

Company profile



V-ZUG

at a glance

Products and services for a future-fit society				
	2022	2021	2020	Change from previous year
Appliances supplied with energy efficiency rating A or better (before rescaling) in %	96,9	96,9	96,8	+0,0%p.
Fault proportion for Switzerland (indexed, 2015 baseline = 100%) in %	70,6	76,5	76,4	-5,9%p.
First-time fix rate for Switzerland in %	90,3	90,9	91,4	-0,6%p.
Average response time in days	2,4	2,6	2,4	-0,2 days
Healthy and committed employees				
Number of employees excl. temporary employees FTE	1743	1761	1732	-1,0%
Number of employees (FTE, incl. temporary employees ¹⁾)	2193	2080	1999	+5,4%
Women in senior management roles in %	20,0	23,6	20,8	-3,6%p. ³⁾
Turnover rate in %	10,9	12,5	11,2	-1,6%p.
Absence rate by cause in %				
– Work-related accidents	4,4	7,2	5,7	-2,8%p.
– Non-work-related accidents	8,5	10,4	11,0	-1,9%p.
– Illness	87,2	82,4	83,4	+4,8%p.
Employees by working hours:				
– Part-time employees	288	258	263	+11,6%
– Full-time employees	1559	1503	1469	+3,7%
Hours lost due to occupational accidents in %	0,20	0,27	0,20	-0,07%p.
Environment and climate protection				
CO ₂ emissions in t (market-based) ²⁾				
– Scope 1	3467	4096 ⁴⁾	4169	-15,4%
– Scope 2	225	244	280	-7,8%
Total	3692	4340	4449	-14,9%
Energy consumption in terajoules	108,0	114,0	113,2	-5,3%
Entrepreneurship for sustainable prosperity				
Net sales in CHF million ¹⁾	636,3	631,3 ⁵⁾	569,4	+0,8%p.
Operating profit (EBIT) in CHF million ¹⁾	10,3	62,7	49,2	-83,6%
EBIT as % of net sales ¹⁾	1,6%	9,9% ⁵⁾	8,6%	-8,3%p.
Number of supplier audits	69	62	67	+11,3%

¹⁾ Figure for V-ZUG Group

²⁾ Total Scope 3 emissions in GRI index

³⁾ 2022: Changes to management categorization

⁴⁾ Natural gas emissions as stated in 2021 report have been corrected (calorific value amended)

⁵⁾ The figures for 2021 have been partially adjusted in connection with changes in accounting principles, cf. page 72 of the Annual Report.

Table 1 Key figures

See the respective sections for details and explanations of the figures. Unless otherwise stated, the figures relate to the three companies V-ZUG Ltd, V-ZUG Cooling Technology Ltd, and V-ZUG (Changzhou) Special Components Co. Ltd.

The company

V-ZUG is Switzerland's leading brand in household appliances. For over 100 years, it has been developing and manufacturing kitchen and laundry appliances at its main production site in Zug, Switzerland. Since 2013 it has been producing refrigerators in Arbon, Switzerland, and in 2021 it moved its refrigerator factory to Sulgen, Switzerland. V-ZUG also produces special pre-assembled components for its appliances in Changzhou, China. As the market leader in Switzerland, V-ZUG markets its premium products in selected international markets, focusing on metropolitan areas where people have high disposable incomes and offering an all-round high-quality service. In addition to its headquarters in Switzerland, the V-ZUG Group has its own distribution companies in the EU, the UK, China, Hong Kong, Singapore and Australia, and has well-established distribution partners in other international markets. The V-ZUG Group employs around 2,200 people worldwide and is divided into the "Household Appliances" and "Real Estate" segments. The Household Appliances segment encompasses the company's operations relating to the development, production, marketing, sales and service of household appliances.

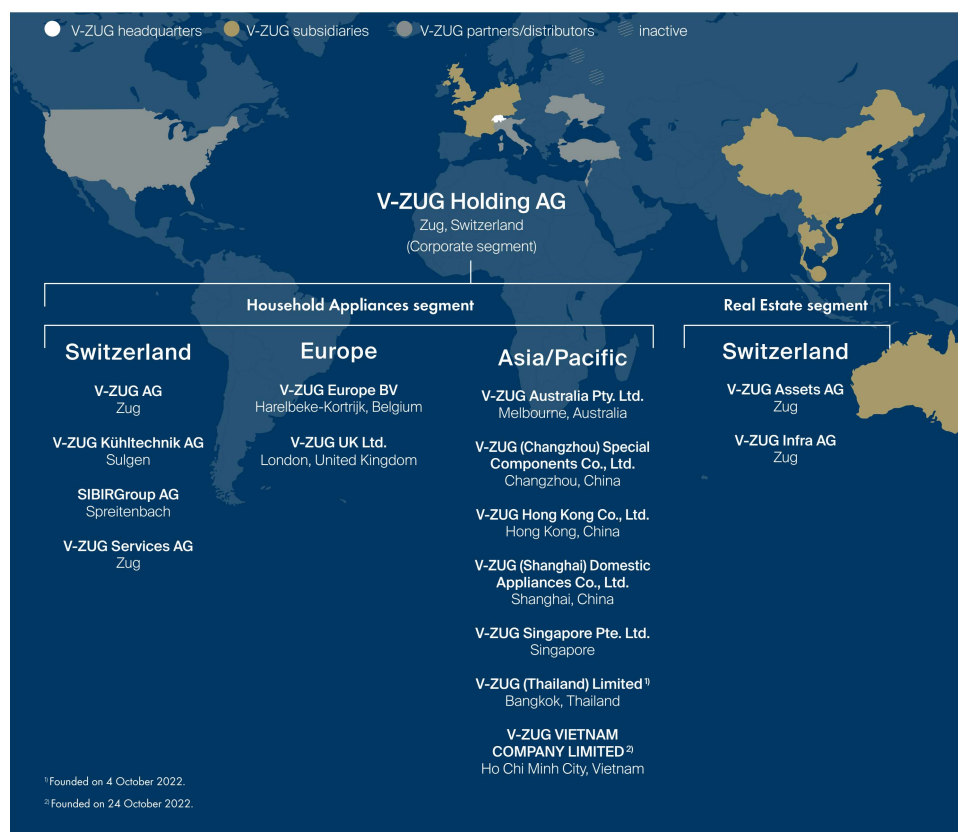


Fig. 1 Structure of V-ZUG Holding Ltd and international locations of V-ZUG
(for the detailed legal group structure, see annual report 2022, page 98)

The Real Estate segment comprises the property side of the V-ZUG Group's business and consists of the northern section of the Tech Cluster at the Zug site and properties in Sulgen (new refrigerator factory and existing production and office buildings rented to third parties). V-ZUG Holding Ltd is listed on the Swiss stock exchange and has its own "Corporate" reporting segment. General information on sustainability reporting and system boundaries may be found in section «About this report», page 78 and in the «GRI index», page 87.

Corporate governance and areas of responsibility

The management organization of the V-ZUG Group is based on the principle of the central responsibility of the Board of Directors and the Executive Committee of V-ZUG Holding Ltd. With its headquarters in Zug, the company is the only part of the V-ZUG Group that is listed on the stock exchange. The V-ZUG Group fulfils all the legal and regulatory requirements for corporate governance in Switzerland to which the group is subject, including the principles laid down in the *économiesuisse* "Swiss Code of Best Practice for Corporate Governance" dated 29 September 2014 (see "Corporate Governance" on page 40 of the 2022 Annual Report).

The V-ZUG Group is managed as a group, with the CEO and the Executive Committee being operationally responsible for management and target attainment. According to the law, the Board of Directors holds the highest decision-making power and specifies, amongst other things, the organizational, financial-planning-related and accounting-related directives that the V-ZUG Group undertakes to comply with. Decisions are taken by the entire Board of Directors with the assistance of two committees: the Audit Committee and the Human Resources and Compensation Committee. The Board of Directors generally meets every two to three months. It has delegated the management of day-to-day business for the V-ZUG Group to the Executive Committee. In order to define the areas of responsibility between the Board of Directors and the Executive Committee, the Board of Directors has issued organizational regulations. These regulations contain fundamental compliance principles that are valid for the entire V-ZUG Group. The Executive Committee of V-ZUG Holding Ltd currently consists of eight members.

Products and services

On average, at least one V-ZUG appliance can be found in every Swiss home. Our refrigerators, ovens, steamers, hobs, washing machines, tumble dryers and dishwashers are watchwords for innovative and durable premium Swiss quality. In Switzerland we generate around a third of sales from the new, refurbishment and replacement markets respectively (Market environment section of 2022 Annual Report, page 12). Servicing and support services are our core competencies. We see potential for growth in particular in new digital offerings and service contracts such as Clean & Simple («Products and services for a future-fit society», page 23).

Our focus topics underpin the development of sustainable products and services. For example, our circular economy-driven solutions help to create a future-fit society by encouraging more conscious lifestyle choices and healthy nutrition («Products and services for a future-fit society», page 23). Our advanced production methods, use of renewable energy and product life cycle assessments clearly demonstrate our commitment to protecting the environment and the climate («Environment and climate protection», page 50).



We are careful to employ resource-efficient processes and optimize the use of materials in manufacturing innovative products that meet the needs of the market. Product features such as EcoManagement and OptiDos enable the eco-friendly use of V-ZUG appliances. We are also keen to ensure that our appliances are recycled or disposed of in an environmentally responsible way. We regularly audit the social and environmental performance of our suppliers («Entrepreneurship for sustainable prosperity», page 66).

PowerSteam captures the zeitgeist

At the beginning of April in the last financial year we launched PowerSteam – a brand new product combining all three cooking modes of hot air, steam and microwave that cooks food in record time while still retaining the quality, colour, texture and taste of the food. As the inverter microwave heats up food precisely and evenly, vitamins are preserved and hot spots are avoided. As well as the limitless possibilities and supreme precision offered, it enables cooks to whip up a healthy meal in minutes or simply heat up leftovers to minimize food waste («PowerSteam world-first: fast and healthy», page 34).



Second Life and Clean & Simple: business models for the circular economy

Under the banner of Second Life, V-ZUG is aiming to extend the lifespan of household appliances that are prematurely withdrawn from service. Demonstration models or appliances returned by customers are refurbished to give them a second life instead of sending them for recycling prematurely. Customers and employees can already purchase these appliances from a dedicated online shop. In 2022 we successfully launched our Clean & Simple circular business model. With this model, V-ZUG offers customers appliances plus service and support solutions at fixed rates while retaining ownership of the appliances. We then pick up the appliances when the contract comes to an end, so we ensure they remain within the closed cycle for as long as possible («Using rather than owning», page 33).

Offsetting emissions with the new CO₂ Webshop

With its new CO₂ Webshop, V-ZUG is now giving customers the opportunity to offset 15 years worth of emissions from their appliances in order to help combat climate change. The energy efficiency of household appliances has significantly improved over recent years. But washing machines, ovens and dishwashers still use some electricity. Their average consumption is estimated based on internal calculations derived from studies, eco-design guidelines and real-world figures supplied by V-ZUG's repair service. As little as CHF 10 would be enough to offset the carbon emissions of some appliances. The cost of offsetting a fully equipped kitchen is around CHF 120. The amount of carbon produced also depends on how the electricity is generated. These offsetting payments go directly to V-Forest, a reforestation project in Scotland supported by V-ZUG («Giving something back to the environment», page 75).

Personal and reliable service

When it comes to contact with our existing users and potential customers, we favour the personal touch. With our 10 ZUGORAMAs in Switzerland plus a further 11 Studios around the world, our brand has a presence in all our key markets. Our expert online consultation service, which we expanded during the COVID-19 pandemic, also proved its worth again in 2022. As soon as a customer purchases an appliance, our service organization assumes responsibility for maintaining its performance and durability throughout its entire lifespan, with guaranteed availability of spare parts for 15 years. We are particularly proud of our service technicians and their swift and unfailing reliability in all our markets when it comes to servicing appliances, troubleshooting or carrying out repairs on site («Products and services for a future-fit society», page 23). There are over 300 V-ZUG technicians in Switzerland. With their excellent grasp of customers' needs, they continued to maintain the high standard of our services throughout the reporting year.

Strategy and sustainability

The V-ZUG Group is in a phase of transformation that essentially encompasses five strands: strengthening the V-ZUG brand, implementing our internationalization strategy, developing platforms for new products and services, digitalizing products and processes, transforming the main site in Zug and commissioning the new refrigerator factory in Sulgen. The aim is to create a strong brand as the foundation for the V-ZUG Group, enable it to remain a technology leader, streamline operations, and establish a more diversified market portfolio with footholds in Switzerland and abroad.

The V-ZUG brand has always stood for innovation, durability and reliability for kitchen and laundry appliances and in all our other market segments. These values are firmly embedded in V-ZUG's culture and are clearly reflected in the redefined vision, mission and core values. Sustainability is an integral part of V-ZUG's brand proposition and a central plank of this is the development of products that consume fewer resources. Circularity, durability and energy efficiency are key differentiators of the V-ZUG brand. We do not simply consider what products we make, we also look at how we manufacture them and how our customers use them. This means, for instance, investing in the latest technology and sustainable energy systems for our production facilities in Zug and Sulgen, and offering our customers tips on healthy and sustainable nutrition via our V-Kitchen app.

Holistic understanding of sustainability

Having some 5.5 million household appliances in active use entails a great deal of responsibility, especially – but not only – for our environmental footprint. As we want to help create a society fit for the future, we are aiming to make a positive contribution within the environmental, social and governance sphere. We are committed to the wellbeing of our employees and all our other stakeholders. We made significant progress in many areas in 2022. In addition, we embedded our commitment to sustainability even more firmly within the company, set clear strategic priorities and focused our activities accordingly.

We are therefore following a systematic investment strategy that will enable us to realize our forward-looking innovations and efficiency gains. Investment in transforming our Zug production site (managed by Tech Cluster Zug – Metall Zug Group), the associated vertical factory and the new refrigerator plant in Sulgen all demonstrate our strong commitment to this investment strategy and to Switzerland as a business and manufacturing location.

Clear strategy with agreed targets

Sustainability is and will remain an integral part of V-ZUG's corporate strategy. During the reporting year we strengthened our commitment to sustainability by focusing even more sharply on developing the circular economy. We firmly believe that this approach is the key to supporting and accelerating enterprising, climate-friendly and socially relevant development. We are applying this primarily within our own value chain, but also beyond it as we consider it important both to share our knowledge and to learn from others so that society as a whole can make progress. Among other things, we seek out collaboration with architects and the construction industry and get involved in associations, interest groups and education initiatives («Entrepreneurship for sustainable prosperity», page 66).

From 2023 onwards, sustainability will also be included in the target agreements concluded with V-ZUG management. This will elevate the importance of our non-financial figures so that the three spheres of sustainability "People", "Planet" and "Profit" will gain an equivalent standing.

This is also reflected by the fact that we have enlarged our human resources to strengthen sustainability in strategic areas. A "Sustainability Expert Engineering" has now been appointed in the Development department to be responsible for promoting circular products, while a Product Manager in the Market Organization department is establishing our Clean & Simple business model on the market («Products and services for a future-fit society», page 23). In addition, we advertised internally for an "Intrapreneur Circular Economy" to strengthen and ramp up the circular economy within the company.

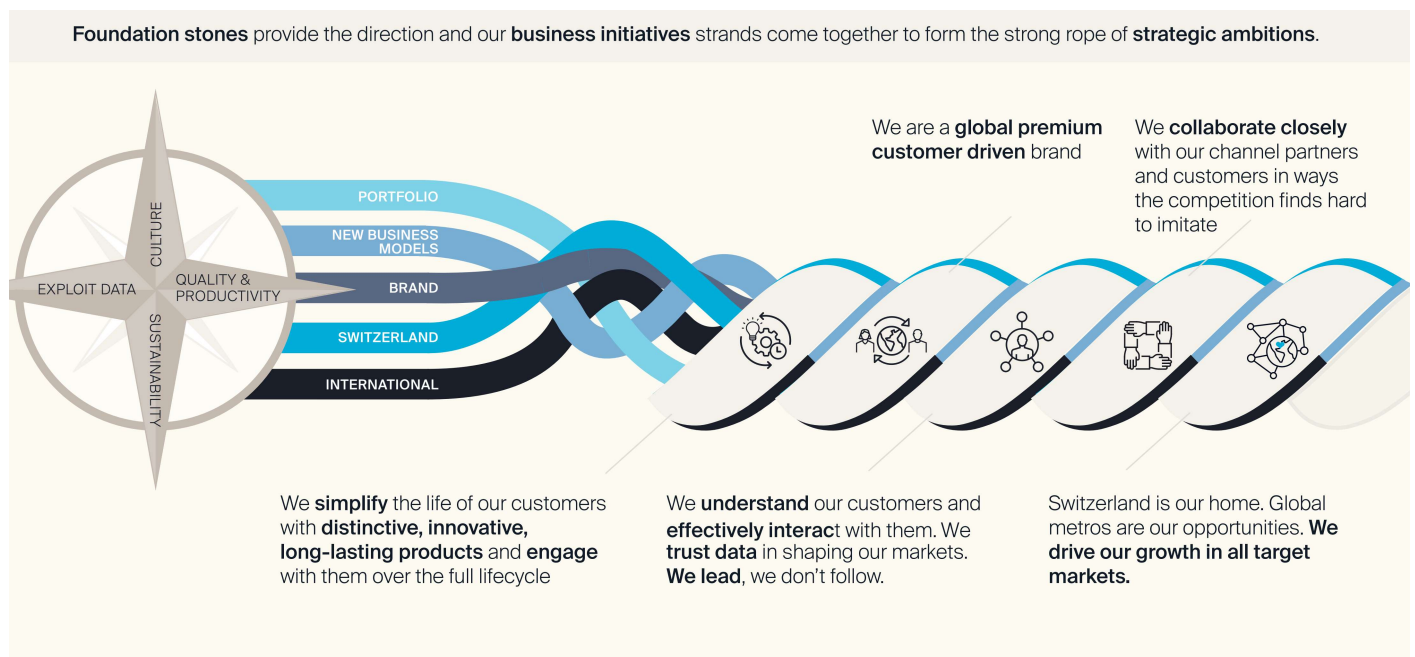


Fig. 2 Strategy overview: Sustainability is a foundation stone of our corporate strategy

Decentralized and effective: the V-ZUG Sustainability Workforce

Our Head of Sustainability leads an interdisciplinary working group known as the V-ZUG Sustainability Workforce and reports directly to the CEO. We deliberately organized sustainability in a decentralized way. And the experience of the past two years has indeed confirmed our expectation that the decentralized approach would enable our commitment to sustainability to develop a greater internal dynamic momentum and spread throughout the company more effectively than if it had been organized by a central staff unit. This dedicated team comprising representatives from different departments drives the strategic and organizational processes and identifies potential groundbreaking projects.

Reinforcing our vision with leadership principles

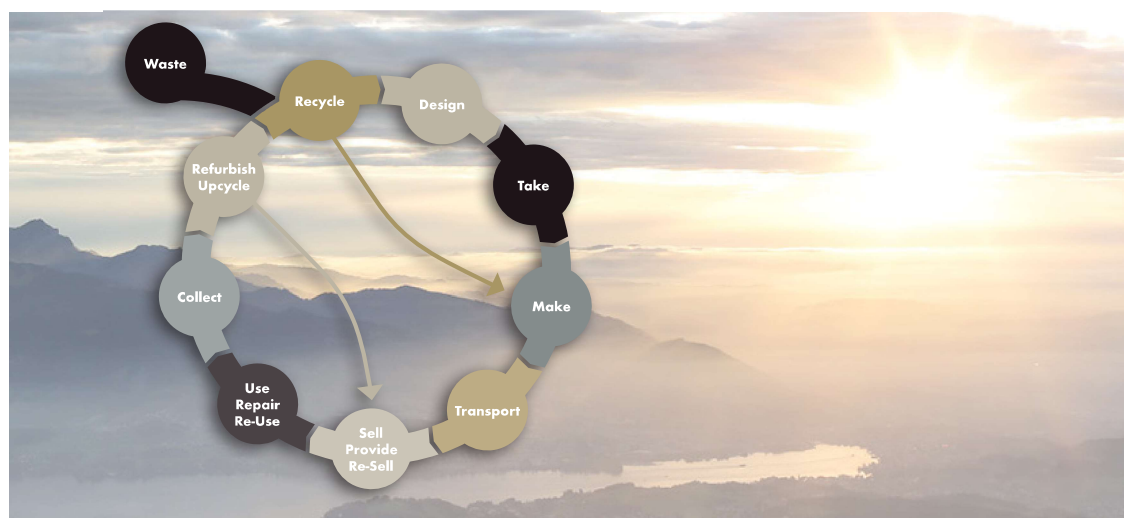
In the summer of 2022 we developed our leadership principles in line with our core values, principles of collaboration and our mission. They set out the leadership culture and attitudes required throughout our corporate strategy to achieve V-ZUG's vision («Healthy and committed employees», page 36). After testing out these leadership principles in workshops and in our daily working lives, they have now become a firmly established part of our leadership culture.

Focusing on the circular economy

In 2022 we drew up our design-to-circularity principles. Our product developers systematically apply these principles to create appliances designed for circularity so the circular economy is firmly and effectively embedded in the company. The key to this is keeping the materials we use in top condition and in circulation for as long as possible. Among other things, we aim for the longest possible service life, the resource-conserving use and recyclability of materials, and modular appliance design – all with the aim of enabling us to easily interchange entire components for many years to come («Products and services for a future-fit society», page 23).

The circular economy approach is one driver of innovation within appliance development, but not the only one. To implement this approach, we also had to rethink other aspects of our business models and create and develop new ones such as Clean & Simple («Using rather than owning», page 33) and Second Life. This approach also has a major influence on our value chain. Many new and innovative solutions are needed, which we can only develop in partnership with other experts, and also with our suppliers to a certain extent («Closing the circle», page 31).

The circular economy – considering the entire life cycle



Transparency and comparability

When we are developing new appliances, we want to know in advance what we can do to minimize their environmental impacts. In 2022 we therefore invested heavily in establishing life cycle assessments (LCA) for our appliances and created the new post of Sustainability Expert Engineering. We assess our appliances on the basis of ecopoints (EP) as this allows us to map their environmental impacts most comprehensively. For example, the environmental impact of copper, the production of which releases heavy metals into water and air, which can lead to fish die-off, would not be adequately represented by a carbon life cycle assessment alone. We are aiming to reduce the EP of our appliances by 5 percent by 2030.

The clarity and transparency provided by life cycle assessments creates scope for innovation and progress. They also enable fact-based comparison of the environmental impacts of potential development measures – which motivates our developers and speeds up progress.

We have also improved transparency by now also including our indirect emissions within the value chain (Scope 3) in our reporting. Together with SwissClimate we set our baseline at 2020 and defined new impact-based targets («Environment and climate protection», page 50). We found that 90 percent of our emissions arose from two sources: from the energy consumption of appliances when used in the home and from the materials that we buy in. We will be able to cut these emissions most effectively by advancing the circular economy as much as possible.

Reducing CO₂ emissions

Reaching net zero is a challenge that can only be met by the concerted efforts of business, policymakers and scientists. We want to play our part in this too. So – on the initiative of Tech Cluster Zug (TCZ) – the canton of Zug, the Empa research institute and various major companies, including V-ZUG, founded the non-profit Association for the Decarbonization of Industry. Its aim is the environmentally friendly production of hydrogen for use in both high-temperature processes and mobility solutions. V-ZUG would like to use this hydrogen for production and transport in future instead of natural gas and diesel. V-ZUG is supporting this flagship project with CHF 1 million from the V-ZUG CO₂ Fund («Joining forces to create sustainable hydrogen», page 62).

Equally important to us are solutions we have been integrating or will be able to integrate in our construction projects in Sulgen and Zug. For instance, a heat pump is being used to heat our new refrigerator factory in Sulgen. Since the Multi Energy Hub (MEH) commenced operation in Zug in 2022, we have been able to manage energy flows via MEH's two heat pumps and store surplus energy in groundwater. Once connected to the site network, the new energy supply system will enable us to decouple operational growth from our environmental footprint («Environment and climate protection», page 50). To ensure our manufacturing operations are already climate-neutral, since 2020 we have been offsetting our remaining emissions via the V-Forest reforestation project in Scotland supported by V-ZUG.

As the majority of carbon emissions are produced when our appliances are used in the home, however, we want to help our customers use their V-ZUG appliances in an environmentally friendly way. We therefore offer energy-saving tips via our V-ZUG-Home app. We also launched our CO₂ Webshop in December 2022. This gives customers the opportunity to offset the remaining emissions from their appliances over a lifespan of 15 years in order to help combat climate change. The funds raised go directly to the V-Forest project («Giving something back to the environment», page 75).

New regulatory requirements for reporting from 2024

New regulations applicable to non-financial reporting will come into force in Switzerland from 2024 (for the reporting year 2023) which will require greater transparency from companies in relation to their commitment to sustainability. The new rules implement the recommendations of the Task Force on Climate-Related Financial Disclosures which have become established for climate reporting across all sectors worldwide. To identify any gaps in our reporting in good time, we commissioned independent consultants to review our sustainability reporting. We have established a very good basis and we will make the necessary adjustments, for example reporting on our supply chain and climate risks, over the course of 2023.

Materiality process and focus topics for 2030

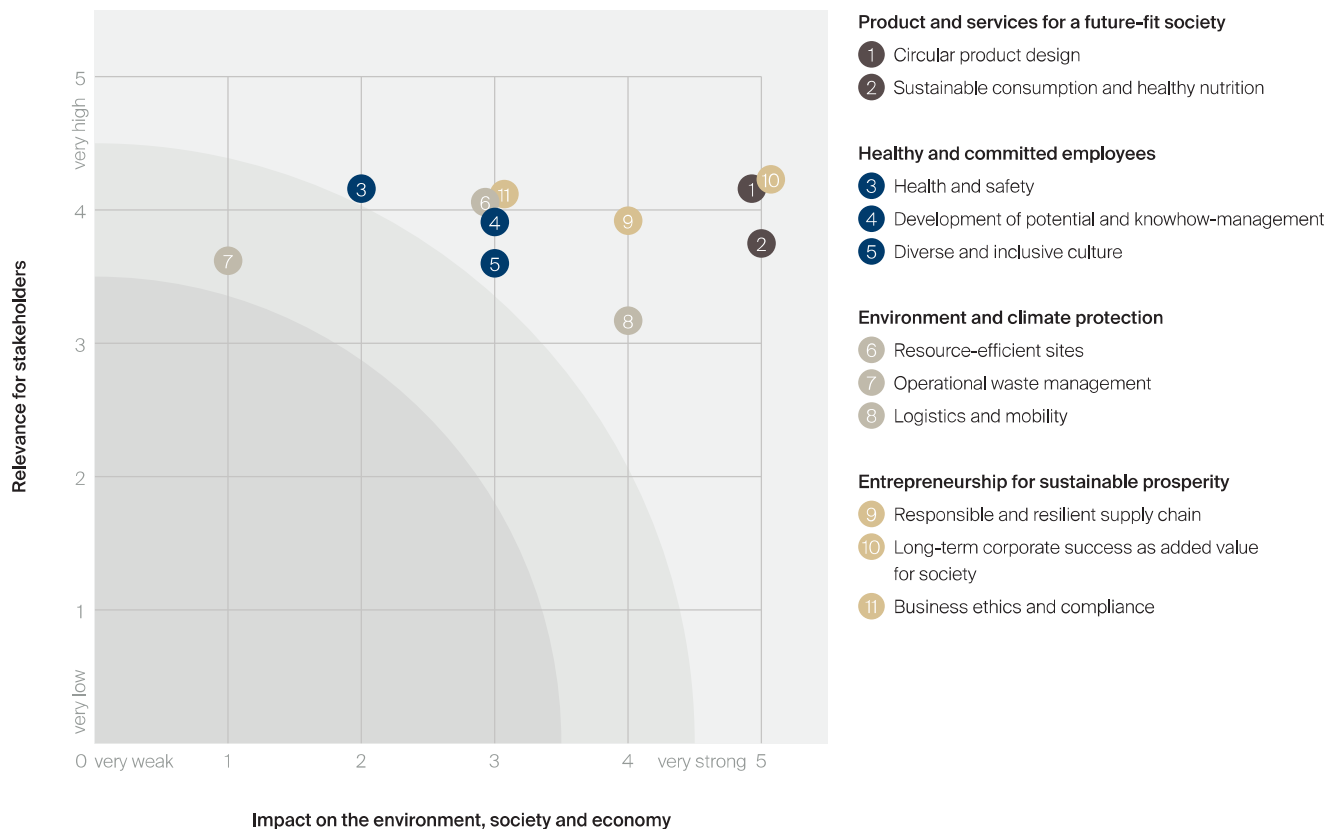
Following on from our stock market flotation, in 2021 we reviewed and honed our material sustainability topics together with internal and external stakeholders. As a first step, the Sustainability Workforce revised the list of potentially relevant topics. Many interesting – and in some cases new – perspectives and interdependencies emerged from these discussions. The list was ultimately shortened from 14 to 11 topics. For instance, data from life

cycle assessments made it clear that water management was not so significant, so it was subsumed into "Resource-efficient sites". New topics "Sustainable consumption and healthy nutrition" and "Corporate success as added value for society" were added. In addition, the products topic was recast more specifically as "Circular product design". We then combined these 11 topics into four priority areas, and consolidated them to form groundbreaking focus topics. These areas also provide the framework for our reporting:

- Products and services for a future-fit society
- Healthy and committed employees
- Environment and climate protection
- Entrepreneurship for sustainable prosperity

To achieve broad-based support for our materiality process, we consulted 68 representatives of V-ZUG's central stakeholders in an online survey. These included the Board of Directors, Executive Committee, employees, customers, partners, suppliers, banks and investors, along with representatives from politics and academia. Their evaluation of the relevance of the individual sustainability topics for V-ZUG are indicated on the Y axis in Figure 3 below. The X axis indicates what effect V-ZUG has on the environment, society and economy, thus

Fig. 3 Materiality matrix at V-ZUG



providing an impact-related perspective on these sustainability topics. The materiality of our actual and potential impacts was rated by an internal and external working group, with a distinction being drawn between direct and indirect impacts. The results were subsequently discussed and finalized with selected members of the Executive Committee and the Board of Directors («Key issues: Framing and impact», page 79). The new materiality analysis brings the focus topic of "Products and services for a future-fit society" even more strongly into focus. As well as "Circular product design", this theme includes the new topic of "Sustainable consumption and healthy nutrition". We want to offer consumers appliances that are even more energy-efficient and recyclable and make it easy and fun for them to use these in a more environmentally friendly way. We would also like to see our products and services motivating users to adopt healthier, more sustainable consumption and eating habits.

This is only possible, however, if we use our strength as a financially sound company to drive innovation and make forward-looking investments. We therefore explicitly see our long-term commercial success as something that both creates social added value and protects the environment, consequently benefiting both society and the economy.

In 2022, we complemented the specific targets set in 2021 for 2030 with additional emissions targets in the value chain (Scope 3) and included tangible measures and key figures in the 2025 Roadmap («Scope 3 emissions: data-based reduction», page 60). An overview of the specific targets and results can be found under "Targets, facts and figures" in each of the sections. Setting targets remains an important yet challenging process. We have already defined specific targets and metrics in many areas, but not yet in all. Our internal reflections on what would be desirable and what is realistic have already helped us move a long way forward. They also exemplify our V-ZUG approach, not to set arbitrary targets, but to set the right ones – and then pursue them rigorously. Our targets were officially approved by the Board of Directors and the Executive Committee.

Our contribution to the UN's Sustainable Development Goals

Our sustainability policies are also aligned with the global United Nations 2030 Agenda for Sustainable Development. In 2020 we consequently signed up to the Swiss Triple Impact (STI) initiative. STI is dedicated to promoting the attainment of the 17 Sustainable Development Goals (SDGs) of the United Nations.

This Swiss initiative helps organizations of all sizes and from all sectors of the economy boost their fitness for the future by integrating the SDGs into their business operations. In workshops and via questionnaires, we grappled with the question of which of the 17 SDGs V-ZUG has the most impact on. There is no doubt that in order to successfully implement Agenda 2030, we have to be committed to all the SDGs. But by consolidating our efforts and concentrating on those areas in which we as a company have the biggest influence, we can have the greatest impact.

In the course of the materiality analysis process and fine-tuning our focus topics for 2030, we focused in particular on the five most relevant SDGs for us: 7, 8, 9, 12 and 13. Many of our new sustainability goals are directly or indirectly linked to the SDGs. As part of the STI initiative, therefore, we will also be publicizing some of these central goals more widely. The following table shows how we contribute to the attainment of these SDGs.

SDG	Contribution of V-ZUG to the SDGs
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<ul style="list-style-type: none"> Products are resource- and energy-efficient in use Use and expansion of renewable energy at our production sites, e.g. the construction of the Multi Energy Hub as part of the Tech Cluster Zug project («Environment and climate protection», page 50) Energy efficiency in our processes and in facilities management, e.g. by using energy from waste heat
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<ul style="list-style-type: none"> Investment in development and training, and also the employability of our staff across all generations Investing in the vocational education and training of young people Varied, interesting careers and employee advancement A high degree of job security and a positive influence on employee health Promoting equal opportunities and diversity Contributing to the attractiveness of the sites at Zug and Sulgen, and creating attractive and varied jobs for the local workforce Setting high labour standards in the supply chain Focusing on healthy economic growth, taking into account people and the environment
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<ul style="list-style-type: none"> Developing circular products Internal and external innovative strength Modern, resource-saving industry and infrastructure, particularly in developing the Zug site and the new build in Sulgen Using high environmental construction standards and innovative, sustainable construction methods at the Zug development site
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<ul style="list-style-type: none"> High-quality, durable and serviceable products with spare parts available for up to 15 years Transparent product information for informed purchasing decisions Raising the awareness of end customers for the optimum resource- and energy-efficient use of appliances Supporting healthy, balanced nutrition and avoiding food waste Energy-efficient, resource-efficient production The use of circular materials
 <p>13 CLIMATE ACTION</p>	<ul style="list-style-type: none"> Preventing, reducing and – where necessary – offsetting emissions that are harmful to the climate and the environment Carbon-neutral production of Swiss-made appliances by offsetting via the V-Forest reforestation project Internal carbon offset levy of CHF 120 per tonne of CO₂ Establishing environmental standards within the supply chain Raising employee awareness, e.g. via the new mobility strategy

Table 2 V-ZUG's contribution to SDGs 7, 8, 9, 12 and 13