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# Company profile



# V-ZUG at a glance

Products and services for a future-fit society				
	2021	2020	2019	Change from previous year
Appliances supplied with energy efficiency rating A or better (before rescaling) in %	96.9	96.8	96.8	+0.1%p.
Fault proportion for Switzerland (indexed, 2015 baseline = 100%) in %	76.4	76.4	78.4	+0%p.
First-time fix rate for Switzerland in %	90.9	91.4	90.8	-0.5%p.
Average response time in days	2.6	2.4	2.3	+0.2 days
Healthy and committed employees				
	2021	2020	2019	Change from previous year
Number of employees excl. temporary employees	1761	1732	1709	+1.7%
Number of employees (FTE, incl. temporary employees <sup>1)</sup> )	2080	1999	1940	+4.1%
Women in senior management roles in %	23.6	20.8	18.6	+2.8%p.
Turnover rate in %	12.5	11.2	12.0	+1.3%p.
Absence rate by cause in %				
- Work-related accidents	7.2	5.7	5.6	+26.3%
- Non-work-related accidents	10.4	11.0	15.8	-5.5%
- Illness	82.4	83.4	78.7	-1.2%
Employees by working hours				
- Part-time employees	258	263	242	-0.4%
- Full-time employees	1503	1469	1468	+0.5%
Hours lost due to occupational accidents in %	0.27	0.20	0.21	+0.07%p.
Environment and climate protection				
	2021	2020	2019	Change from previous year
CO <sub>2</sub> emissions in t				
- Scope 1	4290	4169	4284	+2.9%
- Scope 2	289	280	247	+3.2%
- Scope 3 (air travel) <sup>2)</sup>	29	69	178	-58.0%
Total	4608	4518	4709	+2.0%
Energy consumption in terajoules	117.4	113.2	113.5	+3.7%
Entrepreneurship for sustainable growth				
	2021	2020	2019	Change from previous year
Net sales in CHF million <sup>1)</sup>	623.7	569.4	543.6	+9.5%
Operating profit (EBIT) in CHF million <sup>1)</sup>	62.7	49.2	29.6	+27.5%
EBIT as % of net sales <sup>1)</sup>	10.0%	8.6%	5.4%	+1.4%p
Number of supplier audits	62	67	104	-7.5%

<sup>1)</sup> Figure for V-ZUG Group

<sup>2)</sup> Total Scope 3 emissions in GRI index

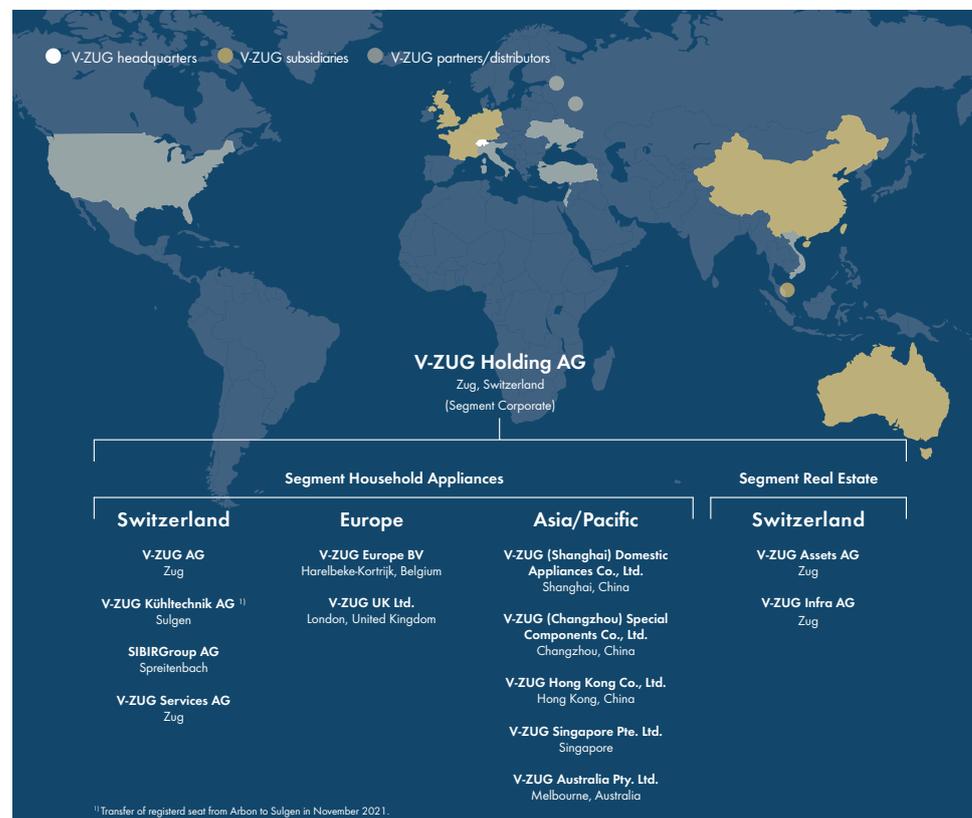
**Table 1** Key figures

See the respective sections for details and explanations of the figures. Unless otherwise stated, the figures relate to the three companies V-ZUG AG, V-ZUG Kühltechnik AG, 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, and since 2013 it has also been producing refrigerators in Arbon and now in 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 a select number of 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. The Real Estate segment comprises the property



**Fig. 1** Structure of V-ZUG Holding AG and international locations of V-ZUG (for the detailed legal group structure, see annual report 2021, page 93)

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 AG 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 69 and in the "GRI-Index", page 70.

### **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 AG. 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 *economiesuisse* "Swiss Code of Best Practice for Corporate Governance" dated 29 September 2014 (see "Corporate Governance" on page 39ff of the 2021 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 made 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 AG currently consists of eight members.

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# 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.

Two of our sustainability focus topics are particularly relevant to our products and services: our circular economy-driven solutions (section "Products and services for a future-fit society", page 20) help to create a future-fit society by encouraging more conscious lifestyle choices and healthy nutrition. Our advanced production methods, use of renewable energy and product life cycle assessments clearly demonstrate our commitment to protecting the environment and the climate (section "Environment and climate protection", page 45).

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 (section "Entrepreneurship for sustainable prosperity", page 59).





### **New Excellence Line**

One of last year's highlights was the launch of the new Excellence Line product range comprising high-quality thermal cooking appliances in the premium segment. The Excellence Line combines innovative functionality and the latest technology with perfect design and intuitive controls. The new ovens and steamers were developed entirely in Switzerland and these appliances are being manufactured at our production site in Zug. In part thanks to the market success of the Excellence Line, in 2021 we shipped more than 500,000 household appliances for the first time in the company's history.

### **Personal and reliable service**

When it comes to contact with our existing users and potential customers, we favour the personal touch. During the financial year, both existing and prospective customers benefited from home consultations or free demonstrations in our ZUGORAMA exhibition and advisory centres. The presence of the V-ZUG brand in major metropolitan areas around the world continued to expand with the opening of new V-ZUG Studios (showrooms). In addition, in response to the continuing COVID-19 pandemic, we also expanded our online consultation service. As soon as a customer purchases an appliance, our service organization assumes responsibility for maintaining its performance and durability throughout its entire lifespan. We are particularly proud of our service technicians and their unfailing reliability when servicing appliances, troubleshooting or carrying out repairs on site. There are over 300 V-ZUG technicians in Switzerland. With their excellent grasp of customers' needs, throughout the past financial year they continued to maintain – with appropriate protective measures in place – the high standard of our services.

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# 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, and transforming the main site in Zug and relocating the refrigerator factory from Arbon to 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 in all market segments. These values are firmly embedded in V-ZUG's culture and are clearly reflected in the vision, mission and core values that were redefined in spring 2021 (available at: [www.vzug.com/ch/en/vision-mission-core-values](http://www.vzug.com/ch/en/vision-mission-core-values)); section "Healthy and committed employees", page 32).

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.

## **Holistic understanding of sustainability**

Having some 5.5 million appliances in active use entails a great deal of responsibility, especially – but not only – for our environmental footprint. As we want to do our bit to create a society fit for the future, we take a holistic view of all the social, environmental and governance aspects of sustainability along our entire value chain. We are committed to the well-being of all people, first and foremost our employees, but also everyone with whom we work or otherwise influence. 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 Switzerland as a business and manufacturing location.

## **Good governance generates momentum**

At V-ZUG we know that despite embedding sustainability in the DNA and culture of the organization, it will not flourish by itself. Our Head of Sustainability reports directly to the CEO and leads an interdisciplinary team known as the V-ZUG Sustainability Workforce. This dedicated team comprising representatives from different departments drives the strategic and organizational processes and identifies potential groundbreaking projects. In 2021, among other things the team made a significant contribution to the

materiality analysis and target-setting process described below and to authoring this report. Internally, the Sustainability Workforce has also established itself as the go-to unit for all sustainability-related matters as can be seen from the wide range of enquiries and ideas it receives.

Thanks to the intensive process involved in analysing our footprint and setting concrete targets, many employees are more motivated than ever to actively engage with sustainability issues. We aim to maintain and advance this momentum, both at the company and in employees' private lives too (section "Healthy and committed employees", page 32). But while this dynamism is undoubtedly to be welcomed, it also requires governance in sustainability matters. As the logical next step, therefore, the Sustainability Workforce will seek to broaden the underpinning of sustainability across the company. Our Development division, for example, has already formed a working group to look more closely at product design for the circular economy.

### **Materiality process and focus topics for 2030**

As the last analysis of material sustainability topics was conducted several years ago and the company has since realigned its strategy in the light of its stock market flotation, we decided in the reporting year to sharpen up our sustainability priorities. As a first step, the Sustainability Workforce revised the list of potentially relevant sustainability 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

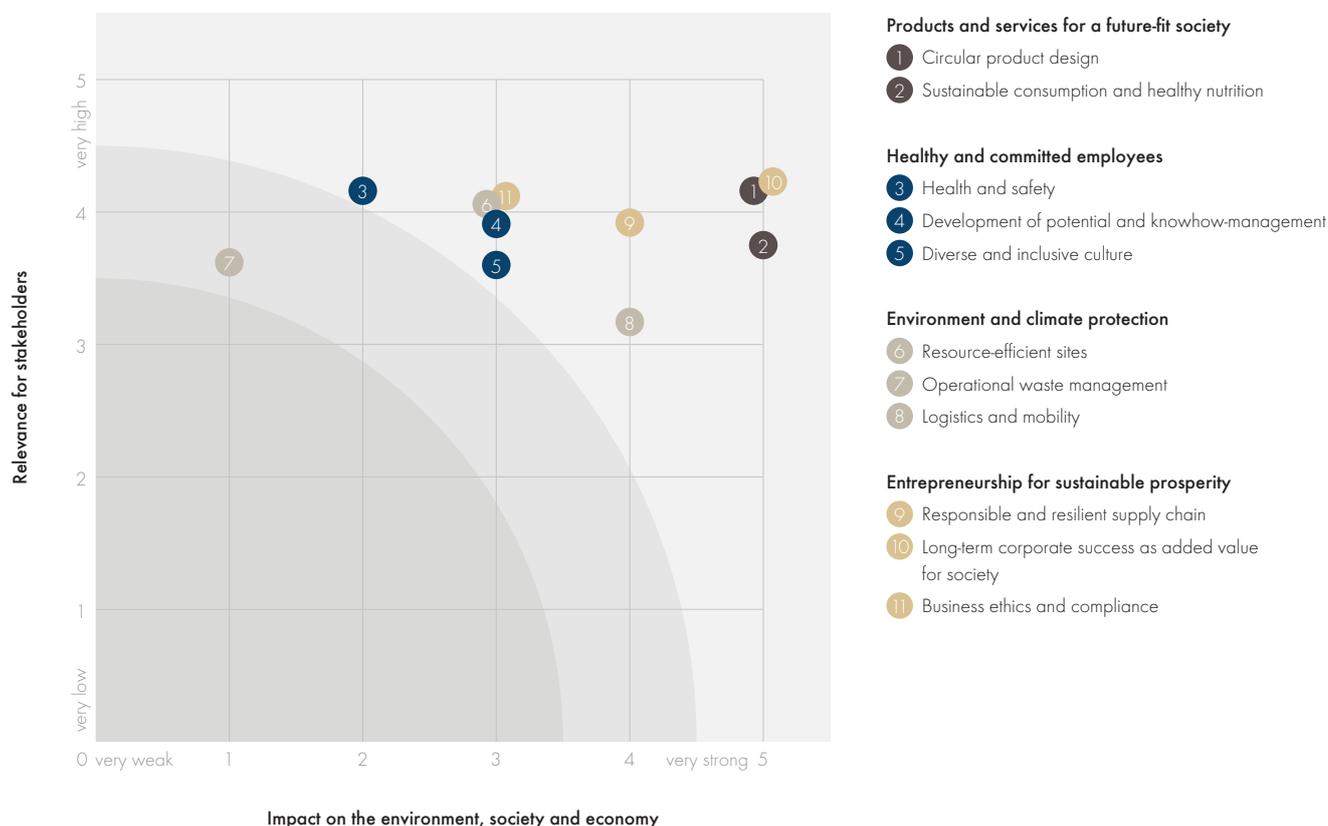


priority areas, and consolidated them to form groundbreaking focus topics. These areas also provide the framework for our reporting:

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

To provide as broad a base for our materiality process as possible, we used an online survey to consult 68 representatives of V-ZUG’s principal stakeholders. 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 are indicated on the Y axis in Figure 2 below. The X axis indicates V-ZUG’s social impacts, a dimension that was incorporated in the analysis in accordance with the GRI standards for the first time and which enabled us to gain new perspectives on these sustainability topics. A materiality analysis of our social impacts in relation to the various topics was conducted in two internal working groups. The

Fig. 2 Materiality matrix at V-ZUG



results were subsequently discussed and finalized with selected members of the Executive Committee and Board of Directors. Again, these discussions drew on the findings from our life cycle assessments and carbon footprints calculated.

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.

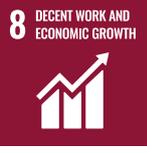
In 2021, we set ourselves specific targets for 2030 for the four focus topics, and illustrated these in a 2025 roadmap with tangible measures and key performance indicators. An overview of the specific targets and results can be found under “Targets, facts and figures” in each of the sections. Setting targets was and is a process – a highly important yet nevertheless challenging one. We have already managed to define 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 symbolize our V-ZUG approach, not to set arbitrary targets, but to set the right ones – and then pursue them consistently. The targets were officially approved by the Board of Directors and the Executive Committee at the end of 2021. The four members of the Executive Committee who are responsible for these focus topics are now working with the Sustainability Workforce on resource planning and embedding sustainability within the company, especially in the budget process.

### **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><b>7</b> AFFORDABLE AND CLEAN ENERGY</p>	<ul style="list-style-type: none"> <li>▪ Products are resource- and energy-efficient in use</li> <li>▪ 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 45)</li> <li>▪ Energy efficiency in our processes and in facilities management, e.g. by using energy from waste heat</li> </ul>
 <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	<ul style="list-style-type: none"> <li>▪ Investment in development and training, and also the employability of our staff across all generations</li> <li>▪ Investing in the vocational education and training of young people</li> <li>▪ Varied, interesting careers and employee advancement</li> <li>▪ A high degree of job security and a positive influence on employee health</li> <li>▪ Promoting equal opportunities and diversity</li> <li>▪ Contributing to the attractiveness of the sites at Zug and Sulgen, and creating attractive and varied jobs for the local workforce</li> <li>▪ Setting high labour standards in the supply chain</li> <li>▪ Focusing on healthy economic growth, taking into account people and the environment</li> </ul>
 <p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<ul style="list-style-type: none"> <li>▪ Developing recyclable products</li> <li>▪ Internal and external innovative strength</li> <li>▪ Modern, resource-saving industry and infrastructure, particularly in developing the Zug site and the new build in Sulgen</li> <li>▪ Using high environmental construction standards and innovative, sustainable construction methods at the Zug development site</li> </ul>
 <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<ul style="list-style-type: none"> <li>▪ High-quality, durable and serviceable products with availability of spare parts up to 15 years</li> <li>▪ Transparent product information for informed purchasing decisions</li> <li>▪ Raising the awareness of end customers for the optimum resource- and energy-efficient use of appliances</li> <li>▪ Supporting healthy, balanced nutrition and avoiding food waste</li> <li>▪ Energy-efficient, resource-efficient production</li> <li>▪ The use of recyclable materials</li> </ul>
 <p><b>13</b> CLIMATE ACTION</p>	<ul style="list-style-type: none"> <li>▪ Preventing, reducing and - where necessary - offsetting emissions that are harmful to the climate and the environment</li> <li>▪ Carbon-neutral production of Swiss-made appliances by offsetting via the V-Forest reforestation project</li> <li>▪ Internal carbon offset levy of CHF 120 per tonne of CO<sub>2</sub></li> <li>▪ Establishing environmental standards within the supply chain</li> <li>▪ Raising employee awareness, e.g. via the new mobility strategy</li> </ul>

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



**Fig. 3** V-ZUG's scope of impact in relation to SDGs