

# CORPORATE GOVERNANCE

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## 1 INTRODUCTION

### Basis of the corporate governance report

The corporate governance report 2019 of the Interroll Group refers to the official guideline of the SIX Swiss Exchange on Corporate Governance, best practice related to the Minder initiative and the regulations of the “Swiss Code of Best Practice for Corporate Governance”.

### Cross references

To avoid repetition, cross-references are made to other reports in certain areas. This applies in particular to financial reporting.

## 2 GROUP STRUCTURE AND SHAREHOLDERS

### Group structure

The operational management structure is disclosed in chapter 4 of this report.

### Parent company and stock listing

The holding company of the Interroll Group, Interroll Holding AG, is headquartered in Sant'Antonino (Ticino), Switzerland, and is listed on the main board of the SIX Swiss Exchange under the security number 637289. Further notes on the listing can be found in the chapter “Interroll on the capital market” on page 8 of the Annual Report.

### Consolidation range

Subsidiaries belonging to the consolidation range of the Interroll Group are disclosed in note 8.4 of the Group's financial statements. No other equity instruments are publicly traded except those of Interroll Holding AG.

### Significant shareholders

All significant shareholders with a reportable share of the Interroll Group are disclosed in note 3.5 (“Significant shareholders”) of the financial statements of Interroll Holding AG. Changes made during the year can be viewed on the SIX Swiss Exchange website under Significant Shareholders with Interroll.

### Cross shareholdings

The Interroll Group maintains neither capital nor voting rights with other entities.

## 3 CAPITAL STRUCTURE

### Share capital and voting rights

The ordinary share capital of Interroll Holding AG amounts to CHF 854,000 and is made up of 854,000 fully paid registered shares with a par value of CHF 1 each. Each share has one voting right.

### Authorised or conditional capital

There is no authorised or conditional capital.

### Other equity or participation instruments

Furthermore, there are no other equity-like instruments such as profit-sharing rights or participation certificates.

### Changes in capital

There were no changes to the capital structure in the reporting or previous year.

### Limitations on transferability and nominee rights

Information about limitations on transferability and other nominee rights of the shareholders is disclosed in chapter 10 (“Shareholders’ participation rights”) of this corporate governance report of the Interroll Group.

### Further information on equity

Additional information on consolidated equity is disclosed in the statement of changes in equity of the financial statements of the Interroll Group (see 1.5 “Consolidated statement of changes in equity”) and in the respective notes.

## 4 OPERATIONAL MANAGEMENT STRUCTURE

### Functional organisational structure

The Interroll Group consists of one single business unit. The complete product range is sold in all markets through local sales organisations. Interroll caters to the needs of its customers (original equipment manufacturers, system integrators, end users) by offering a tailor-made product portfolio and expert consultancy services. The Interroll manufacturing units focus on the production of specific product ranges. Assembly units receive semi-finished products from the manufacturing units and assemble products for their local markets. The Innovation Projects and Development Centre (IPDC), which is centrally located, researches new application technologies and develops new products. Global Centres of Excellence continue developing the product range they focus on.

### Management structure

The Group Management and Interroll management structures are organised by function (Overall Management, Products & Technology, Global Sales & Service, Marketing and Finance). The Board of Directors bases its financial management of the Group on both the turnover generated in the product groups and geographic markets as well as on consolidated financial reports. In addition, Group Management assesses the achievement of financial and qualitative targets and other key performance indicators of all subsidiaries.

The Interroll Group has no advisory body.

### Board of Directors

<b>CHAIRMAN</b>			
Urs Tanner			
<b>VICE CHAIRMAN</b>	<b>AUDIT COMMITTEE</b>	<b>REMUNERATION COMMITTEE</b>	<b>OTHER MEMBERS</b>
Paolo Bottini	Philippe Dubois Paolo Bottini	Urs Tanner Stefano Mercorio	Ingo Specht Dr Elena Cortona

### Group Management

<b>CHIEF EXECUTIVE OFFICER</b>	
Paul Zumbühl	
<b>CHIEF FINANCIAL OFFICER</b>	<b>SENIOR VICE PRESIDENT CORPORATE MARKETING &amp; CULTURE</b>
Paul Zumbühl (interim)*	Jens Karolyi
<b>EXECUTIVE VICE PRESIDENT GLOBAL SALES &amp; SERVICE</b>	<b>EXECUTIVE VICE PRESIDENT PRODUCTS &amp; TECHNOLOGY</b>
Dr Christoph Reinkemeier	Jens Strüwing
<b>REGIONS</b>	
Executive Vice President Americas	Richard Keely
Executive Vice President Asia-Pacific	Dr Ben Xia

\* Taken over by Paul Zumbühl effective 1/12/2019.  
Daniel Bättig served as CFO of Interroll until 30/11/2019.

### **Innovation Projects and Development Centre (IPDC), Global Industry Management**

The Innovation Projects and Development Centre (IPDC) develops new products and platform concepts in close cooperation with the Centres of Excellence and Industry Management.

<b>FUNCTIONAL UNIT</b>	<b>MANAGED BY</b>	<b>COMPANY</b>
Research & Development	Armin Riemer	Interroll Holding GmbH, Wermelskirchen (DE)
Global Industry Management	Maurizio Catino	Interroll Management Ltd (CH)

### **Global Centres of Excellence (CoE)**

The seven Interroll Centres of Excellence are responsible worldwide for product development, strategic purchasing and the application and development of production technologies for selected product ranges. Furthermore, they produce and supply semi-finished goods to Group companies. The global Centres of Excellence of the Interroll Group are managed by the following persons:

<b>COUNTRY</b>	<b>FUNCTIONAL UNIT</b>	<b>MANAGED BY</b>	<b>COMPANY</b>
CH	Technopolymers	Ingo Specht	Interroll Ltd, Sant'Antonino
D	Conveyors and Sorters	Jens Strüwing	Interroll Automation GmbH, Sinsheim
D	Rollers, RollerDrive	Armin Lindholm	Interroll Engineering GmbH, Wermelskirchen
D	Industrial Drum Motors	Dr Hauke Tiedemann	Interroll Trommelmotoren GmbH, Baal
DK	Supermarket Products	Dr Anders-Staf Hansen	Interroll Joki A/S, Hvidovre
F	Dynamic Storage Products	Bertrand Reymond	Interroll SAS, La Roche-sur-Yon
USA	Belt Curves	Shane Belcher	Interroll Engineering West Inc., Cañon City

### **Worldwide sales and production companies**

#### **Regional Centres of Excellence (RCoE)**

Regional Centres of Excellence produce for the EMEA, Americas and Asia-Pacific regions. These centres handle the full product range of the global Centres of Excellence and provide the regional sales and service subsidiaries with finished products and the assembly sites with semi-finished products.

### **Production companies and local assemblies**

Guided by the production processes and production technologies of the global Centres of Excellence, local production companies manufacture and assemble specific products from the Interroll product portfolio. They also assemble semi-finished products for their local markets.

### **Sales and service subsidiaries**

The sales companies concentrate on specific market and customer segments offering the full range of Interroll products and a 24-hour repair service.

## Management of the operational companies

The management of the above companies was delegated to the following persons:

### EUROPE, MIDDLE EAST AND AFRICA (EMEA)

FUNCTION	REGION/COUNTRY	MANAGED BY	COMPANY
Sales, service	Central Europe	J. Mandelatz	Interroll Fördertechnik GmbH, Wermelskirchen (DE)
Sales, service	France	G. Calvez	Interroll SAS, Saint-Pol-de-Léon (FR)
Sales, service	Northern Europe	E. Kaiser	Interroll Nordic A/S, Hvidovre (DK)
Sales, service	Great Britain, Ireland	H. Campbell	Interroll Ltd., Kettering (GB)
Sales, service	Iberian peninsula	C. Álvarez García-Luján	Interroll España SA, Cerdanyola del Vallès (ES)
Sales, service	Czech Rep., Balkans, Hungary	F. Ratschiller	Interroll CZ s.r.o., Breclav (CZ)
Sales, service	Poland, Russia, Ukraine	F. Ratschiller	Interroll Polska sp.z.o.o., Warsaw (PL)
Sales, service	Turkey, Middle East	F. Ratschiller	Interroll Lojistik Sistemleri Ticaret Limited, Istanbul (TR)
Sales, service	Italy	F. Ratschiller	Interroll Italia Srl, Rho (IT)
Sales, assembly, service	Africa	K. Walker	Interroll SA (Proprietary) Ltd., Johannesburg (ZA)
RCoE	EMEA	M. Kuhn	Interroll Kronau GmbH, Kronau (DE)

### AMERICAS

FUNCTION	REGION/COUNTRY	MANAGED BY	COMPANY
RCoE	USA	A. McCombs	Interroll Corporation, Wilmington/NC (US)
RCoE	USA	R. Wright	Interroll Atlanta LLC, Hiram/GA (US)
Sales, service	USA	S. Leavengood	Interroll USA LLC, Wilmington/NC (US)
Sales, assembly, service	Canada	S. Gravelle	Interroll Canada Ltd., Newmarket/Toronto (CA)
Sales, assembly, service	Brazil, Argentina	M. Gaio	Interroll Logística Ltda., Jaguariuna/São Paulo (BR)
Sales, service	Mexico	L. Pallares	Interroll Mexico S. de R.L. de C.V., Mexico City (MX)

### ASIA-PACIFIC

FUNCTION	REGION/COUNTRY	MANAGED BY	COMPANY
RCoE	China	T. Zhang	Interroll (Suzhou) Co. Ltd., Suzhou (CN)
RCoE	Asia-Pacific	M.K. Lo	Interroll Shenzhen Co. Ltd., Shenzhen (CN)
Sales, service	China	B. Xia a.i.	Interroll Holding Management (Shanghai) Co. Ltd. (CN)
Sales, service	South Korea	S. Jeong	Interroll Korea Corp., Seoul (KR)
Sales, service	Japan	T. Nakayama	Interroll Japan Co. Ltd., Tokyo (JP)
Sales, assembly, service	Thailand	N. Grisorn	Interroll (Thailand) Co. Ltd., Panthong (TH)
Sales, service	Singapore, South East Asia	G.W. Seng	Interroll (Asia) Pte. Ltd., Singapore (SG)
Sales, assembly, service	Australia	P. Cieri	Interroll Australia Pty. Ltd., Melbourne (AU)

## 5 BOARD OF DIRECTORS

### Members of the Board of Directors



*from left to right*

*Philippe Dubois, Stefano Mercurio, Urs Tanner,  
Dr Elena Cortona, Paolo Bottini, Ingo Specht*

#### **Principles of the election procedure, term of office**

The Board of Directors is composed of five to seven members. Since the 2015 Annual General Meeting, the members of the Board of Directors are elected individually for a one-year term. Re-election is permitted. The shareholders Dieter Specht and Bruna Ghisalberty or their direct first-generation descendants are entitled to nominate two representatives (one representative per family) in total, as long as they hold at least 10% each of the share capital.

## PROFESSIONAL BACKGROUND AND VESTED INTERESTS OF THE BOARD OF DIRECTORS

### PAOLO BOTTINI

(born 1965, Swiss)

lic. iur., lawyer and tax specialist (federal diploma), held various positions within the law firm Bär & Karrer and is currently a managing partner of the firm's Lugano office. Mr Bottini has been a member of the Board of Directors of Interroll Holding AG and a member of the Audit Committee since 2003.

### DR ELENA CORTONA

(born 1970, Swiss and Italian)

has been Senior Vice President Digital Transformation in the CTO division of the Schindler Group based in Ebikon, Switzerland since 2017, having occupied a number of different management roles for the elevator company since 2001. Elena Cortona has wide-reaching expertise in the areas of research and development, transformation of market requirements in the development of products and digitalisation of work processes. She holds a degree in mechanical engineering from the Polytechnic University of Turin as well as a doctorate in mechanical engineering from ETH Zurich.

### PHILIPPE DUBOIS

(born 1950, Swiss)

lic. iur. and lic. oec., was largely responsible for the IPO of Interroll Holding AG while working for UBS Warburg. He also held senior investment banking positions at Bank Julius Bär. Currently, he is an independent management and financial consultant for M&A, corporate finance and management coaching. Mr Dubois has been a member of the Board of Directors of Interroll Holding AG and a member of the Audit Committee since 2003.

### STEFANO MERCORIO

(born 1963, Italian)

holds a degree in economics. He is currently working in Italy as a legal auditor and he is the founder and senior partner of Studio Castellini Mercorio & Partners. Since 1987, he has been Dottore Commercialista iscritto all "Albo dei Dottori Commercialisti e degli Esperti contabili di Bergamo". Stefano Mercorio has been a member of the Board of Directors of Interroll Holding AG since 2013.

### INGO SPECHT

(born 1964, German)

holds a professional qualification as an industrial business manager from the Chamber of Commerce and Industry of Cologne, Germany. He was the owner and Managing Director of Luxis in Locarno and held various senior positions in IT, marketing and business development with the Interroll Group. He is currently serving as Managing Director of Interroll SA. Mr Specht has been a member of the Board of Directors of Interroll Holding AG since 2006.

### URS TANNER

(born 1951, Swiss)

holds an Executive MBA from the University of St. Gallen, AMP Harvard and served as CEO of the Medela Group, Managing Director of the Tools & Plastics division of the Mikron Group and held leading positions with Styner & Bienz AG (Adval Tech). Currently, he is co-owner of Halcyon Associates Inc. in the USA as well as a member of the Board of Directors of Neutrik AG. Urs Tanner, a member since 2008, was appointed Vice Chairman in 2009, has served as Chairman of the Board of Directors of Interroll Holding AG since 13 May 2016 and is also a member of the Remuneration Committee.

## 6 INTERNAL ORGANISATION

### Constitution and committees of the Board of Directors

The Board of Directors consists of the Chairman, the Vice Chairman and the other members. The Board of Directors is assisted by two permanent committees focusing on the areas of auditing (Audit Committee) and remuneration policy (Remuneration Committee).

### Audit Committee

The Audit Committee receives the audit reports prepared by the local external auditors and by the Group auditor and prepares a report for the Board of Directors. In particular, the Audit Committee ensures that the Group companies are being audited on a regular basis. The Audit Committee mandates the internal audit department to execute internal audits and reviews the resulting audit reports.

At least once a year, the Audit Committee also commissions a report on audits undertaken and planned as well as on any proposals to improve the audit function. The Audit Committee submits its proposals to the Board of Directors for decision.

### Remuneration Committee

The Remuneration Committee submits its proposals for the salary and the bonus of the CEO, the members of Group Management and the Board of Directors for decision. At the request of the CEO, it defines the targets for bonus payments at the beginning of the year. The Remuneration Committee is also responsible for establishing the terms of the share ownership scheme. The remuneration scheme is described in the remuneration report.

### Mode of collaboration of the Board of Directors and its committees

The Board of Directors meets as often as business requires, but at least five times per year.

The meetings are convened by the Chairman of the Board of Directors. Each member of the Board of Directors may demand that a meeting be convened, specifying the item on the agenda to be discussed. The CEO participates in the meetings of the Board of Directors. Members of Group Management and other members of management may participate in meetings as required.

The Board of Directors is deemed quorate if an absolute majority of its members is present in person. Resolutions are adopted on the basis of an absolute majority of votes present. If votes are tied, the Chairman's vote counts double. All resolutions of the Board of

Directors are recorded in the minutes. The meetings usually take a full day.

Meetings of the Audit Committee and the Remuneration Committee are convened as required and can be called by any member. In the 2019 financial year, the Board of Directors met on six occasions, the Audit Committee three times and the Remuneration Committee twice for regular scheduled meetings. All required members were present for all meetings in the reporting year.

## 7 AUTHORITY REGULATIONS

### Statutory base for authority regulations

All basic authorities and tasks of the governing bodies are set out in the Articles of Incorporation of Interroll Holding AG. The Articles of Incorporation also define responsibilities that cannot be delegated to third parties.

### Responsibility of the Board of Directors

The Board of Directors is responsible for the Group's strategy and governs the overall management, supervision and control over the operational management of the Interroll Group. The Board of Directors has exercised its statutory authority to delegate management to third parties who need not be shareholders (Group Management).

### Management and organisational regulations

Under the organisational regulations, the Board of Directors has delegated the management of ongoing business to the Chief Executive Officer (CEO). The CEO is responsible for the overall management of the Interroll Group and for all matters that do not fall under the purview of another governing body as specified by law, the Articles of Incorporation or the organisational regulations. In particular, the CEO is responsible for the operational management of the company as a whole. Competencies and controls are specified within a set of organisational regulations.

## 8 INFORMATION AND CONTROL INSTRUMENTS

### Reporting to the Board of Directors

At each meeting, the CEO informs the Board of Directors of the course of business, the principal events within the Group and the discharge of duties delegated to the Group Management.



### Management Information System

The Management Information System (MIS) of the Interroll Group consolidates the balance sheet, income statement and cash flow statement, as well as various key figures relating to subsidiaries, on a monthly basis and compares the current figures with those of the previous year and the budget. On the basis of the quarterly financial statements, the budget is assessed in the form of a forecast as to whether it is attainable with regard to each entity and also for the consolidated Group. The financial reports are discussed during the meetings of the Board of Directors.

### Internal audit and control instruments

On behalf of the Audit Committee, internal audits are performed annually at selected subsidiary companies. The focal points of the audit are defined according to the risk profile of the respective entity. The reports of the Audit Committee are discussed with local management.

Extraordinary occurrences and decisions of material importance, as specified in the organisational regulations, are immediately brought to the attention of the Board of Directors in writing.

## 9 GROUP MANAGEMENT

Group Management of the Interroll Group consisted of the following members as of the end of 2019:

NAME/YEAR OF BIRTH	NATIONALITY	FUNCTION	MEMBER SINCE
Paul Zumbühl (1957)	Swiss	Chief Executive Officer (CEO)	January 2000
Paul Zumbühl (1957)	Swiss	Interim Chief Financial Officer (CFO)*	
Jens Strüwing (1969)	German	Executive Vice President Products & Technology	November 2018
Dr Chr. Reinkemeier (1966)	German	Executive Vice President Global Sales & Service	January 2011
Jens Karolyi (1970)	German	Senior Vice President Corporate Marketing & Culture	January 2011
Richard Keely (1972)	American	Executive Vice President Operations Americas	March 2018
Dr Ben Xia (1966)	Chinese	Executive Vice President Operations Asia	June 2013

\* Taken over by Paul Zumbühl effective 1.12.2019.  
Daniel Bättig served as CFO until 30.11.2019.

## 10 SHAREHOLDERS' PARTICIPATION RIGHTS

### Representation and restriction of voting rights

Rights governing shareholder participation are in accordance with the requirements specified in the Swiss Code of Obligations. Each share has one vote. A shareholder's voting rights are restricted to a maximum of 5% of the total number of votes. Individual nominees are, however, entitled to exercise more than 5% of the total number of votes if they disclose the identity of the beneficiaries they represent and if the

respective beneficiaries as a whole do not exercise more than 5% of the voting rights. This restriction of voting rights does not apply to the founding families, insofar as the individual families hold at least 10% of the share capital.

Registered shares of nominees that exceed 2% of the shares outstanding are only listed in the share register as shares furnished with voting rights if the nominee

has provided written consent to the possible disclosure of names, addresses and shareholdings of those persons for whom the said nominee holds 0.5% or more of the shares outstanding.

#### **Statutory quorum**

Subject to contrary statutory or legal provisions, the Annual General Meeting is quorate irrespective of the number of shareholders present and the shares represented by proxy.

#### **Convocation of the Annual General Meeting**

The invitation to the Annual General Meeting is issued at least twenty days prior to the AGM and is legally effective upon inclusion in the company's chosen vehicle of communication ("Schweizerisches Handelsamtsblatt"). In addition, the Board of Directors sends a written invitation to those registered shareholders listed in the share register.

#### **Agenda and registration in the share register**

The invitation to the Annual General Meeting has to include all items on the agenda as well as all motions put forward by the Board of Directors and, if applicable, by the shareholders who have called for a General Meeting or the inclusion of an item on the agenda. No resolutions shall be passed on motions relating to items that have not been announced in the requisite manner, with the exception of those motions relating to the convocation of an Extraordinary General Meeting or the execution of a special audit. No entries are made into the share register less than ten days prior to an Annual General Meeting up to the day subsequent to the AGM.

## **11 CHANGE IN CONTROL AND DEFENSIVE MEASURES**

#### **Obligation to make an offer**

There are no statutory regulations regarding opting up and opting out.

#### **Change in control clauses**

There are no agreements for severance pay, other agreements and plans in the event of a change in control or upon termination of a contract of employment.

## **12 AUDITOR**

#### **Duration of the mandate and term of office of the lead auditor**

By decision of the Annual General Meeting of 3 May 2019, Interroll Holding AG has appointed PricewaterhouseCoopers (PwC) for another term of one year as its auditing company. PwC has been the Group Audi-

tor of the Interroll Group since 2011. Mr Patrick Balkanyi was the lead auditor with audit responsibility from 2012 to 2019, with Mr Gerhard Siegrist assuming this responsibility in the 2019 financial year.

#### **Audit fees**

The audit fees charged by PwC for the audit of the business year 2019 amounted to CHF 0.4 million. The audit fees charged by PwC in 2018 amounted to CHF 0.4 million. In both the 2019 financial year and the previous year, PwC charged CHF 0.0 million for consultancy services.

#### **Supervisory and control instruments pertaining to the audit**

The Audit Committee is responsible for evaluating the external audit. The external auditors prepare an audit report to be submitted to the Board of Directors. At least two consultations are held each year between the external auditors and the Audit Committee. Material findings for each entity as well as for the consolidated accounts are presented in the "Comprehensive Auditor's Report to the Board of Directors" that is discussed in detail.

## **13 INFORMATION POLICY**

#### **Contact**

Interroll is committed to providing swift, transparent and synchronous information to all stakeholders. To ensure this, the Group CEO and the Group CFO are available as direct contacts.

#### **Reports on the course of business**

The Interroll Group publishes comprehensive financial reports twice a year: for the first half and for the financial year as a whole. In addition to the financial results that are carried out in accordance with IFRS, shareholders and financial markets are regularly informed of significant changes and developments.

#### **Source of information**

Further relevant information and financial reports are available at <https://www.interroll.com/investor-relations/reports-and-publications>. Half-yearly and annual reports can also be downloaded from [www.interroll.com](http://www.interroll.com) as PDF documents. Shareholders recorded in the share register may request the Annual Report in printed form and register for automatic delivery of the Annual Report with the Investor Relations department.