group Management was 59% (previous year: 57%) of the fixed remuneration with a plan value of 49% and 34% (previous year: 32%) of the total remuneration with a plan value of 30%.

Outlook for total remuneration for fiscal 2021

The maximum possible total remuneration 2021 submitted to the Annual General Meeting of May 7, 2021 for approval decreases to CHF 5.2 million compared to the previous year (CHF 5.9 million), mainly due to the CEO change. As in previous years, it includes a reserve for contingencies and currency fluctuations and assumes that the targets set will be substantially exceeded. The total remuneration actually paid out is generally lower than the maximum approved at the Annual General Meeting because the amount of the variable remuneration 2021 and its payment is based on the targets actually achieved in 2021. The fixed remuneration 2021 was not adjusted for any other member of the Group Management.

Other remuneration (audited) and further information

The regulations on expenses and pensions are specified in the applicable local employment terms and conditions as well as the relevant statutory and prevailing market conditions of the countries concerned, in particular Germany, the USA, China and Switzerland, and are compliant with the details contained in Article 22^{bis} (Total Remuneration of the Board of Directors and the Management) of the Articles of Incorporation. Apart from the total Group Management remuneration presented in the table, members of Group Management only receive compensation for travel costs actually incurred, upon presentation of the receipts and in accordance with the expense policy. Any flat rate expenses paid form part of the remuneration and are thus contained in the total remuneration table.

In Switzerland, the member of the Group Management contributes one-third of the savings portion of the pension fund, while the employer pays the remainder.

Members of the Group Management are provided with a company car and a mobile phone for business and private use, or a corresponding monthly flat rate is paid. The maximum permissible value limits for the company car are regulated internally. The company car is included in the total remunerations under "Other benefits."

No further payments in cash or in kind are made and no other remuneration, e.g. commission for the takeover or transfer of companies or parts thereof, is paid to members of Group Management.

Severance payments to members of Group Management are not permitted, whereby remuneration due until the termination of contractual relationships is not considered severance pay.

The notice periods for members of the Group Management are between six and nine months and thus comply with the Articles of Incorporation Article 23^{bis} (Remuneration Committee).

Loans and credits (audited)

The terms and conditions governing any loans or credits granted to members of Group Management are defined in the Articles of Incorporation under Article 22^{bis} (Total Remuneration of the Board of Directors and the Management).

Interroll Holding AG and its subsidiaries did not grant any loans, advances or credits to members of the Group Management in either of the reporting years 2020 and 2019.