

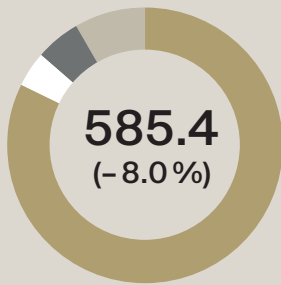
Annual Report 2023

V-ZUG Group



Key figures 2023

Net sales in total
and by region
in CHF million



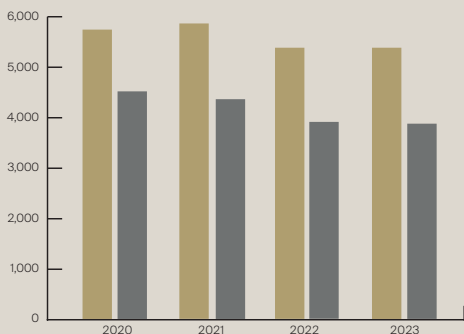
International Markets share 17.8 %

- Switzerland **481.4**
- Europe (excluding Switzerland) **25.2**
- North and South America **30.6**
- Asia / Pacific / Others **48.2**

16.8 (+63.1%)

Operating result (EBIT)
in CHF million

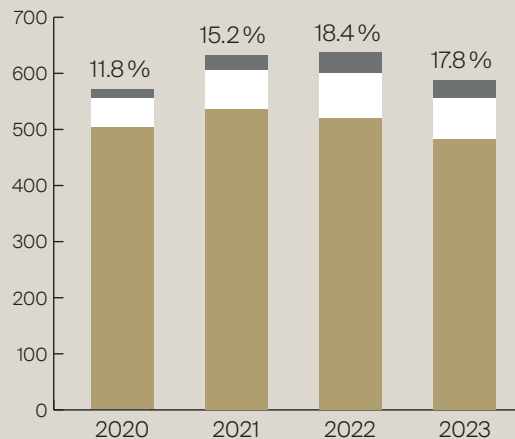
CO₂ emissions 2020 – 2023
Scope 1 and 2, in tonnes



- Location-based method
- Market-based method

Improved profitability
despite a challenging
market situation.

Net sales 2020 – 2023
in CHF million



- Switzerland
 - International own brand
 - International OEM business
- % International Markets in % of total net sales

18.2 (+70.4)

Free cash flow
in CHF million

68.4 (+36.4%)

Investments (Capex¹⁾)
in CHF million

2,066 (-5.8%)

Employees
as at 31.12. (FTEs)

¹⁾ "Capex" refers to additions to tangible and intangible assets.

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Oliver Riemenschneider
Chairman of the Board of Directors

Peter Spirig
Chief Executive Officer

Letter to shareholders

Zug, 13 March 2024

Dear Shareholders

In this Annual Report, we present the challenges and achievements in 2023 and provide an outlook on future development. A number of measures were necessary in the last year to secure the profitability of the company. The situation presented a different challenge to that in the previous year, but one thing remained: the tireless commitment of our employees, who do their best every day to contribute to a positive result. Thanks to their efforts, we were able to supply our customers on time, serve them efficiently and continue to implement our strategy.

Our employees form the backbone of V-ZUG. Their drive is decisive for our success.

Lower demand and higher gross margins characterise the results

Following the extraordinary economic growth in the household appliances sector due to the pandemic in 2021 and 2022, the year 2022 was also marked by the scarce availability of resources, the resulting supply difficulties and corresponding price increases. The great challenge in the reporting year was the declining sales volume. The lower volumes in our industry resulted mainly from global geopolitical uncertainty, high inflation, rising interest rates and the resulting general decline in demand. This negative development was exacerbated by the reduction of inventory levels at V-ZUG partners, which had built up relatively high inventory levels over two years that were marked by recurring supply difficulties. A normalising inventory cycle should have a positive effect on order intake.

In the past financial year, net sales amounted to CHF 585.4 million (previous year: CHF 636.3 million). The substantially lower sales volume, at 16%, could be partially offset by sales price increases.

Despite the significantly lower volume, profitability could be improved in the reporting year. The increase in the gross margin was mainly influenced by the following factors: on the one hand, it was possible to refrain from expensive purchases on spot-buy markets to a large extent and, on the other, the trend in purchasing prices generally stabilised. In addition, the sales price increases from the previous year took full effect. The operating result (EBIT) in 2023 amounted to CHF 16.8 million, which is substantially higher than the previous year (CHF 10.3 million, +63.1%). The EBIT margin was accordingly 2.9% (previous year: 1.6%). Besides the improved gross margin, a number of different cost reduction measures aimed at the short and medium term helped increase the operating result. The Group net result rose overall by 47.2% to CHF 11.7 million (previous year: CHF 7.9 million).

The situation in the market for household appliances remained challenging. The sluggish development of new construction projects and the reluctance to invest in renovations had an impact on V-ZUG's sales volumes. Sales volumes came under greater pressure in the second half of the year in particular. Net sales amounted to CHF 287.3 million in the second half of the year, which was CHF 10.9 million, or 3.6%, lower than net sales in the first half of the year. Operating income (EBIT), on the other hand, was at CHF 11.7 million and thus substantially higher than in the first half year (CHF 5.1 million, +128.8%). This was due to no more purchases on spot-buy markets in the second half of 2023 and consistent sales pricing, which led to a higher gross margin. In addition, the adjustment to the number of employees in production, process optimisations and further cost-saving initiatives bolstered the operating income. The EBIT margin amounted to 4.1% in the second half of 2023.

Good pricing discipline and process optimisations leading to increased profitability.

Cash flow from operating activities was CHF 80.5 million in the reporting year (previous year: CHF 1.0 million). The clear improvement resulted from the inventory reduction in Zug and Sulgen, lower trade receivables and consistent cash management, among other factors. Cash flow after investment

activities (free cash flow) was CHF 18.2 million (previous year: CHF -52.2 million). Capital expenditures remained at a high level, which is due to the continued high investments in the site transformation, in particular the vertical factory “Zephyr Ost”. As is the case with the operating result, the situation with regard to free cash flow was also considerably better in the second half of the year at CHF +25.7 million, compared to the first half of 2023 with CHF -7.5 million. This result was made possible in particular due to the reduction in net current assets during the course of the second half of 2023 in the amount of CHF -35.6 million. Thanks to the positive free cash flow, no debt financing has been necessary thus far.

The balance sheet of the V-ZUG Group as at 31 December 2023 continues to be very solid, with an equity ratio of 74.9% (previous year: 74.8%) as well as cash and cash equivalents including securities of CHF 81.0 million (previous year: CHF 64.5 million).

2023 review: focus on market development and operating improvements

Net sales in the Swiss domestic market fell by 7.3% compared to the previous year. Our leading position in the market was further consolidated in the premium segment in particular, and our role as a responsible partner for our distributors and sales partners was consistently maintained and intensified.

New: market presence in Aarau,
Amsterdam, Copenhagen and Vienna.

Net sales in the likewise declining International Market decreased by 10.9% in the reporting year, while the trend in the international own-brand business was stable when adjusted for currency effects. Global uncertainty and the noticeable wait-and-see attitude of consumers also left their mark here. From a strategic perspective, International Markets remain an important growth factor, which is why V-ZUG is consistently pursuing internationalisation and has opened new V-ZUG Studios or concept galleries. The tailored “Go to Market” strategy with target customer communication is proving its worth. Find out more about this in our Household Appliances segment report starting on p. 10.

Operating and organisational improvements went hand in hand with further intensified market development. Structures and processes were optimised in the Swiss market organisation and in Marketing, Engineering and Operations in order to respond more quickly to market changes. Temporary employees were reduced and recruitment for vacancies took place only in selected instances. We live in a time of constantly growing complexity, which makes it all the more important to actively reduce the internal complexity on an ongoing basis. We are doing just that as part of our “Simplify V-ZUG” initiative. This involves carrying out targeted simplifications and improving product, delivery and service quality (see p. 12). Throughout the entire company, projects have been reviewed and prioritised, and possible cost reductions implemented.

The supply difficulties that were triggered by disrupted supply chains in the previous year are now history. Since the beginning of February 2023, our delivery quality has been back at the usual high level.

Commitment to Switzerland

The site transformation in Zug continued to be a major topic in the reporting year. The new production building “Zephyr Ost” was constructed in 2023. The basic fit-out was completed in the first quarter of 2024, and the building was handed over to V-ZUG for the installation and commissioning of operating equipment. The new five-storey building has an automated decoupling storage at its core, as well as production and assembly areas. It is connected to the high-bay warehouse via a tunnel and forms a link between the “Zephyr Hangar” pressing hall and the “Mistral” assembly plant. The relocation and commissioning of the various production systems will take place within 12 to 18 months after handover. Find more information about this in our Real Estate segment report starting on p. 18.

From recycling to circularity:
the prototype of a circular
economy factory works.

Sustainability as a main pillar: Our ongoing commitment

We continued to advance the circular economy in the reporting year. Our circular economy factory serves as a prototype, and we show which measures we are using to actively reduce the environmental footprint of our appliances with more than 30

ecological product assessments. Our “Product as a Service” business model, in which we rent out rather than sell washing machines and dryers, also contributes to longevity and the circular economy. Moreover, we have enabled the use of green steel through a number of project collaborations.

In addition, we see great potential in powering industrial processes with clean energy, such as hydrogen, and are committed to this goal in line with the mission of the Association for the Decarbonization of Industry. Additionally, we have implemented a whole number of other activities with sustainable benefits – from introducing smart work principles for our employees to raising our customers’ awareness with respect to sustainable living through our V-Kitchen app and the CO₂ web shop. Launched in December 2022, the CO₂ web shop was rolled out internationally in the reporting year and saw extensive use. We have therefore remained true to our principle of preventing, reducing and offsetting CO₂ emissions in an entrepreneurially and economically responsible manner. V-ZUG production in Switzerland has been CO₂ neutral since 2020.

The reporting on non-financial matters in the social and environmental dimensions has been a legal requirement for listed companies of a certain size in Switzerland since 2023 (Article 964 CO). More details on this can be found starting on p. 22.

“Product as a Service” in response to changing consumer preferences.

Annual General Meeting 2024

The Board of Directors will propose to the Annual General Meeting not to pay out any dividend for the 2023 financial year. This is the result of an in-depth review of the situation, which is characterised by persisting market challenges and continued high investments in the site transformation in Zug.

2024 outlook

In light of persistent global uncertainty, and the prevailing interest rates, V-ZUG does not anticipate an improvement in consumer behaviour, or an uptake in the real estate industry.

The “Simplify V-ZUG” initiative will continue in 2024, further reducing complexity and streamlining collaboration and processes through automation. With this, we will improve and become more efficient. This initiative is also expected to positively affect customer focus and product quality.

A variety of new products, especially in the mid segment, are slated for launch in 2024 to become even more competitive in this area. We will also simplify collaboration with our customers and partners by launching a new and intuitive website portal with improved service.

As presented at the 2023 Annual General Meeting, the V-ZUG compensation system will be adjusted throughout the company to support strategic and cultural development and to become more aligned with company and shareholder interests. More details will be announced at the 2024 Annual General Meeting.

We express our sincere thanks

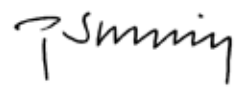
It was another challenging year for our employees, albeit with different challenges than in previous years. We thank everyone for their positive attitude towards V-ZUG and their tireless commitment to continuously improving the company.

We thank our customers and business partners for the trust and enthusiasm that they share with us for our products and services.

Last but not least, we thank you, our valued shareholders, for your trust in our work. This means a lot to us, and we will continue to do everything we can to make sure the future of V-ZUG is bright.



Oliver Riemenschneider
Chairman of the Board of Directors



Peter Spirig
Chief Executive Officer

The V-ZUG Group

Organisation and global presence

V-ZUG is Switzerland’s leading brand in household appliances. For 111 years, V-ZUG has been developing and manufacturing kitchen and laundry appliances at its main production site in Zug, Switzerland, and refrigerators in Arbon and Sulgen, Switzerland, since 2013 and 2022, respectively. V-ZUG also produces special pre-assembled components for its appliances in Changzhou, China. V-ZUG is the market leader in Switzerland and also markets its premium products in a select number of international markets, focusing on affluent metropolitan areas. It provides comprehensive, high-quality service across all its markets. In addition to its headquarters in Switzerland, the V-ZUG Group has distribution companies in the EU, the UK, Australia, China, Hong Kong, Singapore, Thailand and Vietnam. V-ZUG also serves additional markets as an OEM partner and has well-established distribution partners in other international markets.

The V-ZUG Group currently employs around 2,100 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 properties of the V-ZUG Group and consists of the northern operations section of the Tech Cluster at the Zug site and properties in Sulgen (new refrigerator factory building 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 reporting segment “Corporate”.

● V-ZUG headquarters ● V-ZUG subsidiaries ● V-ZUG partners / distributors

V-ZUG Holding AG

Household Appliances segment

Real Estate segment

Switzerland

V-ZUG AG
 V-ZUG Kühltechnik AG
 SIBIRGroup AG
 V-ZUG Services AG

Europe

V-ZUG Deutschland GmbH¹⁾
 V-ZUG Europe BV
 V-ZUG UK Ltd.

Asia / Pacific

V-ZUG Australia Pty. Ltd.
 V-ZUG (Changzhou) Special Components Co., Ltd.
 V-ZUG Hong Kong Co., Ltd.
 V-ZUG (Shanghai) Domestic Appliances Co., Ltd.
 V-ZUG Singapore Pte. Ltd.
 V-ZUG (Thailand) Limited
 V-ZUG Vietnam Company Limited

Switzerland

V-ZUG Assets AG
 V-ZUG Infra AG

¹⁾ Founded on 27 November 2023.

Products and services

On average, at least one V-ZUG appliance can be found in every Swiss home. The ovens, steamers, hobs, extraction fans, washing machines, dryers, dishwashers and refrigerators stand for long-lasting and innovative Swiss quality. In Switzerland, around one third of net sales are generated in new construction, renovation and replacement business, respectively. Service and support represent an integral element, as do digital offers and service agreements. While the mid-range and upper segment is served in Switzerland, in its international business V-ZUG focuses exclusively on the premium segment with its metropolitan strategy.

The V-ZUG brand has always been synonymous with innovation, longevity and reliability. These values are firmly embedded in V-ZUG's culture and are reflected in the vision, mission and core values. Sustainability is a key aspect of V-ZUG's brand promise. The development of resource-efficient appliances is particularly important in this context. Following a holistic approach to sustainability, this is about how products are manufactured and how customers use them. V-ZUG thus invests in state-of-the-art production equipment and sustainable energy systems.

Strategic transformation

The strategic transformation of V-ZUG focuses on five pillars.

- Product portfolio:** The premium products are very well received by users, especially the new products, which excel not only in terms of technology but also in design and sustainability. Product portfolio management also includes the continuous further development and streamlining of the portfolio in order to meet changing customer needs in the upper and mid-range segment, while also achieving efficient production. V-ZUG customer service plays an essential role throughout the entire product lifecycle.
- Brand strategy:** In October 2023, V-ZUG carried out a survey of business partners, that is kitchen builders, distributors and other intermediaries in Switzerland. More than half said that V-ZUG was the first choice for household appliances. The survey revealed extremely high satisfaction values across all categories, with account management in customer and partner service doing particularly well.
- The internationalisation** of V-ZUG is also progressing. The current global uncertainty is not stopping V-ZUG from proceeding along its chosen course. This is reflected in the opening of a new V-ZUG Studio in Vienna and showrooms in Copenhagen and Amsterdam in the reporting year, as well as in the V-ZUG Studio openings planned in Sydney, Milan, Hamburg and Berlin for the coming year.
- Digitalisation:** Based on a fundamental technical overhaul of the V-ZUG app, work began in 2023 on developing the app into a "life companion" in the home. A new user interface and lots of new features have resulted in a record-high number of regular users for the app. The V-Kitchen digital cooking assistant also enjoys great popularity and has not only attracted lots of new users but also new partners.
- Site transformation:** In 2023, the continued site transformation in Zug became clearly noticeable with the construction of the "Zephyr Ost" building as the final and essential element of the new vertical factory. This major project is an important step towards reducing the site footprint of the production area as well as increasing both production capacity and efficiency. It likewise demonstrates the commitment to Switzerland as a production site.

V-ZUG continues to focus on sustainable business with the following key areas: products and services for a future-fit society, healthy and committed employees, environmental and climate protection, and business for sustainable prosperity. This is covered in detail in the non-financial reporting starting on p. 22.

Household Appliances segment report



The Household Appliances segment combines the development, manufacturing, sale and service of high-quality kitchen and laundry appliances for private households. The operational business is managed by the Executive Committee of the V-ZUG Group. The segment comprises V-ZUG AG and its subsidiaries in Switzerland and abroad as well as V-ZUG Services AG (see overview on p. 8).

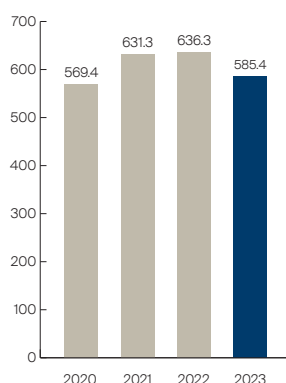
The segment offers comprehensive services and support for all products in Switzerland and the International Market. In the Swiss domestic market, a total of around 300 service technicians work for V-ZUG AG and SIBIRGroup AG (all-brand service). Over 20 service locations act as a base and also provide physical proximity to customers. V-ZUG is continuously expanding its range of services in the International Market. Around 400 V-ZUG service technicians and certified partner technicians meanwhile support V-ZUG customers in the international market. More than 90 % of global service calls are managed successfully on the first customer visit.

The segment employs around 2,060 people in total, including 89 apprentices.

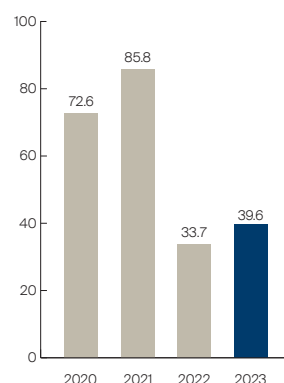
Overview of the 2023 financial year

At CHF 585.4 million (previous year: CHF 636.3 million), net sales in the reporting year were 8.0 % lower than the previous year. Adjusted for currency effects, net sales fell by 7.2 %. This subdued development was linked to reserved consumer behaviour and a generally difficult market situation. Sales volumes, and thus net sales, came under pressure. Operational productivity, measured by the EBITDA margin (EBITDA in % of net sales) rose slightly to 6.8 % (previous year: 5.3 %). The operating result (EBIT) amounted to CHF 12.3 million, which is higher than the previous year (CHF 5.6 million). The EBIT margin (EBIT in % of net sales) accordingly amounted to 2.1 % (previous year: 0.9 %).

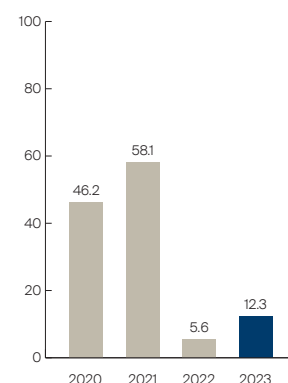
Net sales (in CHF million)



EBITDA (in CHF million)



EBIT (in CHF million)



Efficiency increases despite a challenging market situation

The 2023 financial year presented a different challenge than the previous year, which had primarily suffered from a tense situation in the purchasing markets and the resulting cost increases. A series of sales price increases were meanwhile able to offset the higher purchasing costs to a generally satisfactory degree. For the large part, it was possible to refrain from purchasing electronic components and microchips in spot-buy markets in the reporting year.

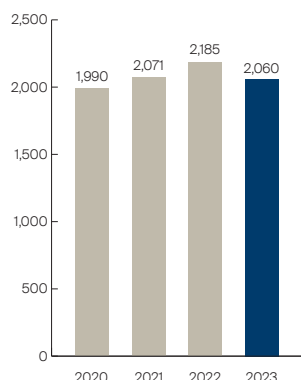
Following the extraordinary economic development since 2021 due to the pandemic and the supply bottlenecks in 2022 with a resulting increase in inventory among V-ZUG partners, the market situation worsened for manufacturers of household appliances, including V-ZUG. The development of renovations and new constructions, which each account for around a third of net sales for V-ZUG, was subdued. By contrast, the replacement business – representing a further third of net sales – was stable.

While the first quarter of 2023 benefited from higher net sales due to the reduction of supply backlogs from the previous year, the sales volume flattened off from the second quarter. A slightly increasing trend in sales materialised in the third and fourth quarters of 2023. Production plans accordingly had to be adjusted multiple times at short notice due to the volatile volume in the reporting year. Fixed costs were covered only to an insufficient extent, putting profitability under pressure. Thus, the main challenges in the reporting year concerned the adjustment of capacities in production and strict cost management regarding structural costs.

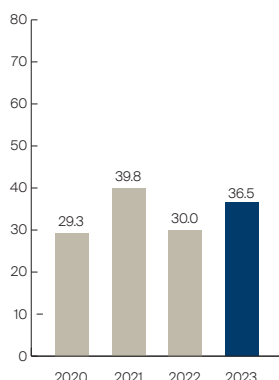
The number of employees fell in the reporting year by 5.7% to 2,060 (previous year: 2,185). Temporary employees, who were brought in to handle the increased operational complexity during the supply bottlenecks, left V-ZUG. Since predictions about how long the market situation will persist were possible only to a limited extent, following analyses and discussions, decisions had to be made on how to safeguard and reinforce the competitiveness of the segment. The result is an initiative called “Simplify V-ZUG”. Its purpose is to examine established structures, processes, products and services with the goal of simplifying them, while maintaining product, delivery and service quality. Accordingly, a number of different organisational and process-related streamlining measures were initiated in the reporting year.

The costs for research and development in the reporting year were stable at CHF 50.0 million (previous year: CHF 53.5 million). Since 1 January 2023, these have been recognised according to the cost-of-sales method (previously: total cost method) and have been adjusted accordingly. These calculations no longer include the depreciation of special tools as part of R&D costs. The ratio of R&D costs to net sales has thus fallen to a level of around 8% (previous years: around 10%). Capitalisable investments in the Household Appliances segment increased to CHF 36.5 million (previous year: CHF 30.0 million). The transformation projects at the Zug site are being implemented as planned.

Employees as at 31.12. (FTEs)

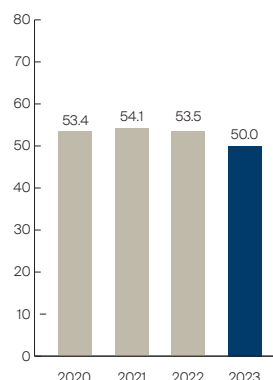


Capex (in CHF million)¹⁾



¹⁾ See also Capex for the Real Estate segment (p. 19)

R&D costs (in CHF million)²⁾



²⁾ The figures for the previous year have been adjusted to improve comparability (cost-of-sales method).

Slowdown in the Swiss market

The Swiss industry is also affected by the global economy, which – in the reporting year – was shaped in large part by the interest rate environment, inflation and uncertainty. The situation in the Swiss market for household appliances remained challenging with a slowdown in construction activity. The declining development of new constructions – partly due to delayed building permit processes – and the reluctance to invest in renovations, as a direct consequence of the strong activities during the COVID-19 pandemic, had a corresponding impact on the market leader V-ZUG. However, replacement investments and service have held at a stable level.

These challenges are reflected in net sales of CHF 481.4 million. Net sales were therefore 7.3% lower than the previous year (CHF 519.5 million). The price increases that were successively introduced in the previous year due to substantially higher purchasing costs only partially compensated for the lower volume. Targeted sales-promoting measures and cost savings were initiated for this reason.

V-ZUG Studio in Aarau

In the 2023 reporting year, the direction and positioning of V-ZUG as a brand continued to be driven forward, with a V-ZUG Studio opening in Aarau. Customers, guests and partners can now also experience the world of V-ZUG in a welcoming, pleasant and high-quality atmosphere in Aarau. This closed a gap in the V-ZUG Studio network. V-Zug also attended a high number of various partner and customer events and trade fairs in 2023.

SIBIRGroup: quick recovery after ransomware attack

SIBIRGroup markets household appliances for kitchens and laundry rooms and specialises in all-brand repair services throughout Switzerland. The target groups consist of institutional real estate managers as well as private home owners and condominium owners. SIBIRGroup had a strong start to the reporting year with around 110 employees. However, it faced an enormous challenge at the end of April 2023 in the form of a ransomware attack. The computer infrastructure that came under attack had to be completely rebuilt over a period of around five months. During this time, operations were handled manually. Since October of the reporting year, both the trading business and all-brand service have been running as normal and according to targets. SIBIRGroup is now being integrated into the IT protection of V-ZUG, thereby improving security. The main focus of 2023 continued to be on consolidating the leading position in all-brand service in Switzerland while also operating the trading business at attractive margins. Maintaining the course of growth, combined with consistent cost tightening, helped SIBIRGroup to respond to the tougher economic requirements in the reporting year.

Stable revenue development for the own-brand business in the International Market

Net sales in the International Market declined overall by 10.9% to CHF 104.1 million (previous year: CHF 116.8 million). The global uncertainty and noticeable reticence of consumers also had an effect on order intake and sales in the International Market. The markets in Asia continued to generate growth, while business in Europe and North America in particular declined. V-ZUG's own-brand business declined by 7.8% to CHF 73.5 million (previous year: CHF 79.7 million; adjusted for currency effects, the development was stable compared to the previous year), while the OEM business focused on North America fell by 17.6% to CHF 30.6 million (previous year: CHF 37.1 million). This can be attributed to a very low level of orders being received from our US partner in the second half of the year after it had increased its inventory in 2022 and in the first half of 2023.

V-ZUG systematically invests in carefully selected international markets and metropolitan areas. The clear premium positioning of products and solutions with many customer advantages enables business partners to present a differentiated value promise.

The entry into the Danish market was completed in the first half of 2023. In the second half of 2023, the market presence in Europe was further reinforced with the opening of the V-ZUG Studio in Vienna. Besides the studios, targeted local and global international events – such as Salone del Mobile in Milan – also increased the international awareness of V-ZUG.



OPTILIFT

SWISS MADE



International landmark project

MAHA, a brand developed by industry legend Adrian Zecha and the renowned hotelier Jonathan Breene, is successively realising its first housing project: MAHA Club & Residences in Beijing. The project embodies a “simple, yet sophisticated” concept and, together with V-ZUG, takes the luxury lifestyle experience to a new level.

Nestled in a private forest spread over 400,000 square metres, “MAHA Club & Residences” exudes tranquillity, pristine beauty and charming elegance in the heart of Beijing. A range of traditional local elements and details that reflect the life philosophy of MAHA have been integrated into the design. Every detail of the project has been designed with the highest standards in mind. Wooden materials are predominantly used in the interior design of the apartments, bringing nature into the home and creating an urban retreat. In the reporting year, both the 450-square-metre and the 900-square-metre executive residences were furnished with V-ZUG appliances, including “CombiSteamers”, “WineCoolers”, induction and gas hobs, washing machines and dryers.

Products and services – focus on quality and sustainability

In 2023, new appliances further enhanced the Excellence Line. V-ZUG’s first combined steamer with a width of 90 cm was launched successfully. The highly functional and elegant “CombiSteamer V6000 45L Grand” excels not only with its size and aesthetics, but also with its innovative TwinHeat technology that paves the way for first-class culinary experiences.

The relaunch of the “Zug twin”, a historic combination of oven and steamer with a height of 38 cm, is a unique offering from V-ZUG. Both appliances represent outstanding solutions for smaller kitchens. The combination of the two appliances enables Swiss customers who own a 76 cm-high appliance to enjoy the full variety of all preparation methods without the need to remodel their kitchen.

To mark the 65th anniversary of the Adora washing machines, V-ZUG launched two special editions of both Adora laundry appliances in 2023. The anniversary edition of the “AdoraWash V4000 OptiDos” with integrated FlexClean upgrade takes even more efficient care of delicate garments and makes ironing unnecessary. The anniversary edition of the “AdoraDry V4000” with integrated CareDry upgrade and free dryer basket dries even more quietly and gently – with even better energy efficiency.

The energy classes of refrigerators and washing machines are consistently being improved to handle valuable resources with even greater efficiency. To keep the ovens, steamers and microwaves of the Excellence Line consistently up to date, V-ZUG produced software updates to expand their functional scope. Owners of these appliances benefit from new clock designs or from creating and saving their own recipes, for example.

In the wine cabinet range, the new “WineCooler V4000” with a height of 45 cm was launched. In contrast to the 90 cm-high version, the new wine cabinet offers only one cooling zone and can also fit in smaller kitchens thanks to its compact size.

Work also proceeded on a new generation of dishwasher in the reporting year, which will be launched on the market in 2024. A reworked colour design, the use of premium materials and excellent cleaning results make the high quality both visible and tangible. The new dish racks for maximum use of space, combined with smart programmes, simplify the everyday lives of users.

Service & Support remained stable. This area was supported by established and continuously optimised digital processes. Service requests could usually be handled within the required response times. Effective customer satisfaction with the service provided is gathered by means of regular and structured direct surveys. This includes the net promoter score (NPS). The effective NPS, which indicates customer satisfaction, shows that our customers are very satisfied with the services received. Eight out of ten customers would recommend the services of the V-ZUG service team without any reservation.

The tenant and apartment building market plays a strategically important role for V-ZUG, especially in Switzerland. This market is primarily served with appliances from the mid-range product line. After much focus was placed on the further development of the premium product line in recent years, the robust mid-range product line is taking centre stage in 2024. The “Comhair V600” was the first product to be launched. This oven is easy to use thanks to the combination of digital display and tactile buttons. It also delivers precise baking results. This line aims to simplify everyday life with Swiss design and quality and will be further expanded in the coming months.

Digitalisation

Based on a fundamental technical overhaul of the V-ZUG app, work began in 2023 on developing the app into a “life companion” in the home. A new user interface, together with a host of new features and content, has resulted in a record-high number of regular users for the app. The V-Kitchen digital cooking assistant also continues to enjoy great popularity and has not only attracted a lot of new users but also new partners. Due to further development of the ERP system, a first country organisation will be connected directly with the ERP of V-ZUG AG on 1 February 2024 with the goal of improving the efficiency of distribution and logistics.



V-ZUG Studio in Vienna

V-ZUG app

Users of V-ZUG household appliances can easily select recipes or Easycook settings in the app via tablet or smartphone and send them directly to the networked household appliance. All the options that can be selected on the household appliance are also available to them via the app. Recipes and recommendations can be saved as favourites in the app with a single click, making them quick and easy to access at any time. Many optimisations in the user navigation, appliance onboarding and the perceived quality are reflected in the high number of positive app ratings in the app stores. The app was switched to a new navigation structure in the current year. The four areas “Appliances”, “Kitchen”, “Textile” and “Services” provide optimal guidance for users. New content, such as tips and tricks with informative texts and practical videos, simplify use of the appliances. In the coming quarters, the V-ZUG app will be increasingly developed into a digital companion in the kitchen and laundry room, helping users to get the most out of V-ZUG appliances and inspiring them with creative ideas in the kitchen. New features are already planned to continuously improve the customer experience with the V-ZUG app. Users will soon be able to view a list of functions for their individual appliance in order to gain a clear overview of the available programs. In the event of errors, the V-ZUG app will also offer the possibility of displaying easily comprehensible messages to users with information on how they can respond.

V-Upgrade

The “V-Upgrade” offering enables users of V-ZUG washing machines and dryers of the Adora line to purchase additional operating functions and programs. This allows the appliances to be customised during the usage phase and adapted to user requirements. The functions are selected and paid for using the V-ZUG app and then downloaded to the appliances via the cloud. Customers have the option to test the additional features free of charge for a limited time. This offering has been well received and has potential for further development. It will be expanded in 2024 to the dishwasher product category. In addition to the current licence model (one-time purchase), subscriptions will also address other target groups in the future.

V-Kitchen

The innovative “V-Kitchen” cooking app combines smart features with tried-and-tested recipes from selected cooking experts. The unique ecosystem, consisting of chefs, food bloggers, influencers and partners, such as TipTopf, Annemarie Wildeisen and Marcel Paa, offers tips on a range of diet topics and suitable receipt inspirations. Moreover, V-Kitchen uses AI and algorithms for personalised recipe recommendations. The app provides support in weekly planning and sends information about preparing a certain dish directly to the V-ZUG oven or steamer. The app can also create shopping lists for particular dishes or a whole week of groceries and, if the user chooses, also allows an order to be submitted directly to a connected online shop. To increase the reach, V-Kitchen is now also available online at www.v-kitchen.ch and is being increasingly used as a marketing tool. In 2023, the number of users quadrupled, with more than 500,000 users from the German-speaking region of Switzerland using the platform.

V-Connect

“V-Connect” is the innovative service optimisation solution for property managers and caretakers that simplifies fault reports and the repair process. “V-Connect” enables caretakers to access the appliance data of V-ZUG household appliances. Should a fault occur, measures to rectify it are shown in the mobile app. If specialist personnel are required to eliminate the fault, the app offers the option to book a service call by our service technicians to repair the V-ZUG household appliance on site. The caretaker can also send the diagnostics data of the affected household appliance to V-ZUG Service, which can use this data to prepare effectively for the service call – thanks to remote analysis.

In 2023, the focus was on evaluating and developing an innovative and continuously extensible diagnostics platform for the service organisations of distribution partners in Switzerland. By applying customer-centric methods, the needs of various users were analysed and prototypes used to validate the resulting use cases. There are currently plans to present a marketable solution in 2024.

Real Estate segment report



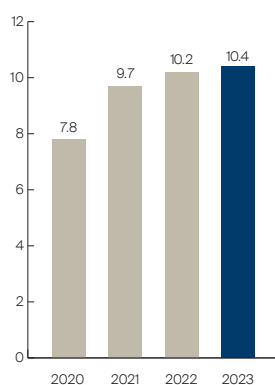
The Real Estate segment encompasses V-ZUG Infra AG and V-ZUG Assets AG as real estate companies or companies with land ownership in the V-ZUG Group. The two companies do not have their own employees and do not conduct any business activities themselves. Operational management is overseen by Managing Director Christina Annen, who is also CEO of Tech Cluster Zug AG. She took over the function from Beat Weiss on 1 July 2023. Tech Cluster Zug AG, a company of the Metall Zug Group (an independent listed group), undertakes the development, construction and renovation, management and operation of real estate and infrastructure.

Statutory control of the two real estate companies V-ZUG Infra AG and V-ZUG Assets AG is the responsibility of the respective Boards of Directors, while strategic management is the responsibility of the Executive Committee and Board of Directors of V-ZUG Holding AG. Adrian Ineichen (CFO), a representative of the Executive Committee of the V-ZUG Group, holds responsibility as Head of the Real Estate segment.

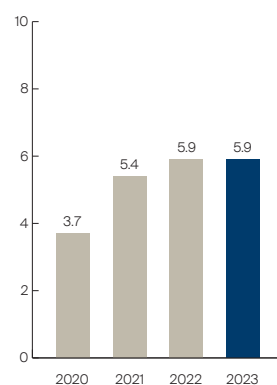
Overview of the 2023 financial year

The revenues of the Real Estate segment predominantly come from renting out buildings and maintaining infrastructure. At CHF 10.4 million, the EBITDA in the reporting year 2023 was at the level of the previous year (CHF 10.2 million). The operating result (EBIT) amounted to CHF 5.9 million – also at the same level as the previous year (CHF 5.9 million). The investments in the reporting year totalled CHF 31.9 million, 58.1% higher than in the previous year (CHF 20.2 million).

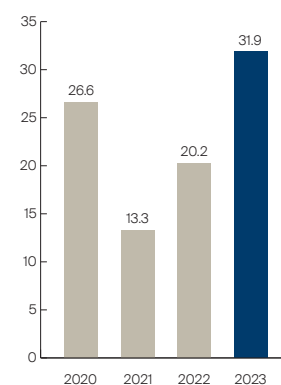
EBITDA (in CHF million)



EBIT (in CHF million)



Capex (in CHF million) ¹⁾



¹⁾ See also Capex for the Household Appliances segment (p. 12)

Production sites in Zug and Sulgen

V-ZUG Infra AG owns the commercial property of the V-ZUG Group at Industriestrasse 66 in Zug, where the V-ZUG Group will continue to realise its industrial transformation, including the consolidation of its production, over the next few years. The new production building “Zephyr Ost” was constructed in 2023. The basic fit-out will be completed in the first quarter of 2024, and the building will be handed over to V-ZUG for the installation and commissioning of operating equipment. This marks the completion of all buildings required for production, which provide an important foundation for improving the production process and increasing efficiency in the coming years.

Another important step in the site transformation was taken in the reporting year with the beginning of the preliminary project for the new office and lab building “Zephyr West”.

In the reporting year, optimisations were implemented at the refrigerator factory building of V-ZUG K hltechnik AG. This entered into operation in the previous year at the properties Zelgstrasse 8 and 10 in Sulgen, which are held by V-ZUG Assets AG. Renovation work was completed on the buildings leased by Belimed AG and Belimed Life Science AG.

Integration in the Tech Cluster Zug

The properties of V-ZUG Infra AG in Zug are part of the Tech Cluster Zug (TCZ) project managed by the Metall Zug Group. The starting point for the TCZ project is the strategic renewal of the historic V-ZUG site on Industriestrasse and its transformation into an attractive innovation district combining production, research and development, commercial use and housing. Under the leadership of Metall Zug AG, the entire historic V-ZUG site has been reorganised following the spin-off and separation of the V-ZUG Group from the Metall Zug Group in June 2020. The site has been split into two areas, with the northern area belonging to the V-ZUG Group and the remaining southern area being allocated to the Metall Zug Group. The modernisation and concentration of V-ZUG AG's production – thanks to a reduced footprint and vertical expansion – enable the settlement of additional industrial companies, technology-related services and training institutions. A networked, high-quality and urban ecosystem for innovation, production and training is being built on eight construction plots.

The development of the overall site is governed by a number of contracts and committees between the landowners of the V-ZUG Group and the Metall Zug Group. V-ZUG Infra AG has entrusted Tech Cluster Zug AG with the management of all real estate matters. This ensures coordinated site planning by both landowners. In particular, the coordination includes areas such as mobility (traffic and parking), creating and managing supply and disposal infrastructures, and exploiting synergies when using conference rooms, catering or facility services.

One project that will give rise to such synergies is the new “RefActory” building that is being planned directly on Industriestrasse. V-ZUG will operate the new V-ZUG showroom as a tenant in this building. Catering open to the public will also be developed, as well as office space for third-party users on the upper floors. The building is being developed by Urban Assets Zug AG. Planning work began with the architect Gion Caminada in the reporting year, and a submission for a general contractor was completed.

The incorporation of the new and existing buildings in the TCZ into the new Multi Energy Hub operated by a joint venture between WWZ AG and Metall Zug AG ensures an independent and sustainable site energy supply, via which heating, cooling, electricity and gas can be purchased and also fed back into the grid. The supply lines at the core site were completed in the reporting year and most of the existing buildings were connected to the grid.

Real estate projects

Zephyr Ost

The “Zephyr Ost” building is the new vertical factory of V-ZUG and forms the link between the “Zephyr Hangar” pressing hall completed in 2020 and the “Mistral” assembly plant opened in 2016. The new five-storey building has an automated decoupling storage at its core as well as spacious production and assembly areas. Production-related offices, locations for development and social rooms are also planned. Ramps enable trucks to drive right up to the building, and a tunnel provides a direct connection to the high-bay warehouse in “ZUGgate”.

The basic fit-out will be completed in the first quarter of 2024, and the building will be handed over to V-ZUG for the installation and commissioning of operating equipment. The transformation, relocation and commissioning of the various production systems will take place within 12 to 18 months of handover.

Zephyr West

The office and development workplaces of V-ZUG – currently housed in several different old buildings – will be consolidated in the “Zephyr West” building in the future. High demands are placed on the new building in terms of the quality of the workplaces, support for new ways of working, sustainability, and architecture and urban design. The new building must also be optimally integrated into the production site as well as economical to build and operate.

Work was carried out on the preliminary project in the reporting year and extensive occupancy studies were conducted. The approximately 50-metre-high building is planned to include a timber supporting structure. The project was approved by the Board of Directors of V-ZUG Holding AG at its September meeting. It is planned to be completed at the end of 2027, and the dismantling and preparation work is expected to begin at the end of 2024.



Report on non-financial matters



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Interview with Peter Spirig, V-ZUG CEO

The market landscape in 2023 presented a stark contrast to the pandemic-induced boom of 2021 and the unusually high demand experienced in 2022. What were the implications of this for V-ZUG?

The year 2022 was marked by strong demand but also plagued by significant supply bottlenecks. In comparison, the market situation we faced in 2023 was rather difficult. The combination of geopolitical uncertainties, rising interest rates and the unexpected resurgence of inflation led to people spending less – and a decline in demand for our products. Although we achieved cost savings and implemented higher sales prices, we are still looking back on a year that presented financial challenges.

How does V-ZUG manage such market fluctuations?

It is imperative for us to learn that the concept of a “normal” situation is no longer applicable, as market dynamics and geopolitical conditions can rapidly evolve. It is crucial that we are agile, can respond quickly and remain focused on our vision.

What does that mean?

We want to ensure that V-ZUG is fit for the future. To accomplish this, we rely on dedicated and highly qualified staff, modern work practices, resilient supply chains and strong partnerships. This is the only way we can be innovative enough to rethink business models and pursue visionary goals that transcend multiple industries in order to create a future-fit society. Sustainability plays a key role in this context. We firmly believe that this is the key to achieving long-term success.

What does “sustainable” mean at V-ZUG?

We have a holistic understanding of sustainability, with due consideration of its economic, ecological and social aspects. We see it as a transformation process that extends throughout our entire value chain and beyond. The fact alone that well over 90 % of emissions from our business activities stem from indirect sources in the upstream and downstream value chain clearly shows that we must develop our commitment to building a future-fit society throughout every aspect of our operations.

In 2023, we solidified our commitment to sustainability by incorporating it into our Articles of Association and expanding our formal corporate purpose to encompass this essential element. In our most critical sustainability areas, we are working towards strategic goals that we aim to accomplish by 2030. For example, we are developing all of our appliances according to circular principles and will have audited all of our key suppliers according to sustainability criteria starting in 2025.

We are focusing our efforts on areas where we can have the greatest impact: developing circular products and sustainable business models, improving eco-efficiency and reducing emissions, building resilient and sustainable supply chains, fostering partnerships for sustainability and innovation and – most importantly – prioritising the well-being and development of our employees. Healthy and committed employees are the lifeblood of our company.

Which topics did V-ZUG drive forward in 2023?

In view of the volatile geopolitical landscape, we placed a strong focus on modern working methods and workplaces. We implemented the Scaled Agile Framework, a framework that helps us to develop the necessary agility across our entire organisation and fosters effective collaboration among teams. In 2024, we will be able to put our new “Zephyr Ost” production and assembly building into operation and gradually transfer our production lines to this facility. In 2023, we continued to drive the circular economy forward by engaging in collaborative projects, such as with the Finnish company Outokumpu, where we actively facilitated the use of green steel. This is also reflected in the development of a prototype circular economy factory and the more than 30 product life cycle assessments in which we transparently show which measures we can use to reduce the environmental footprint of appliances. In addition, it was crucial for us to actively pursue commitments such as the mission of the Association for the Decarbonization of Industry. We see great potential in utilising hydrogen as a clean energy source to power industrial processes. We are also implementing a whole host of other activities – from introducing smart work principles for our employees to promoting a sense of self-efficacy among our customers with respect to adopting a more sustainable lifestyle through our V-Kitchen app and the internationalised CO₂ web shop.



Peter Spirig, CEO, V-ZUG Ltd

That sounds like a lot of investment at a time when many companies are reluctant to provide capital for such purposes.

That is indeed a correct assessment. The CO₂ fund is now paying off. Since 2018, we have been contributing to a fund through a self-imposed incentive tax of CHF 120 per tonne of CO₂ emitted. This fund in turn allows us to implement pioneering sustainability projects – over and above compensation through the V-Forest – even if these projects may still be economically difficult. In 2023, for example, we funded the acquisition of our new e-truck and the pilot circular economy factory mentioned earlier. It is also important to understand that we are talking about investments here. In other words, we are convinced that these will prepare us for the future and have a positive impact on our business success.

The impact of our commitment to sustainability is already evident in how our image is perceived. The [2023 SCOPES Report](#), published by Publicis Group Switzerland together with Grownate and the University of St. Gallen on the perceived sustainability of companies in Switzerland, reveals that the 5,555 consumers surveyed see V-ZUG as one of the five most sustainable companies. This reaffirms our commitment and serves as a great source of motivation for us.

Visionary projects are inspiring; regulatory requirements generally less so. What impact will the new Swiss climate reporting requirements and the Supply Chain Act have on V-ZUG?

These requirements help create a strong foundation for addressing essential sustainability concerns within the Swiss economy. This has the positive effect that non-financial indicators are now on par with financial reporting. It was therefore only logical for us to merge the Annual and Sustainability Reports. We will be publishing a combined Annual Report for the first time this year, which will be presented to our shareholders for approval at the Annual General Meeting.

With a decade of experience in sustainability reporting, we have used this strong foundation to selectively delve deeper into a few specific topics in our current reporting. For example, we engaged in an intensive internal discussion of the risks and opportunities of climate-related impacts and prepared a TCFD report ([TCFD: Task Force on Climate-related Financial Disclosures](#)). We conducted an analysis to determine if we are obligated to provide reporting in compliance with the Ordinance on Due Diligence

Attaching equal value to environment, society and enterprise



Obligations and Transparency Regarding Minerals and Metals from Conflict Areas and Child Labour of 3 December 2021. Against this backdrop, we engaged in initiatives such as the adoption of the long-planned Code of Conduct for Suppliers and the optimisation of our due diligence processes.

Internally, this intense discussion further heightened the awareness of our employees and managers of the importance of the issues. With a view to Switzerland, the new regulatory requirements inevitably trigger processes and discussions across all sectors that would not take place otherwise.

And what will happen in 2024?

Despite our anticipation of market volatility, we are confident in our level of preparedness. Our efforts to date in the area of sustainability are becoming more and more evident. I anticipate that there will be growing demand for circular business models such as our “Product as a Service” approach, through which we rent washing machines and dryers instead of selling them. In the coming year, we plan to broaden our model range by rolling out one or two new types of kitchen appliances. We are therefore continuing to work step by step on the transformation from a recycling economy to a circular economy.

The site transformation and the gradual commissioning of the Multi Energy Hub will bring us a major step closer to achieving our goal of significantly reducing emissions. Partnerships that span different industries and sectors and are dedicated to creating a future-fit society will play a crucial role in the years ahead. This is the only way we can master the complex global challenges and scale up innovations.

Strategy and sustainability

Sustainability is a key aspect of our brand promise. We sell resource-efficient products and prioritise transparency and sustainability in our procurement practices. We invest in the development and health of our employees, as well as in cutting-edge production facilities and in sustainable energy systems at our site in Zug. We also place a strong emphasis on implementing circular business models.

With around 5.5 million household appliances in use, we bear great responsibility for the environmental and social footprints of our products along the entire value chain. 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 spheres.

Sustainability is strategically embedded

Sustainability is an integral part of our corporate strategy. It has also been enshrined in the Articles of Association of V-ZUG Holding since 2023. We make targeted investments in innovative solutions that will bolster our competitiveness in the future. One example of this is our new “Zephyr Ost” production and assembly plant, which was built as part of the transformation of the Zug production site. It sets new standards for sustainable construction and will be successively put into operation in 2024.

In the reporting year, we remained dedicated to our strategic goal of advancing circular products and business models. We firmly believe that our efforts are contributing to the advancement of climate-friendly, entrepreneurially engaging and socially relevant development. Since May 2023, the “Intrapreneur Circular Economy” initiative has fostered and advanced the circular economy within the enterprise.

We believe in the importance of sharing our knowledge and learning from others in order to cultivate progress within society as a whole. To this end, we seek dialogue with stakeholders, such as our peers or interest groups, and participate in associations and educational initiatives (“Entrepreneurship for sustainable prosperity”, p. 57).

The reporting year was defined by the implementation of the regulatory ordinances on climate reporting and supply chain transparency in Switzerland. In our view, this is a significant milestone in working towards a sustainable future: the non-financial metrics are now given the same importance as the key financial figures, and the three pillars of sustainability – “people”, “planet” and “profit” – are increasingly recognised as being equally important.

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

Foundation stones provide the direction and our business initiatives strands come together to form the strong rope of strategic ambitions.



Decentralised 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. Sustainability is deliberately organised on a decentralised basis. The experience of the past three years has indeed confirmed our expectation that the decentralised approach would enable our commitment to sustainability to develop greater internal dynamic momentum and spread throughout the company more effectively than if sustainable responsibility had been organised by a central staff unit. This dedicated team comprising representatives from different departments drives the strategic and organisational processes and identifies potential forward-looking projects.

Transparency and comparability

When we are developing new appliances, we want to know in advance what we can do to minimise their environmental impacts. Over the past two years, we have therefore made significant investments in enhancing the life cycle assessments of our appliances and operations. In doing so, we carry out our accounting based on CO₂ emissions, ecopoints (EP) and monetary equivalents. We derive the greatest benefit from accounting in accordance with EP, as this allows us to map the ecological impact most comprehensively. By drawing up various life cycle assessments for each product category, we not only achieved but also surpassed one of our targets in 2023. Our goal is now to reduce the EP of appliances in new developments by 5% by 2030. In 2023, we derived the eco-efficiency of our production sites based on their life cycle assessments. We want to increase eco-efficiency by 40% by 2030 ("Environment and climate protection", p. 49).

The transparency provided by life cycle assessments creates scope for innovation and progress. It allows for comparison of the ecological impacts of potential development initiatives based on factual information. We are also keen to share our environmental data with our customers and partners, as they are increasingly seeking such information. By practising open and transparent handling of our data, we are actively contributing to the acceleration of progress.

Reducing CO₂ emissions

Meeting the challenge of climate protection is contingent upon the collaborative efforts of the realms of business, policymaking and science. We want to play our part in this by working alongside others on targeted innovation projects that foster a climate-friendly future. Our internal CO₂ fund, which is financed by voluntary incentive taxes for our CO₂ emissions, plays a crucial role here. In 2023, we again used these funds to support the non-profit Association for the Decarbonization of Industry and the growth of the "V-Forest", while also initiating new collaborative projects such as "Circular Green Steel" ("Low-carbon-emissions steel in our own supply chain", p. 60) and the circular economy factory. We also financed a new electric truck.

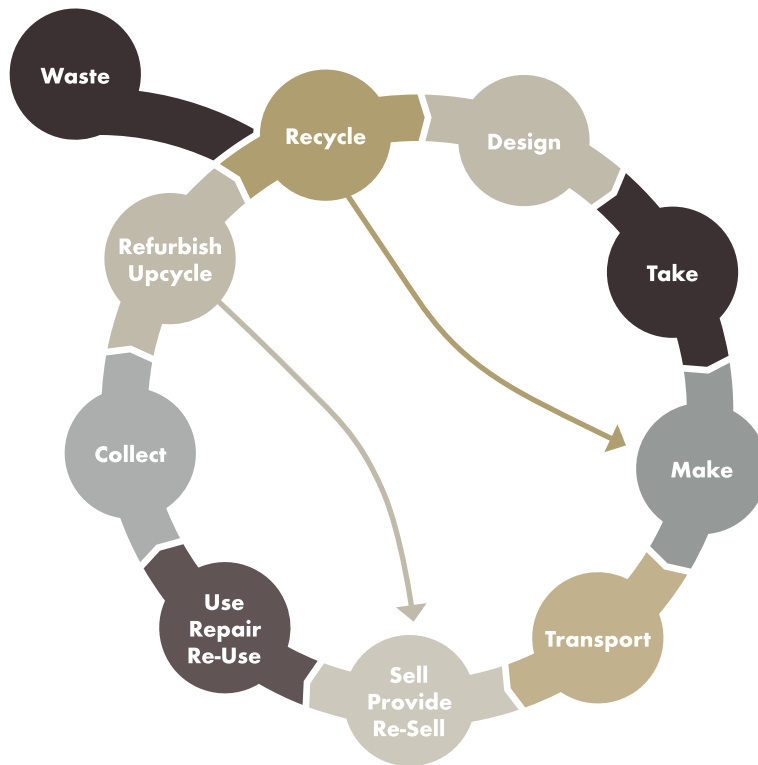
A more environmentally friendly energy supply is paramount if we are to reduce our emissions. Since early 2023, the Multi Energy Hub has been supplying our Zug site and the surrounding neighbourhood with renewable energy. In particular, we are reducing our consumption of natural gas and thus our CO₂ emissions ("Environment and climate protection", p. 49). 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.

As the majority of carbon emissions are produced when our appliances are used in the home, we want to help our customers use their V-ZUG appliances in an environmentally friendly manner. We therefore offer energy-saving tips via our V-ZUG Home app. Our CO₂ web shop, which was launched in 2022, has now been internationalised. This provides all our customers with the opportunity to offset the remaining emissions produced by their appliances through the "V-Forest" programme ("Environment and climate protection", p. 49).

New regulatory requirements for reporting

In light of the entry into force of the indirect counterproposal to Switzerland's Popular Initiative for Responsible Businesses, new legal obligations for corporate due diligence and non-financial reporting, including climate reporting, will apply in Switzerland starting from the 2023 financial year for companies above a certain size – including V-ZUG.

To fully comply with these requirements, we are supplementing the Sustainability Report with a report aligned with the framework of the Task Force on Climate-related Financial Disclosures (TCFD, p. 164) and a statement on the due diligence obligations in the supply chain (DDTrO p. 178).

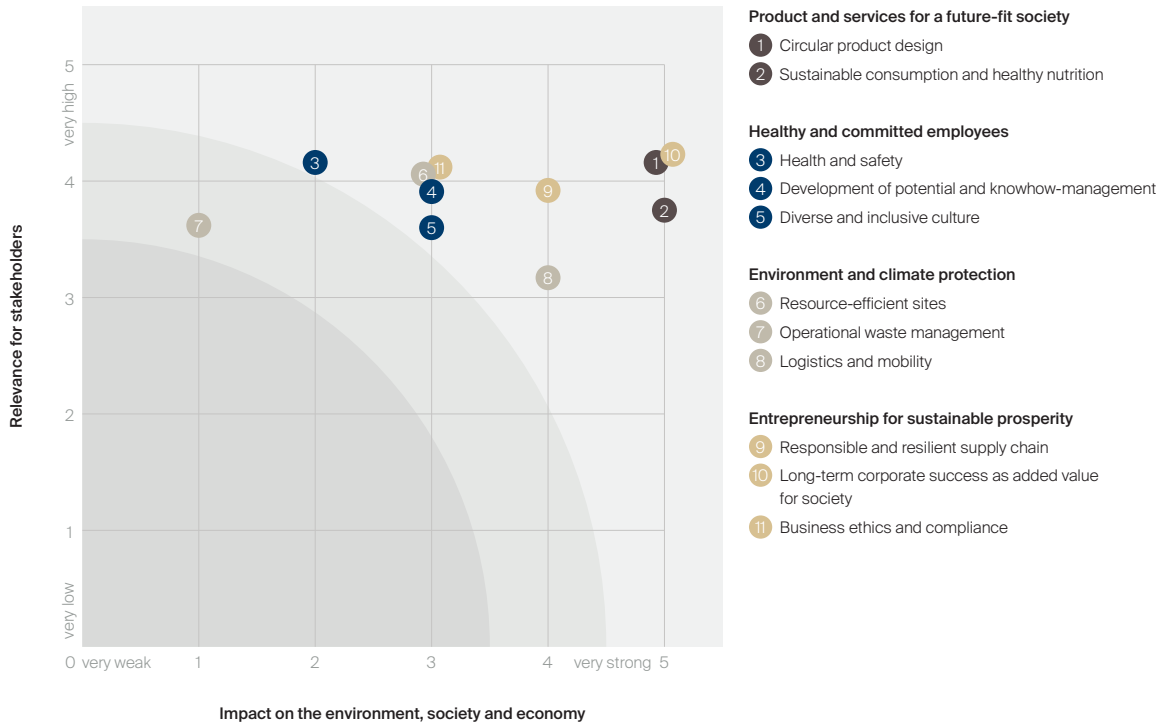


Material topics and focus topics for 2030

Following on from our stock market flotation, in 2021 we reviewed and honed our material sustainability topics together with internal and external stakeholders. We then combined a total of eleven topics into four priority areas and consolidated them to form guiding focus topics. These 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 central stakeholders in an online survey. These included the Board of Directors, Executive Committee, employees, customers, partners, suppliers, banks, investors as well as individuals from politics and science. Their evaluation of the relevance of the individual sustainability topics for V-ZUG are indicated on the Y axis in the figure below. The X axis indicates what effect V-ZUG has on the environment, society and economy, thus providing an impact-related perspective on 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 finalised with selected members of the Executive Committee and the Board of Directors (“Material topics: Framing and impact”, p. 137). The matrix clearly indicates that the vision of “Products and services for a future-fit society” is very much in focus. Along with “Circular product design”, this theme includes the 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.

The respective chapters provide an overview of our strategic goals and the outcomes achieved in 2023. The goals with measurable targets and key metrics are presented in detail in the appendix (“Targets and status”, p. 180). Setting targets remains an important yet difficult 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 approach of not setting arbitrary targets but instead setting the right ones – and then pursuing them rigorously. Our targets are officially approved by the Board of Directors and the Executive Committee.

Our contribution to the UN's Sustainable Development Goals

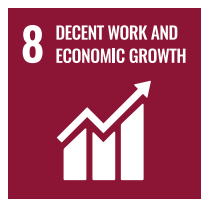
In our commitment to sustainability, we have align ourselves with the United Nations' (UN) 2030 Agenda for Sustainable Development and have therefore been a member of the Swiss Triple Impact (STI) initiative since 2020. STI is dedicated to promoting the attainment of the UN's 17 Sustainable Development Goals (SDGs). This Swiss initiative helps organisations 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.

SDG

Contribution of V-ZUG to the SDGs



- Products are resource- and energy-efficient in use
- Use and expansion of renewable energy sources 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")
- Energy efficiency in our processes and in facilities management, e.g. by using energy from waste heat



- 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 in 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



- Developing circular products
- Internal and external innovative strength
- Modern, resource-saving industry and infrastructure, particularly in developing the Zug site and the new building in Sulgen
- Using high environmental construction standards and innovative, sustainable construction methods at the Zug development site



- High-quality, durable and serviceable products with spare parts available for a period of 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



- 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 through 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. through the new mobility strategy

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



Products and services for a future-fit society

The V-ZUG brand stands for high-quality household appliances that are efficient and durable. With a great drive to innovate, we make our products and services fit for a sustainable future. To make optimal use of existing resources, we are gradually improving the circularity of our products and offering new business models. By providing ecological product features and numerous tips, we are helping our customers to use V-ZUG appliances in the most environmentally friendly manner.

A question of mindset and design

The circular economy begins in our heads. It inspires us to think critically about traditional production processes and consider them from a different angle. It implies a transformation in the mindset of the entire company and demands new avenues of cooperation between all players. While this is often difficult, we view this paradigm shift as an opportunity, and as an innovative, forward-looking company, we intend to use it. To that end, the Sustainability Working Group in the Development department works closely with other departments in putting circular economy principles into practice. At training seminars as well as in daily exchanges with developers, product managers and our Procurement department, the Sustainability Working Group highlights the advantages of products that are designed to be circular and points out the commercial opportunities associated with them.

The way a product is designed is crucial to its circularity. For that reason, we plan to develop all new appliances in accordance with our ten design-to-circularity principles by 2030. We pay particular attention to ensuring that an appliance is modular and can be easily disassembled. Simple dismantling will in future enable us to extract components and parts from decommissioned appliances by type and use them for new purposes. That way, the materials will remain in circulation, and we will require fewer primary resources. This is preferable to recycling, which creates mixed fractions. This principle is already resulting in the greater use of screws as opposed to glue in assembly: while gluing simplifies assembly, it makes the components less recyclable and harder to dismantle. Modularity, on the other hand, allows us to gradually retrofit appliances. In line with lean management principles, we also encourage the use of as many standardised parts as possible in a product group, and we are minimising the number of different materials. This reduces process complexity, cuts production waste and increases reusability. A high recycling and reuse rate is an initial product requirement. We are aiming for a reuse rate of at least 90 % by 2025 for new product releases.

How our company is evolving to meet the requirements of a circular economy, as well as how production processes will at some point change, is being tested in our "circular economy factory" pilot project ("The factory of the future", p. 38).

A focus on materials together with partners

In accordance with our circularity principles, we seek to minimise the amount of raw materials we use. Reducing weight means cost savings and also has a positive effect on environmental impact. Wherever possible, we also consider using materials with a high recycling rate. We give preference to materials that are easy to recycle and have a lower impact on the environment, in terms of both manufacturing and disposal. This strategic choice to use materials that make our products more circular and climate friendly requires us to work more directly with our suppliers, which is resulting in new collaborations ("Low-carbon-emissions steel in our supply chain", p. 60). As part of our active collaboration with the University of Lucerne, a group of students worked with us on a project in 2023 to identify which supplier relationships harboured the greatest potential for meaningful reusability of component parts. The results show that this is especially attractive for suppliers of mono-materials. With new development projects, we are strengthening our engagement with all players in the value chain, including with the involvement of our Procurement department, and we pay attention to the willingness of suppliers to take back materials. We do this because we know that our ability to offer appliances that are more sustainable depends upon strong partnerships. For this reason, we also carried out numerous projects with external recycling partners in the reporting year. One of them was in cooperation with the plastics manufacturer Georg UTZ AG. Together, we are conducting a pilot project on the manufacture of plinths for washing machines, tumble dryers and dishwashers using recycled materials.

Taking responsibility opens new paths

We take responsibility for our appliances over their entire life cycle. But what does that mean specifically? Firstly, we manufacture products that are as efficient and durable as possible and easy to repair. If the aim is to preserve existing resources and reduce the impact on the environment, then repairing a product should normally be prioritised over buying a new one. Robust durability and a timeless design are also an important basis for sustainable business models, including with used appliances. With our Second Life model, we are extending the lifespan of our household appliances that are prematurely withdrawn from service, such as demonstration models or appliances returned by customers. Instead of being prematurely passed on for recycling, they are given a new life through refurbishment and can be purchased in the online shop of the SIBIR Group. We ran this business model on a pilot basis in 2023, and we plan to expand it in the coming years. In addition, we have long taken responsibility for providing services in the event of a fault or damage. With V-ZUG's "Product as a Service" (PaaS) business model, we offer a real alternative to outright purchase. We retain ownership of the household appliances, and customers sign a PaaS contract giving them use of the appliance plus servicing and support solutions at fixed rates. When the contract comes to an end, we take the appliances back. That way, we control the flow of materials and ensure that the appliances and their component parts remain within the closed materials cycle for as long as possible.

Product life cycle assessments create transparency

Moreover, we take responsibility for the environmental impact of our products. We therefore want to know precisely how an appliance affects the environment over its entire life cycle. As in the previous year, we also invested significant resources in the reporting year in further product life cycle assessments, and we enhanced our expertise with "Sustainability Expert Engineering". We had set an objective of creating an LCA for each reference appliance in all eleven product categories by 2023, and we vastly exceeded that goal: as of the end of the reporting year, we had prepared a total of 32 product life cycle assessments. To obtain LCAs that are as accurate as possible, we made tailored modifications to the processes and material databases that are examined by our analysis tool SimaPro. All product life cycle assessments and the methodology utilised were reviewed by experts from Carbotech.

We evaluate LCAs using three methods: according to ecopoints (EP), CO₂-equivalent and monetary value. These indicators provide a solid basis that enables us to utilise materials and processes in the development phase which have the lowest possible environmental impact. LCAs conducted according to ecological scarcity (MöK2021), measured in EP, carry the most weight in our decision-making processes, as they take into account a broad spectrum of 18 impact categories. These include the greenhouse gas effect, soil and water acidification, noise, and toxicity for humans and the ecosystem. The aim is to cut EP by at least 5% on all new products developed as compared with their predecessor models. The product life cycle assessments show us where we can start. In this regard, we always need to find an optimal balance between environmental impact and production costs.

The product life cycle assessments conducted in 2023 provided us with fascinating insights. On the one hand, with a share of 30 to 50%, depending on the product category, manufacturing has a greater environmental impact than we assumed. On the other hand, electricity consumption during use has a strong effect on EP. Our contribution in this regard is offering household appliances that are highly energy efficient. This once again shows that the way in which appliances are used by the customer is decisive for the associated environmental impact.

Prioritising environmentally friendly use

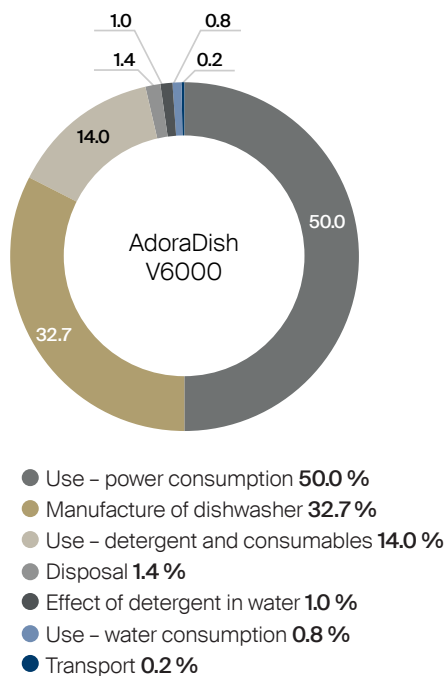
In this spirit, we believe that part of our broad responsibility includes helping our customers use their appliances in an environmentally friendly manner. Eco functions reduce the ecological footprint compared to a conventional programme. Although eco programmes take longer, the long soaking time means they require less heat and therefore less energy to achieve equally good results. Integrated EcoManagement functions predict the energy and water consumption of appliances. To keep our customers even better informed, we make targeted use of the opportunities afforded by digitalisation and the networking of appliances. We offer many energy-saving tips via the V-ZUG Home app. Moreover, we further augmented the EcoManagement functions in the reporting year. Our app now informs customers via push notifications about the precise amount of energy consumed by the selected programme. This allows customers to compare transparently how differences in appliance use affect resource consumption. Clear information provides the basis for more environmentally friendly decisions.

Tried-and-tested products, efficient innovations

In 2023, our “Adora” washing machine celebrated its 65th anniversary. The “Adora” has long stood for reliable durability, efficiency and quality. In the reporting year, we upgraded the “Adora” with technical modifications, and all models now have an energy efficiency rating of A. We also launched a new flagship product, the “CombiSteamer V6000 Grand”, thus expanding our expertise in the steamer category. Steaming is considered to be one of the gentlest ways of cooking, and with its numerous functions, the “CombiSteamer V6000 Grand” makes it easy for our customers to prepare healthy meals and quickly reheat leftovers without sacrificing flavour.

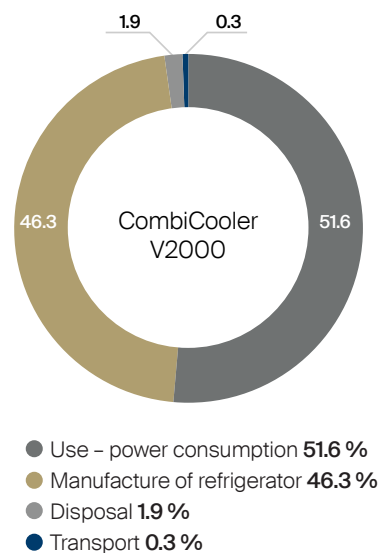
In addition, we worked on a new refrigerator platform in 2023. The redevelopment was mainly driven by considerations obtained from the product life cycle assessments and observations across the entire lifetime. These show an EP increase of 39 % in the assembled condition, primarily due to new insulation materials. However, we have reduced the total EP figure by about 20 % over the entire lifetime of the appliance, since this specific insulation material massively increases the refrigerator’s energy efficiency. It can therefore be beneficial to invest more in the materials used – known as “grey energy” – if this improves the total LCA over the operating life. We are currently discussing with our partners how we can further increase the circularity of refrigerators. It is already clear today that we will lower the EP for the new refrigerator platform by 5 % and achieve a reuse rate of 90 %.

Product life cycle assessment in %



Product life cycle assessment (cradle to grave), “AdoraDish V6000” in ecopoints (EPs): Total 2.60 million EPs / comparison in CO₂ emissions: Total 0.83 t CO₂ (distribution of CO₂ and EPs varies)

Product life cycle assessment in %



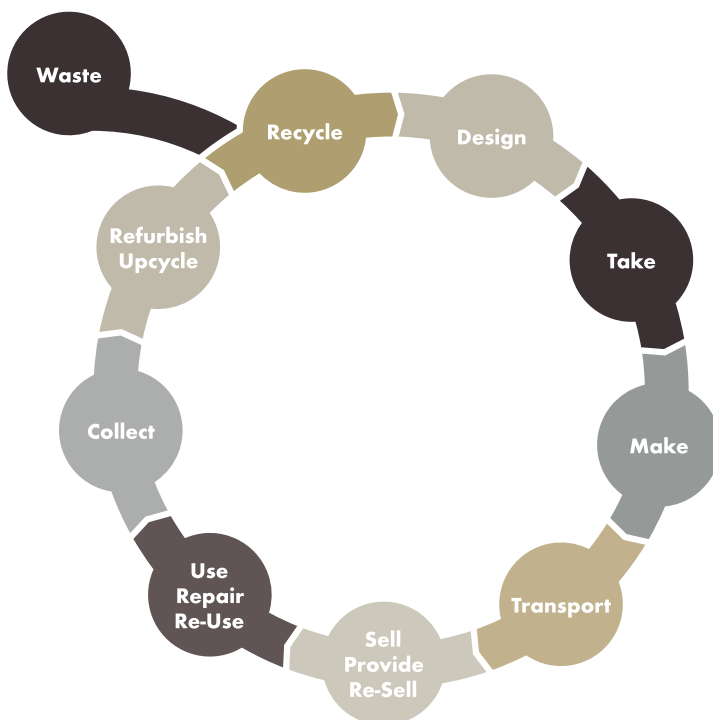
Product life cycle assessment (cradle to grave), “CombiCooler V2000” in ecopoints (EPs): Total 1.71 million EPs / comparison in CO₂ emissions: Total 0.64 t CO₂ (distribution of CO₂ and EPs varies)

Targets, facts and figures

Targets	Baseline and target years	Status
Efficiency		
One appliance per product category in the top 3 for efficiency (comparison site TopTen)	Annual review	Not achieved
Increase fleet efficiency of all appliances (energy and water) by 5%	2021; 2030	On track
All our current network-enabled appliances have extensive integrated eco-functions/ services	n.a.; 2025	On track
Circularity		
Life cycle assessments for all appliances (one reference model per category)	n.a.; 2023	Achieved (since 2023)
Achieve 90 % recyclability of appliances	Development projects; 2025	On track
Reduce ecopoints (EPs) by 5%	Development projects; 2030	On track
All appliances developed according to circularity principles	Development projects; 2030	On track

Targets, results and status in relation to the focus topic "Products and services for a future-fit society" (abbreviated; details in the appendix to the Sustainability Report) Possible statuses: Achieved, On track, Delayed, Not achieved (if new target: Initiated)

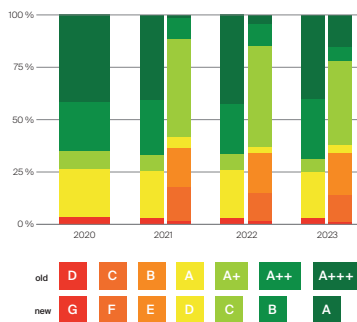
"Design to Circularity" guidelines – promoting the circular economy in product design



The ten principles of circular design at V-ZUG

- 1) Enable disassembly/restorability
- 2) Enable reuse
- 3) Reduce materials
- 4) Integrate electronics sparingly and consciously
- 5) Modularity for retrofitting
- 6) Use of recyclable materials
- 7) Environmentally friendly selection of materials
- 8) Enable environmentally friendly use
- 9) Promote repairability
- 10) Promote longevity

Appliances supplied with label, by energy class

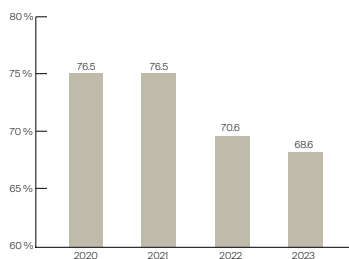


V-ZUG appliances still in efficiency class A

In 2023, around 97% of all V-ZUG appliances shipped continued to have an energy efficiency rating of A or higher (adjusted to standard label to enable comparison¹). Following the introduction of new, more stringent energy efficiency regulations in March 2021, the energy efficiency classes for washing machines, dishwashers and refrigerators were rescaled (column on right). In the 2023 reporting year, the percentage of sold appliances rated in the top three efficiency classes (A to C) remained steady at a pleasing 63% (rescaled products).

¹ Applies to V-ZUG appliances with a regulatory energy efficiency classification according to the energy efficiency regulations in force at the end of 2021. For ease of comparison, we have stated already rescaled appliances according to both the old and the new classification. Some types of appliances are not assigned an energy classification (e.g. hobs and microwaves). Such products account for around 22% of all V-ZUG appliances shipped.

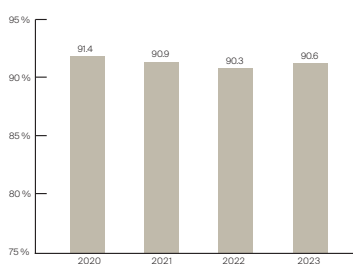
Fault rate¹
(indexed to 2015 baseline)



We are addressing the causes of faults

Thanks to sustained quality initiatives, we are continuing to implement many improvements across the company and consequently have reduced the fault rate by 2 percentage points to 68.6% (indexed to 2015 baseline). All problems are tracked and analysed by Product Quality Monitoring and then processed in a targeted manner.

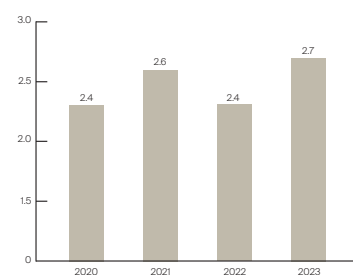
First-time fix rate¹



First-time fix rate remains very high

The first-time fix rate for service visits in 2023 remained very high at 90.6% (2022: 90.3%). Supply chain problems eased in 2023, which caused the first-time fix rate to develop positively.

Average response time in days¹



Despite longer response times, customer satisfaction is gratifying

The average response time increased somewhat (from 2.4 to 2.7 days) compared to the previous year, while customer satisfaction remained high.

Customers rewarded us with a record Net Promoter Score (NPS) of +76. We are very pleased that the V-ZUG brand was once again viewed very positively and perceived to be very sustainable.

¹ Values for Switzerland between 2020 and 2022, and globally for 2023.

The factory of the future

The transformation toward a circular economy entails enormous changes. What does that mean for our company specifically?

Our “circular economy factory” pilot project shows how V-ZUG will in future not just manufacture new household appliances, but also take back previously delivered appliances and repair them or completely dismantle and restore them. A triage takes place in the circular economy factory, which determines how the returning resources will be handled. “Many people are unaware that the recycling economy we have today mostly results in down-cycling, that is, a devaluation of the materials”, says Daniel Frost, Intrapreneur Circular Economy. By contrast, the circular economy factory aims to keep high-quality resources in circulation as long as possible by repairing or dismantling them. In this new ecosystem, materials flow in a closed loop. “Production processes will take place in an integrated, collaborative manner”, explains Marc Vetterli, Sustainability Expert Engineering at V-ZUG. Vetterli is responsible for performing life cycle assessments for our products, among other things. This systematic analysis of the materials reveals how circularity can be improved and the environmental impact can be reduced.

One thing is clear: in the circular economy, close cooperation is essential. “In the circular economy factory, I can demonstrate to our teams from Development, Procurement and Business Development in tangible terms what the circular economy will look like at V-ZUG”, says Frost. Collaboration with external partners is also crucial: “We were amazed at how willing our local suppliers were to embrace new ideas”, says Marcel Niederberger, Head of Sustainability. “Our efforts might not yet be clearly profitable, but in the long term, there are many benefits – for the environment but also in terms of supply chain security and our costs”, adds Niederberger.

The pilot project was financed with CHF 200,000 from the internal CO₂ fund. How and where the circular economy factory will someday be operated is still an open question. Today, we are already highly motivated to seize the many opportunities offered by the circular economy.

Contribution to SDGs 7, 9, 12 and 13



V-ZUG offers durable, resource-efficient appliances for the modern home. We are raising customer awareness of environmental protection with specific functions and making eco-friendly housekeeping straightforward. At present, our key focus is on the circularity of our products. Our aim is to manufacture products from sustainable materials and components that can be upgraded, repaired, reused, refurbished or recycled. That way, our high-quality appliances will remain in circulation for longer, reduce environmental impact and create long-term added value. Such circular approaches are necessary to make our economic system more resource efficient and decouple prosperity from environmental degradation. V-ZUG is able and willing to proactively lead the way here.

**NACHHALIGE
METHODE**

Produktion, Montage, Reparatur, Wartung, Ersatzteile, Recycling, Kreislauf-Service, Reparatur vor Ort, Kreislauf-Store, Naturale Endnutzung, Verkauf



Circular economy factory pilot project for the "Closing the Circle" vision



Healthy and committed employees

Consistent customer focus, a feel for top quality and precision, a strong spirit of innovation plus personal commitment and conviction every single day: our more than 2,000 employees are the driving force behind the success of V-ZUG. With them, we break new ground and uphold both our brand promise and the excellence of our “Swiss made” products. We provide a contemporary and inclusive working environment that meets high health and safety standards. We act in accordance with our core values, appreciate our diversity and drive our vision forward together.

For a forward-looking V-ZUG

Our company continues to undergo a profound transformation. Across all processes, we strive for the best possible quality and efficiency to ensure our customers are satisfied and our success is sustainable. This requires forward-looking management and an inspiring working environment that allow our employees to give their best for our brand. In recent years, we have enshrined our mission statement by setting out our vision, mission and core values and honed the principles of our collaboration. In 2023, we launched the previously piloted V-ZUG management principles for all executives. The principles are based on five central behaviours and competences that make for successful managers in difficult times. They create a management culture of mutual support and practical dialogue. The approach of collegial guidance strengthens the interdisciplinary cooperation in our management team. Our 250 executives have been put into 40 peer groups that support each other on a daily basis and exchange ideas.

Constructive feedback and active listening are the management principles that drive our dealings with one another. In many strategic initiatives, we deliberately opt for a bottom-up approach and inclusive communication, so everyone can contribute their thinking and ideas. Regular employee surveys are another tool for checking the pulse of our workforce. In 2023, we conducted a further global survey that, for the first time, was implemented digitally in all departments. The response rate was a high 85 %, and the results confirm that the measures taken are having a positive impact. 80 % of employees rate their situation at work as satisfactory. The workload figures improved significantly by 5 percentage points. In the 2021 survey, we ranked slightly below the Swiss benchmark for “work satisfaction”, “commitment” and “engagement” – but we matched it in 2023. This is a clear sign that the actions we have taken are having an impact. By contrast, satisfaction with company management declined several percentage points, which is understandable. The economic environment in 2023 was again difficult and the management of V-ZUG had to make unpopular decisions. The overall results give us grounds for confidence, and we will do all we can to keep our scores at a high level.

Efficient work made easy

Our stated target is to bring more simplicity and creativity into our customers' homes. We also want to make life simpler for our employees on a daily basis by offering flexible working arrangements. Following proven positive experiences, we further extended the “smart work” principles. Our teams set the rules for their cooperation jointly. Clear arrangements encourage a forward-looking approach to the potential drawbacks of flexible working; permanent availability and a high workload resulting from efficiency gains can be real stress factors. However, the data and feedback speak for themselves: employees feel more productive thanks to smart work, and they appreciate, for instance, the reduced commuting times. This latter point is also good for the environment (“Smart work – more productivity, less stress on the environment”, p. 46). We are also constantly optimising our working processes and increasingly turning to agile and digitalised procedures. We train our employees in “scrum” and “design thinking” methods and use the scaled agile framework to implement digitalisation projects. The new collaborative ways of working make us a dynamic employer and boost the employability of our staff.

Diversity: a fundamental attitude and a factor for success

Equality of opportunity is an essential core value in our corporate culture. We firmly believe that inclusiveness and diversity add value. Our employees bring a wide range of personal and professional backgrounds to the company, as well as their own cultural practices. Around 50 nationalities can be found in Zug alone. Respect, tolerance and appreciation of others are essential principles for our collaboration. No one should experience discrimination on the grounds of gender, age, origin or religious or political beliefs. The Human Resources (HR) department is represented on the V-ZUG Executive Committee, and inclusion and diversity are therefore embedded at the very highest level. This diversity of outlooks promotes innovation and makes us a strong and attractive employer. Moreover, at a time when skilled workers are in short supply and demographics are changing, an inclusive working environment is absolutely essential.

As an industrial company, we pay special attention to the gender mix and actively encourage its balance. Our aim is to have women representing 25% of the leadership team, including the Executive Committee and Board of Directors, by 2025. During the reporting year, this figure was again lower than desired at 20.8%, partly because we reclassified our levels of management the year before. Across the firm, 23.7% of our employees were women in 2023, 0.7 percentage points down from the previous year. Despite our considerable efforts, it remains a challenge to increase the proportion of women at the company in the short term. We have therefore decided to maintain the level of ambition behind our targets, but to change the target year to 2030.

We took further action in 2023 to attract more female workers and managers to V-ZUG. We introduced new standards and training in recruiting to prevent gender stereotyping and bias, which can have serious consequences. We also launched the “Trau dich!” (“Dare to lead”) campaign to boost women’s self-confidence. As part of this, 30 female employees were given an additional development consultation and attended an external seminar of their choice. Our “Be Aware” campaign saw activities promoting inclusivity and diversity in practice, and our dedicated women’s network regularly delivers initiatives. We promote awareness of diversity in the existing structures and think hard about our use of language and visual communication. We are constantly striving for a more inclusive mindset. Equal pay is already observed as a matter of course.

We are not only committed to a balanced mix of genders and generations, but also to the inclusion of people with disabilities. In cooperation with the Obvita Foundation, depending on the state of the order book, we employ between 8 and 15 people with a disability for simple tasks at the refrigerator factory building in Sulgen. Inclusion also means ensuring continued employment in connection with case management. At present, we are able to reintegrate around 70% of employees following an extended health-related absence.

V-ZUG: sustainably competent

Investing in the qualifications of our employees is key to V-ZUG remaining competitive. In the reporting year, we invested 0.62% of payroll spend in education and training, just below our target, and 1.39% of payroll spend in vocational training, in line with our target. Our training strategy and succession planning are based on an individual skills- and performance-based evaluation that uses the framework of the internal competency model. V-ZUGacademy is our internal training unit. We provide training sessions, development programmes and management education, and develop the offering to reflect needs. As a company that provides training, we also teach young apprentices: we had 89 in 2023. We now also offer apprenticeships for the Federal VET diploma as a road transport specialist. We are taking proactive steps to combat the shortage of skilled workers through sector-wide solutions, for example in the service technicians department, where we are working with other firms to design an apprenticeship for service technicians.

Healthy for today and tomorrow

As a company, we are only as strong and fit as our employees. Our occupational health and safety management programme is certified to ISO 45001. We also received the “[Friendly Work Space](#)” label in 2022. We regularly cover issues related to physical and mental health and provide relevant offerings. External counselling is available to our employees who find themselves in difficult situations or who have serious grievances.

During the reporting year, we enhanced our three-part occupational safety plan, which consists of regular inspections, low-level safety talks between line managers and their employees, and the occupational safety contacts (KoPAS). As of 2024, 26 trained members of staff will be active as KoPAS in their departments. Together with our occupational safety managers, they raise awareness of hazards and correct conduct across the company. As is the case each year, we ran a campaign again in 2023. Under the motto “Safe lifting and carrying”, we addressed the most frequent cause of accidents at V-ZUG. All managers also attended a half-day SUVA training session to make them aware of their legal responsibilities and the need to set an example. We achieved our target reduction in the accident rate in 2023. The number of accidents was down considerably from 88 in 2022 to 75. This represents a reduction of 15% (target: 5% reduction per year).



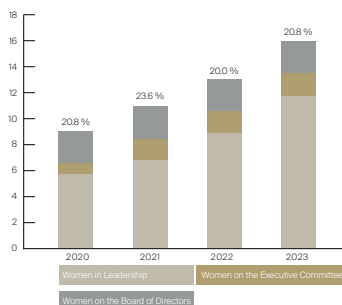
Headline image for the occupational safety campaign:
Lifting and carrying

Targets, facts and figures

Targets	Baseline and target years	Status
Occupational safety: vision “zero” and 5% annual reduction in the number of accidents	Annual review	Achieved
Long-term health: we will stabilise the absence rate by 2025 and lower it in the long term.	2020; 2025	On track
Investment in education and training: 0.65 % of payroll spend	Annual review	Not achieved
Investment in vocational training: 1.35 % of payroll spend	Annual review	Achieved
Diversity: we will increase the proportion of women across the Group.	k.a.; 2025 (new: 2030)	
1) In leadership team, incl. Board, to > 25 %		1) Delayed
2) Same proportion in management team as across the entire company (see 3)		2) Delayed
3) In the entire company		3) Delayed
Inclusion: employees feel included and show commitment, and work satisfaction is high: target > 80 %	Survey every 2 to 3 years	On track

Targets, results and status in relation to the focus topic “Healthy and committed employees” (abbreviated; details in the appendix to the Sustainability Report)
Possible statuses: Achieved, On track, Delayed, Not achieved (if new target: Initiated)

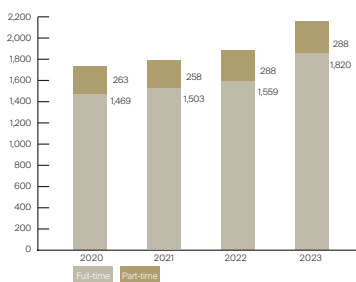
Women in management roles



Continued rise in number of women in senior management

The definition of senior management roles (leadership team) was revised, expanded and rolled out across the Group in 2022. The proportion of women in the leadership team rose 0.8 percentage points in 2023 from the previous year to 20.8%. Across the company in 2023, the proportion of women overall was 23.7%, and in all management roles it was 20.6%. Both figures declined slightly in the reporting year.

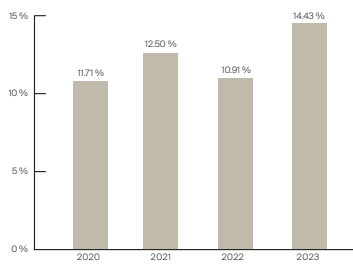
Permanent employees by part-time/full-time working hours*



Part-time: still a popular working model

Our employees are increasingly welcoming and taking up the option of tailoring working hours to their individual circumstances either at the start of or during their employment contract. The percentage of employees with flexible working hours (<100%) fell 1.93 percentage points from the previous year to 13.66%. This is attributable to the fact that we report the figures globally from 2023 and that less part-time work is performed outside of Switzerland.

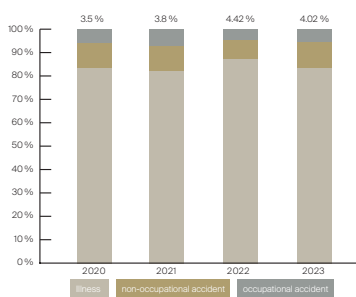
Turnover rate¹⁾



The turnover rate rose slightly

298 new employees joined in 2023. Over the same period, 308 people left the company. This equates to a turnover rate (excluding retirees and apprentices) of 14.43 %, up 3.52 percentage points compared to 2022.

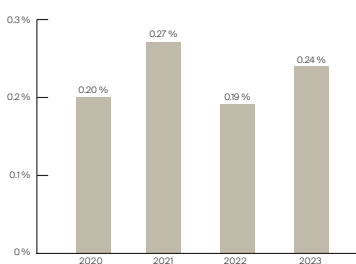
Absence rate by cause¹⁾



Sickness accounts for majority of hours lost

The lost hours rate for 2023 was 4.02 % (of contracted hours) in total, 0.4 percentage points lower than the previous year. Down almost 4 percentage points during the reporting year, illness was the most frequent cause of absence at 83.25 %. The number of lost hours due to workplace accidents increased 1.58 percentage points from the previous year, although the number of accidents fell compared to the previous year. The campaign run in 2023 to reduce accidents in the workplace is having an effect.

Hours lost due to occupational accidents¹⁾



Fewer occupational accidents recorded

V-ZUG recorded 75 occupational accidents during the reporting year. These generated a total of roughly 7,491 lost hours, or 0.24 % of contracted hours (2022: 0.19 %). We are putting targeted measures in place and raising awareness of hazards in the workplace and correct conduct across the company.

¹⁾ Values for production sites between 2020 and 2022, and globally for 2023.

Smart work – more productivity, less stress on the environment

How do we design our work to achieve both the best results for customers and ideal framework conditions for our employees? The answer is smart work: V-ZUG uses flexible working models. “We learned lessons from the COVID-19 pandemic and have carried forward the positive aspects from that time”, says Fabian Britschgi, Head of Corporate Health. After an evaluated pilot project in 2022, the smart work principles were rolled out across the company in the reporting year. Internal surveys indicate that smart work raises satisfaction with working conditions considerably. The team led by Roman Kaufmann, Head of Global Product Management Kitchen at V-ZUG, appreciate the flexibility in terms of where and when they work: “We are more motivated and more productive because our individual needs are better taken into account”, he says. However, if the collaboration is to work, clear agreements are needed: “Each team uses a team charter to discuss the principles and priorities that apply”, says Britschgi. It’s the only way everyone can rely on each other. “We plan our availability and set the rules together – that builds trust and helps us to create boundaries around work”, comments Kaufmann. In addition: “We have found the method that suits us, and our team spirit is just as high as it was before, even though we are present at different times”, he adds.

Smart Work lets us bring our interests as an employer as closely as possible into line with those of our employees. The programme promotes a work-life balance and has a positive impact on our ecological footprint. Like the mobility strategy we introduced in 2020, Smart Work also reduces motorised private transport, cutting emissions and the number of parking spaces needed. The latter fell 26% in 2023 compared to 2020. More sustainability and more satisfied teams in one – that’s smart.

Contribution to SDG 8



We influence SDG 8 by the way in which we shape the working environment and relationships, and by where we create jobs. We follow high standards in personnel management and invest in secure, attractive jobs, as well as in the skills and employability of all our staff. We thereby seek to create interesting prospects for employees and offer young people in particular outstanding apprenticeship training and exciting development paths. We promote diversity and equal opportunities, integrate people with disabilities and deliver equal pay for equal work.

Leadership Principles V-ZUG

Think customer first	Succeed together	Disagree and commit	Decide and act	Grow yourself and others
I strive for the best outcome to benefit our customers	I understand that making V-ZUG successful benefits us all	I seek opinions, discuss and commit	I take ownership and act as an entrepreneur	I take responsibility for my own development and that of others





Environment and climate protection

We are actively taking measures to reduce our environmental footprint. First and foremost, we avoid and reduce CO₂ emissions throughout the entire value chain. We use renewable energy sources, strive towards energy efficiency in new builds and renovations, and we are electrifying our service fleet. In addition, our CO₂ fund enables us to make climate-friendly investments. We are working on more environmentally friendly solutions with our suppliers and closing the loops in material and waste flows. We offset the remaining emissions with the “V-Forest”.

Achieving the “net zero” target by 2050 poses great challenges to our economy and society. As a company, we are making our contribution to the necessary transformation and proceeding with bold strides.

For the 2023 financial year, we are reporting in line with the rules of the Task Force on Climate-related Financial Disclosures (TCFD) for the first time. Our existing risk analysis process has been expanded for TCFD reporting. For the areas of governance, strategy, risk management as well as targets and key indicators, we disclose how certain climate-related risks and opportunities affect our company and how we deal with them. We see risks, for example, in “greenwashing”, in supply difficulties resulting from extreme weather conditions and in health-related productivity losses among employees. However, we also see great opportunities, such as the changing consumer preferences for energy-efficient appliances or new business models (TCFD; p. 164).

Comprehensive decarbonisation

In the reporting year, we implemented our new environmental policy that unequivocally sets down the following: We treat resources with care and endeavour to minimise our impact on the environment and continuously improve our products, services and processes. We assume responsibility for emissions generated along the entire value chain, including indirect upstream and downstream emissions. From how our suppliers extract raw materials to our production and the emissions generated in the use of our appliances: we take a wide range of measures and enter into partnerships to promote our goals. By 2030, we will reduce our Scope 1 and 2 emissions as per the Greenhouse Gas (GHG) Protocol by 80 % compared with the base year 2020. These are direct emissions from operations, which we can influence ourselves. With regard to indirect emissions in the upstream and downstream value creation chain (Scope 3), we will strive to achieve a reduction of 30 % over the same period. We are contributing to this goal by increasing the energy efficiency of our appliances and promoting the circular economy. A key part of this reduction also depends on the energy mix used by our customers, which is continuously improving with the expansion of renewable energies (electricity consumption during use).

Evidence-based measures

Since 2021, we have been drawing up business life cycle assessments for our three production sites in Zug, Sulgen and Changzhou. Together with our product life cycle assessments, this means we are quantifying all environmental impacts caused by our production processes, products and services throughout their entire life cycle. We calculate our ecopoints (EPs) using the recognised ecological scarcity method ([Mök2021](#)). The distribution of EPs indicates where we have the greatest leverage in reducing emissions in operations and with our products. We derive our ecological efficiency from our life cycle assessments. This describes environmental impact relative to net sales. By 2030, we want to increase our ecological efficiency by 40 % and decouple economic growth from environmental impact. Although we implemented all environmental measures, ecological efficiency could only be increased slightly due to lower net sales in the reporting year (+2 %). Compared to the baseline year of 2020, cumulative ecological efficiency amounts to + 23 %.

Internal CO₂ fund as a driver of innovation

Together with the Metall Zug Group, we launched an internal CO₂ offset levy in 2018. The Group companies pay CHF 120 into a fund per tonne of CO₂ emitted. This concerns all Scope 1 and 2 emissions as well as Scope 3 emissions from business flights. The voluntary CO₂ levy has proven to be a strong incentive for sustainable business decisions and is used to finance pioneering projects that might not yet be feasible from a purely economic perspective. The CO₂ fund promotes the transformation of the local energy supply, among other endeavours. The fund supports the [Association for the Decarbonization of Industry](#) to the tune of CHF 1 million, for example. Its goal is to produce environmentally friendly hydrogen through methane pyrolysis for use in high-temperature processes and in transportation. In 2023, the association identified the supplier of the demonstrator plant to

be connected to our high-temperature oven. The financial resources from the CO₂ fund enable us to participate in the endeavour to produce hydrogen commercially. Whether or not the association will be able to do so at attractive market prices will depend significantly on the future prices of green electricity. The CO₂ fund made even more investments possible in 2023, including the procurement of low-carbon-emissions steel ("Low-carbon-emissions steel in our supply chain", p. 60) and the piloting of our circular economy factory ("Products and services for a future-fit society", p. 33).

Sustainable energy systems and mobility

Achieving more sustainable development requires a rethink in the supply of energy. This entails costs and risks, but also releases powers of collaboration. Since December 2022, the Multi Energy Hub has been supplying our Zug site and the surrounding neighbourhood with renewable energy from photovoltaics, groundwater and lake water as well as process heat from our operations and neighbouring companies in a phased manner. In this way, we will reduce our future consumption of natural gas and thus our CO₂ emissions ("The cycle of energy", p. 54). With a financing boost from the CO₂ fund, Tech Cluster Zug is also reviewing the expansion of additional renewable energy. We already produce our own solar energy using photovoltaic systems installed on our factory roofs. The supply varies each month, and we are able to cover around 4% of our energy consumption with these systems on average. In Zug and Sulgen, we procure 100% Swiss hydropower. We are reducing the emissions from the consumption of diesel – a major driver of our environmental impact besides natural gas – by electrifying our vehicle fleet. In the reporting year, 18 electric service vehicles were commissioned and a further 32 are planned to follow. Together with AMAG, an important partner, we are working intensively on the necessary charging infrastructure for our service staff at home. Our new e-truck has been in service since October 2023. This was financed with CHF 200,000 from the CO₂ fund. At present, electric trucks cost around three times as much as conventional lorries but will pay for themselves over a period of ten years.

Smart material and waste flows

Environmental management at our Zug site is certified in accordance with ISO 14001. We are reducing our volume of waste and see unavoidable waste primarily as raw materials that we bring back into the cycle. We are working with external partners for this purpose, as well as revising our waste and disposal concept as a result of the site transformation. In the vertical factory, we are improving all internal and external goods and disposal flows. This will also have an effect on our suppliers' deliveries. Materials that we cannot recycle are disposed of appropriately. Around 80% of our waste is sent for recycling. We are aided with the recycling of returned and worn-out appliances by the nationwide return system operated by the SENS Foundation.

Offsetting for climate protection

Despite our efforts, we are not yet able to avoid all CO₂ emissions. Since 2020, we have been offsetting all Scope 1 and Scope 2 emissions as well as the Scope 3 emissions from our business flights using the CO₂ fund. This enables us to offer household appliances made using CO₂-neutral production. Our offsetting contributions go towards the "V-Forest", a reforestation project in Scotland in cooperation with the Ripa Gar Foundation. In addition to tree planting by volunteers – including team members at V-ZUG UK – the next stage was planned in 2023 for reforestation with 300,000 trees in the coming years.

Even the most energy-efficient household appliances cause emissions through electricity consumption when used. The amount of emissions produced depends on the energy mix. Alongside tips and tricks for using our products in a more environmentally friendly manner, we have been offering customers the opportunity to offset the CO₂ emissions of their appliances with just a few clicks in the [CO₂ web shop](#) since 2022. The estimated average consumption over a service life of 15 years is based on an internal calculation that takes into account eco-design guidelines and real-life figures from our repair service business. This results in the offset price based on CHF 40/t CO₂. A fully equipped kitchen can be offset with as little as CHF 120. Since the end of 2023, our CO₂ web shop has been available worldwide in a new design. Our customers across the globe can now offset the CO₂ emissions from their use of our appliances. To calculate the emissions, we apply the average consumer energy mix of the respective country.



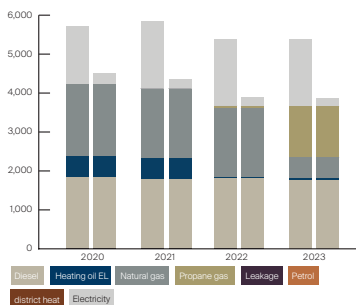
First electric truck in the V-ZUG fleet – vehicle lettering:
100 % electric – contributing to lower emissions

Targets, facts and figures

Targets	Baseline and target years	Status
CO₂ emissions		
To be CO ₂ -neutral at all production sites in Scope 1 and 2 (incl. offsetting)	Annual review	Achieved (since 2020)
To reduce the remaining Scope 1 and 2 emissions by 80 % (long-term ambition: 100 %)	2020; 2030	On track
To have transparency regarding our Scope 3 emissions	n.a.; 2021	Achieved (since 2021)
To reduce Scope 3 emissions by 30 %	2020; 2030	On track
Environment and waste		
To continuously reduce the amount of waste through targeted initiatives and by optimising disposal methods. For years, we have not disposed of any waste in landfill sites, and we are maintaining this approach.	2020; 2030	On track
To reduce the relative impact on the environment continuously and increase ecological efficiency by at least 40 % by 2030 (ecological efficiency: environmental impact relative to net sales)	2020; 2030	On track

Targets, results and status in relation to the focus topic "Environment and climate protection" (abbreviated; details in the appendix to the Sustainability Report)
Possible statuses: Achieved, On track, Delayed, Not achieved (if new target: Initiated)

CO₂ emissions (Scope 1 and 2) in t



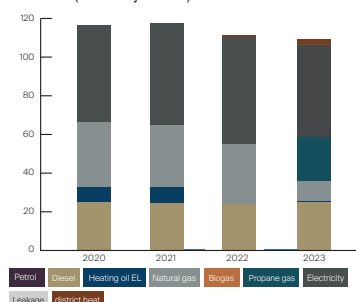
Transformation delayed: emissions remained constant compared with 2022 (+ 0.02 %)

With the heat pump in our new refrigerator factory building in Sulgen, we have completely eliminated emissions caused by heating oil at the old site in Arbon. In 2023, the expansion of the Multi Energy Hub at our Zug site to other buildings was delayed due to construction issues. As a result, temporary measures were put into operation using heating oil, with propane used to power boilers. The significant effect of the Multi Energy Hub on the reduction of natural gas and propane will only materialise in 2024. Total emissions, market-based: 3,690 t CO₂.

We are now showing the emissions generated by purchased electricity (Scope 2) twice: once as market-based (right-hand bar, purchase of renewable power, 100 % Swiss hydropower for Zug and Sulgen), and once as location-based (left-hand bar, emissions of power obtained at sites). This serves to provide transparency and comparability for the emissions generated from power consumption.

Scope 3 emissions (11 relevant categories) can be seen in the accompanying GRI index.

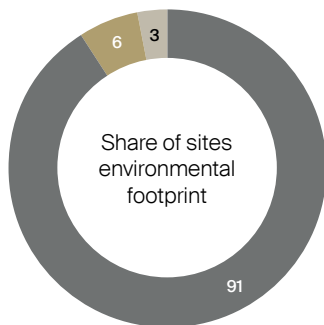
Energy consumption at V-ZUG by energy source (in terajoules)



Absolute energy consumption remains constant

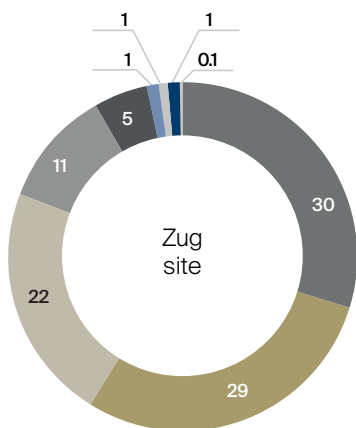
In 2023, V-ZUG's absolute energy consumption was 107.7 terajoules. This is composed as follows: electricity (46.18 %), natural gas (9.25 %), biogas (0.00 %), heating oil (0.89 %), propane gas (19.61 %) as well as diesel (21.51 %) and petrol (0.00 %) for our vehicle fleet. Compared to 2022, energy consumption remains relatively constant (reduction by 0.8 %).

Percentage share of sites in the overall environmental footprint



- Headquarter and Production, Zug **91%**
- Refrigerator factory, Sulgen **6%**
- Component production, Changzhou **3%**

Operational life cycle assessment for Zug site (headquarters), 2023



- Mobility **30%**
- Energy **29%**
- Consumables **22%**
- Logistics **11%**
- Catering **5%**
- IT Infrastructure **1%**
- Disposal **1%**
- Hazardous substances **1%**
- Water **0.1%**

Categories and subcategories	EPs (mPt)	Shares of the subcategories
Energy	3,962 (29%)	
Heat		80%
Electricity		20%
Hazardous substances	73 (1%)	
All hazardous substances		100%
IT infrastructure	158 (1%)	
Desktop		32%
Laptop		32%
Monitors		36%
Logistics	1,540 (11%)	
Internal trucks		100%
Mobility	4,051 (30%)	
Business travel		14%
Service		86%
Consumables	3,054 (22%)	
Paper		15%
Toner		0%
Packaging		85%
Catering	698 (5%)	
Food		67%
Drinks		33%
Water	16 (0.1%)	
Freshwater		100%
Disposal	145 (1%)	
Wastewater		12%
Composted		1%
Recycled		0%
Hazardous waste / chemicals in general		46%
Incinerated		41%
Total	13,968	

The cycle of energy

Where is the heart of our main site in Zug? It's in "ZUGgate". After all, that is where the Multi Energy Hub is located. This is a joint venture of Tech Cluster Zug AG and the local energy supplier WWZ AG. The independent and intelligently controlled energy system supplies our site and the surrounding neighbourhood with renewable energy from photovoltaics, groundwater and lake water as well as process heat from our operations and neighbouring companies. "The integration of both companies and households in a CO₂-neutral energy network is unique in Switzerland", says Carina Heuberger, our Director of Production Planning. In her previous role as Director of Lean and Operations Development, she saw how the heating and cooling plant was installed in our high-bay warehouse in 2021. "And that was during ongoing production, which was a challenge", as Peter Grossenbacher, Director of Infrastructure at V-ZUG, also recalls.

There was also no lack of challenges in 2023. On the one hand, the negotiations for energy contracts were rather protracted. "With such a complex undertaking with so many players, this is normal and we are satisfied with the outcome", notes Grossenbacher. On the other hand, the construction of the logistics tunnel was delayed, which meant that the "Mistral" and "Zephyr Hangar" buildings could not yet be connected to the Multi Energy Hub. This led to a continued need for natural gas in the reporting year, as well as a somewhat more modest emissions reduction than had been hoped.

The Multi Energy Hub is a pioneering project – and a venture. Our initial investments alone amount to almost CHF 5 million. However, Grossenbacher and Heuberger are in agreement: when all buildings, including the new office building "Zephyr West", are supplied with energy by the Multi Energy Hub in 2027, this will lead to a massive reduction in CO₂. "That's when we will finally see the full power of the Multi Energy Hub!", Heuberger says. Moreover: "The Multi Energy Hub is a powerful statement for our production site in Zug", says Grossenbacher with conviction.



1 Lake Zug

Circulago is a network that has been running under the city of Zug since 2020, which uses cold water from Lake Zug to heat and cool the buildings and factories of the city, including the V-ZUG headquarters. According to estimates, 25,000 tonnes of CO₂ are saved each year thanks to Circulago.

2 Groundwater

The waste heat from V-ZUG's production processes is fed into and stored in a water basin 140 metres beneath the city of Zug. In winter, the heat is pumped back into the V-ZUG buildings in an entirely emissions-free process.

3 Energy plant

The energy plant embedded in the "ZUGgate" logistics building is the heart of the Multi Energy Hub. It connects the district with Circulago and the groundwater via a system with three heat and cold accumulators, which regulate the warmth and cooling directed to the different buildings.

4 Waste heat from industrial processes

To keep energy waste as low as possible, some of the waste heat from V-ZUG's production processes is returned directly to the upstream system instead of the energy plant. This provides a further boost to the self-sufficiency of the site.

5 Waste heat from local companies

A local bakery sends the waste heat from its ovens directly to the V-ZUG network. Households and companies from the local area will soon also have the possibility to buy and sell energy through the Multi Energy Hub.

6 Photovoltaic system

Solar energy is generated using the photovoltaic system on the roofs and façades of the buildings and used for the energy supply of the networked buildings and for e-mobility.

7 Mobility Hub

The Mobility Hub parking garage is located just outside of the centre of Tech Cluster Zug, providing parking facilities for the employees of V-ZUG as well as local residents. The charging stations available here for electric vehicles are powered by energy from the Multi Energy Hub.

Contribution to SDGs 7, 9, 12 and 13



Climate change, environmental pollution and loss of biodiversity are global problems that affect us all. At the Tech Cluster Zug, V-ZUG is quite literally turning production upside down and reducing its ground footprint. The use of ecological construction solutions is creating innovative, sustainable workplaces. With pioneering projects such as the Multi Energy Hub, we want to send out a signal and make an impact. In Zug and in Sulgen, we are increasingly using renewable energy. At the same time, we are optimising our processes and machinery in order to manufacture V-ZUG appliances in an energy- and resource-efficient manner. An internal CO₂ levy provides specific incentives for this. We offset the remaining CO₂ emissions. The offset amounts support reforestation in our "V-Forest" project. This growing forest is removing CO₂ from the atmosphere and sequestering it for the long term. At the same time, it is helping to restore and boost biodiversity for years to come in a region that has been badly affected by deforestation.



Most recent production building: "Zephyr Ost"

Entrepreneurship for sustainable prosperity

We want to achieve sustainable success and thus create added value for society as a whole. For that reason, we are taking a long-term approach with our strategy and relying on strong partnerships. The production sites in Zug and Sulgen are keys to our success. That is where we develop innovative, future-fit business models.

Our brand promises quality, sleek design, durability and precision – values that are strongly associated with Switzerland. While having our production sites based in Switzerland entails entrepreneurial risks, such as high wage and infrastructure costs and the potential negative effects of economic policy developments in relation to the EU, these must be balanced against the advantages on which we have relied since our founding: innovation, a highly trained workforce, a small geographical scale, political stability and an efficient, modern infrastructure.

Yes to the innovation centre Switzerland

With our clear commitment to local production, we undertake to be a trustworthy partner for the communities where our sites are located, as well as for the innovation and commercial centre Switzerland and our suppliers, our customers and our employees.

We seek to protect local jobs and secure our site advantage. Together with our partner [Tech Cluster Zug](#), we are pushing ahead with the transformation at our main site in Zug with great pioneering spirit. As was the case last year, we invested more than CHF 50 million in new production facilities and buildings – and therefore in an attractive site that will appeal to further companies, researchers and talented people. Tech Cluster Zug represents a testing ground for sustainable showcase projects in the fields of living, building, working and mobility. Visions for a more future-fit society and economy are being realised here. In 2024, we will gradually bring our new “Zephyr Ost” production and assembly plant on line. This is a prime example of innovation in sustainable construction. It features a light structure using recycled concrete, which removes CO₂ from wastewater and permanently stores it, and has access to renewable energy from the Multi Energy Hub and its own photovoltaic roof. All of this significantly lowers the building’s environmental footprint (“Environment and climate protection”, p. 49). In 2023, we also awarded the contract for the construction of the administrative building “Zephyr West”. This represents the final construction project in the site transformation of V-ZUG for the time being.

Moreover, we seek to invest pension fund monies profitably, securely and sustainably. The V-ZUG pension fund is pursuing a sustainable strategy of investment. The assets of more than CHF 700 million are managed in accordance with ESG criteria, including investments in future-fit business areas – an added value for society as a whole.

Embedding sustainability with a broad impact

We manufacture appliances that are extremely energy efficient. We see a risk that our customers are not making full use of the opportunities provided by their V-ZUG appliances to save energy. In this regard, we are seeking to help them keep their footprint as small as possible. We offer energy-saving tips via the V-ZUG Home app and transparently display the energy consumption of the appliances each time they are used (“Products and services for a future-fit society”, p. 33). In addition, the CO₂ web shop that we rolled out internationally in 2023 offers a simple solution for offsetting emissions that result from appliance use in the form of the “V-Forest”. With our V-Kitchen app, we provide our customers with tips on healthy and sustainable nutrition (“Products and services for a future-fit society”, p. 33). We encourage our employees to adopt a long-term, sustainable diet and lifestyle through on-topic cinema evenings, e-bike test-riding days and weekly campaigns in the cafeteria, such as “Climate Friday” and “Too Good to Go”.

We feel that by making commitments that have a broad impact and by supporting projects, people, initiatives and organisations in a targeted manner, we have a great opportunity to master the necessary transformation towards a future-fit society. For instance, we co-founded the non-profit [“Association for the Decarbonization of Industry”](#), an initiative of Tech Cluster Zug (“Environment and climate protection”, p. 49). We have been supporting the climate initiative [Klima-Charta Zug+](#) since 2022. After providing start-up funding in 2022, we shared in particular our experience and knowledge based on best practices with the

members in 2023. As a sponsor of cultural and sporting events, we position our company at the heart of the community. We also regularly collaborate with universities. We provide input for lectures and support master's theses that are advantageous for all involved. We also engage with associations to advance industry-wide solutions. On the subject of the circular economy, we are achieving this through our CEO's membership on the SENS Foundation's Board of Trustees.

Genuine successes are based on fairness

We act responsibly and conduct our business honestly, fairly and in accordance with ethical considerations, and we comply with the applicable legal framework. This also includes protecting our customers' privacy and data rights.

Unethical business practices and compliance violations harbour high risks. For instance, were we to employ unethical procurement practices, this could compromise the physical or economic health of our suppliers. In such cases, we would have to expect legal consequences, damage to our reputation and financial penalties.

In March 2023, the Board of Directors and the Executive Committee enacted the revised Code of Conduct for V-ZUG Holding AG. It is based on our corporate values, applicable laws and regulations, the Universal Declaration of Human Rights and our internal policies. The Code of Conduct is binding for all employees of the V-ZUG Group and is part of the employment contract. We regularly conduct compliance audits. Any non-compliance must be reported to line management, the internal legal department or, for serious grievances, to the external reporting point of the Stiftung Krisenintervention Schweiz [The Swiss Crisis Intervention Foundation]. Employees who make a report in good faith need not fear that this will have any negative repercussions for their employment at the company. With this contemporary governance, we are protecting our brand and reputation from the consequences of improper conduct.

Responsibility throughout the value chain

Transparent, resilient supply chains as well as cooperative relationships with suppliers are key to our commercial viability and innovation. We are very focused on rigorously implementing our values and standards. The mere fact that about 25% of our Scope 3 emissions are directly related to the materials we purchase clearly shows the relevance of sustainable procurement ("Low-carbon-emissions steel in our supply chain", p. 60). Poor management of the supply chain can result in supply difficulties, deterioration in quality, damage to reputation and financial penalties. At the same time, poor due diligence may have a significantly negative impact on working conditions in the supply chain, people's quality of life and the environment.

Around 60% of our suppliers are based in Switzerland, and another 30% or so are located in nearby European countries. We obtain most of our electronic components from highly specialised markets in Asia; our procurement office in Shanghai assists us by contacting these suppliers directly.

We took 2023 as an opportunity to enhance our supplier management. For instance, we sharpened our procurement strategy, enacted the Code of Conduct for Suppliers, further consolidated the supplier network and subjected many of our suppliers to a due diligence review that also meets the requirements of the new Swiss Supply Chain Act (DDTrO, p. 178). The Code of Conduct for Suppliers, which was enacted and communicated in 2023, applies worldwide. By the end of 2023, 51% of suppliers had signed the Code of Conduct. It is intended to be a binding part of all supplier contracts by the end of 2024. The Code establishes our minimum expectations of our suppliers, their sub-suppliers, and their governing bodies and employees. Apparent or suspected violations are to be reported to our Compliance department without delay. The reporting point is open to suppliers as well as their employees. If a suspected violation is confirmed, we insist on measures to eliminate the violation or we terminate the business relationship with the supplier in question. We have a zero-tolerance policy concerning forced and child labour. No violations of the Code of Conduct for Suppliers were reported in 2023.

We view our collaboration with suppliers as a cyclical endeavour. When selecting them, we examine whether they meet our requirements. The objective is always to find suppliers with whom we can develop a long-term collaboration. They go through a challenging application process, which takes a variety of sustainability criteria into consideration, as well as self-assessments, financial information and, in some cases, a pre-audit.

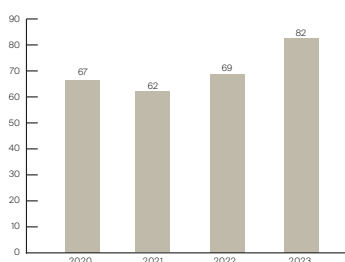
We work very closely with existing suppliers. We visit and audit them regularly and have annual meetings with them on site. With our proven tools “Sphera” (formerly “Risk Methods”) and “IntegrityNext”, we can monitor suppliers’ ESG and compliance performance daily with the aid of global real-time information. In the reporting year, no suppliers were excluded due to increased risk. In 2023, we audited a further 50 of our most important suppliers in terms of sustainability criteria. Together with the self-assessments in the previous year, this corresponds to 73 % of our purchasing volume. In 2024, we will globally introduce the supplier management platform “Tacto”, which we piloted in 2023. Since it is linked with “IntegrityNext”, the platform will enable us to structure our supplier management more efficiently and effectively.

Targets, facts and figures

Targets	Baseline and target years	Status
To generate a significant two-digit EBIT margin in the medium term (10–13%), in order to be able to invest sustainably and thereby maintain our future viability	Annual review	Not achieved
To achieve organic sales growth of 3%	Annual review	Not achieved
To have audited all our key suppliers (covering at least 80 % of our sales volume) in line with sustainability criteria	n.a.; 2025	On track
To account for one core element per product category, with a transparent supply chain down to the lowest possible level	n.a.; 2025	On track

Targets, results and status in relation to the focus topic “Entrepreneurship for sustainable prosperity” (abbreviated; full details in the appendix to the Sustainability Report)
Possible statuses: Achieved, On track, Delayed, Not achieved (if new target: Initiated)

Number of supplier audits involving social and environmental criteria



Supplier audits up 19%

In the reporting year, we conducted 82 on-site supplier audits – a significant rise compared to the previous year. This shows how important it is to us for suppliers to meet our high requirements in terms of quality and sustainability.

Low-carbon-emissions steel in our supply chain

In global terms, we are not a big player when it comes to the procurement of steel and precious metals. Nevertheless, we believe that we can contribute to making the steel industry more environmentally friendly. How? Through partnerships. “For many of our suppliers, we are an interesting and challenging project partner – particularly because we’re not all that big, which enables us to act quickly and flexibly. That said, we have high demands in terms of quality and sustainability”, explains Erwin Käch, Category Manager at V-ZUG for 30 years. For the past 15 years, he has managed the supplier relationship with the Finnish company Outokumpu, the world’s leading manufacturer of circular, low-carbon-emissions stainless steel. We already use this for the tubs and internal door parts of our dishwashers. A lot has changed since Käch started working at V-ZUG. “Due to our growing demand for products that support the circular economy, I spent a lot of time in recent years studying sustainable materials, and I learned quite a bit in the process. It changed my perspective – and sharpened it.”

What does “low-carbon-emissions steel” mean in an industry that, according to the International Energy Agency (IEA), is responsible for 7 to 9% of the global CO₂ emissions caused by humans? Wherever possible, Outokumpu uses alternative energy for production and more than 90 % recycled metal from its own scrap heap, which is Europe’s largest. At 0.5 t CO₂/t, what they call “Circle Green” steel has a CO₂ intensity that is nearly eleven times lower than the global average for steel used in industry. That is also helping to reduce the CO₂ component of our Scope 3 emissions. However, steel that is more environmentally friendly is expensive and thus not very competitive. “We want to change that. As a pilot customer, we are working closely with Outokumpu, helping to scale the Finnish company’s technology and make it more financially attractive”, explains Käch. We are financing the added costs of Circle Green steel through our CO₂ fund (“Environment and climate protection”, p. 49).

Contribution to SDGs 8, 9 and 12



Innovative solutions are the drivers for our future viability. We are purposefully boosting our internal innovative energy and strengthening it with external partnerships. This is also illustrated by the fact that we are investing in a modern, resource-efficient industry. At our sites, we are developing a sustainable, integrated infrastructure in dialogue with local stakeholder groups for the benefit of society, business and the environment. We are creating attractive industrial jobs and supporting local businesses by buying regional goods and services wherever possible. Through our cooperative relationships, we are promoting environmental and social standards along the entire supply chain. We are also committed to a sustainable business model. With transparent product information, we are facilitating sustainable consumption, raising customer awareness of environmental protection via our appliances, helping to reduce food waste and promoting healthy nutrition.



Door panel and base of the "Adora" dishwasher made from reduced-CO₂ stainless steel

Corporate Governance Report



All information in this Corporate Governance Report refers to the situation as of 31 December 2023 (the **“Balance Sheet Date”**) or to the 2023 financial year (the **“Reporting Year”**), unless otherwise stated. The V-ZUG Group complies with all the legal and regulatory requirements for corporate governance in Switzerland to which the Group is subject, including the principles of the **“Swiss Code of Best Practice for Corporate Governance”** issued by *economiesuisse*, in the latest version as of the Balance Sheet Date in each case (the **“Swiss Code”**).

This Corporate Governance Report refers to V-ZUG Holding AG's Articles of Association of 25 April 2023 (**“Articles of Association”**) and the Organisational Regulations of 1 July 2023. No material changes occurred between 31 December 2023 and the editorial deadline for this Annual Report, other than the facts disclosed in this report. The content, order and numbering of the following sections correspond to those of the Directive on Information relating to Corporate Governance issued by SIX Swiss Exchange on 29 June 2022 (effective from 1 January 2023).

1 Group structure and shareholders

1.1 Group structure

The operational structure of the V-ZUG Group is outlined on p. 8 of this Annual Report. The management organisation of the V-ZUG Group is essentially based on the central responsibility of the Board of Directors and the Executive Committee of V-ZUG Holding AG.

V-ZUG Holding AG, with its registered office in Zug, Switzerland, is the sole listed company in the V-ZUG Group. Its registered shares are listed on the Swiss Reporting Standard of SIX Swiss Exchange, Zurich, Switzerland. More detailed information on V-ZUG Holding AG, including its stock market capitalisation, reporting segment, security number and ISIN, is provided on p. 189 of the Annual Report.

The legal group structure and the list of consolidated companies and their non-listed subsidiaries are shown on p. 118 of the Financial Report and include substantial shareholdings.

1.2 Shareholders

As of 31 December 2023, 3,489 shareholders were entered in V-ZUG Holding AG's share register with voting rights (previous year: 3,452). Shares pending registration (shareholders not entered in the share register) amounted to 6.58% as of 31 December 2023 (previous year: 6.19%).

All significant shareholders known to V-ZUG Holding AG with voting rights in excess of 3% on 31 December 2023 can be found below:

Significant shareholders

Shareholder	Registered shares		Votes in %	
	2023	2022	2023	2022
Metall Zug AG	1,945,871	1,945,871	30.27	30.27
Elisabeth Buhofer-Rubli	643,370	392,170	10.01	6.10
Shareholder group Stöckli ¹⁾	524,127	524,127	8.15	8.15
Werner O. Weber ²⁾	506,290	506,290	7.88	7.88
Annelies Häcki Buhofer ³⁾	374,828	291,028	5.83	4.53
Heinz M. Buhofer ⁴⁾	322,835	573,835	5.02	8.93
Vontobel Fonds Services AG	232,933	233,933	3.62	3.64

¹⁾ Hubert Stöckli-Hernandez, Helen Jauch-Stöckli, Johannes Stöckli, Elisabeth Stöckli Enzmann, Matthias Stöckli-Aguilar (shareholder's agreement).

²⁾ Held indirectly through WEMACO Invest AG, Zug.

³⁾ Mainly held indirectly through Holmia Holding AG, Zug.

⁴⁾ Partly held indirectly through Werma GmbH, Zug.

In the 2023 financial year, three disclosure notifications were issued in accordance with Article 120 of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading of 19 June 2015 (Financial Market Infrastructure Act, FinMIA) and associated regulations:

- On 16 March 2023, the composition of the group of beneficial owners of Metall Zug AG changed.
- On 11 December 2023, the composition of the group of beneficial owners of Metall Zug AG changed.
- On 11 December 2023, Annelies Häcki Buhofer, Zug, Switzerland, exceeded the reporting threshold of 5% of the voting rights as a result of the acquisition of registered shares in V-ZUG Holding AG. As of 31 December 2023, Annelies Häcki Buhofer directly and indirectly held 5.83% (previous year: 4.52%) of the voting rights of V-ZUG Holding AG.

Further details of this disclosure notification and the disclosure notifications since V-ZUG Holding AG's stock market listing can be found on the website of the Disclosure Office and SIX Exchange Regulation (www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html).

1.3 Cross-shareholdings

There are no cross-shareholdings with other companies limited by shares where the capital or voting rights on both sides exceed 5%.

2 Capital structure

2.1 Capital

As of 31 December 2023, the ordinary share capital of V-ZUG Holding AG amounted to CHF 1,735,714.17, divided into 6,428,571 registered shares, each with a nominal value of CHF 0.27 (single share class). The share capital is fully paid up.

2.2 Capital band and conditional capital in particular

V-ZUG Holding AG has neither a capital band nor any conditional capital.

2.3 Changes in capital

No changes in capital occurred in the Reporting Year or in the two financial years preceding it.

2.4 Shares and participation certificates

Detailed information regarding V-ZUG Holding AG's shares (the number, type, nominal value and listing information) can be found in section 2.1 above, on p. 189 of the Annual Report and in the Financial Report on p. 114 under the note "Shareholders' equity".

Dividend entitlement is in proportion to the share capital held. Each share entitles the holder to one vote. The shares are fully paid up.

V-ZUG Holding AG has not issued any participation certificates.

2.5 Profit-sharing certificates

V-ZUG Holding AG has not issued any profit-sharing certificates.

2.6 Limitations on transferability and nominee registrations

In relation to the company, only parties registered in the share register are recognised as shareholders. In accordance with Article 7 of the Articles of Association, the transferability of registered shares is restricted as follows:

On request, acquirers of registered shares are registered in the share register as shareholders with the right to vote, provided that

- the recognition of an acquirer as a shareholder according to the information available to the company does not or could not prevent the company and/or its subsidiaries from providing the evidence required by law regarding the composition of its shareholder base and/or beneficial owners. The company particularly reserves the right to refuse entry in the share register if acquirers do not prove that they are not foreign non-residents pursuant to the Federal Act on the Acquisition of Immovable Property in Switzerland by Foreign Non-Residents of 16 December 1983 (ANRA) and if the company considers such registration could obstruct, threaten or prevent the provision of statutory evidence regarding Swiss control of the company, and
- they expressly declare that they have acquired the registered shares in their own name or for their own account.

After hearing the parties involved, the company may delete entries in the share register with retroactive effect from the date of the entry if these entries came about due to false information supplied by the acquirer. The acquirer must be informed of the deletion immediately.

In the 2023 financial year, V-ZUG Holding AG did not decline any registrations or grant any exceptions.

V-ZUG Holding AG does not offer any nominee registrations. To date, no need has been expressed by shareholders for registrations of this kind.

For the procedure and conditions for removing restrictions on transferability, see section 6.2 of this Corporate Governance Report.

2.7 Convertible bonds and options

V-ZUG Holding AG does not have any convertible bonds or options outstanding.

3 Board of Directors

3.1 Members of the Board of Directors

In accordance with Article 16, para. 1 of the Articles of Association, the Board of Directors of V-ZUG Holding AG consists of at least three members. Since the Annual General Meeting on 19 May 2020, it has consisted of the members listed below, who have their business addresses at the company's headquarters (Industriestrasse 66, 6302 Zug) and were re-elected by the Annual General Meeting on 25 April 2023.

All members of the Board of Directors are non-executive; in other words, they do not hold any operational management function at V-ZUG Holding AG or any other V-ZUG Group company.

With the exception of Jürg Werner, the members of the Board of Directors did not belong to the Executive Committee of V-ZUG Holding AG or that of any other company within the V-ZUG Group or the Metall Zug Group during the three financial years preceding the Reporting Year and have no significant business links with the V-ZUG Group or the Metall Zug Group. Until 31 March 2020, Jürg Werner held the post of CEO at Metall Zug AG and was involved in operational matters concerning the V-ZUG Group in this capacity. All other members of the Board of Directors can be considered independent as defined in Article 15 of the Swiss Code.

3.2 Other activities and interests

Apart from the functions mentioned above, none of the members of the Board of Directors has a permanent management or advisory function for an important Swiss or foreign interest group, nor an official function or political post.

3.3 Number of permitted additional mandates (Board of Directors)

In accordance with Article 26 of the Articles of Association, the number of permitted activities for members of the Board of Directors and the Executive Committee in top supervisory or management bodies of legal entities that are required to be entered in the Commercial Register or a corresponding foreign register and that are not controlled by the company or do not control the company is restricted as follows:

Type of mandates	Number per member BoD/Executive Committee
Mandates in listed companies	4
Remunerated mandates in other, non-listed companies	6

Mandates are classed as such if they are held in comparable functions at another commercial company. Mandates in several different companies under uniform control count as a single mandate. If the company holds an ownership interest in another company and a member of the Board of Directors or the Executive Committee holds a mandate in such a company on the instructions of and in the interests of the company, such a mandate does not count as an additional mandate. The above numbers are cumulative; the mandate at V-ZUG Group does not count towards these figures. In calculating the number of mandates, a chairmanship counts double. Members of the Executive Committee generally require the approval of the Board of Directors for external mandates.

3.4 Elections and terms of office

Members of the Board of Directors are elected by the General Meeting on an individual basis and for a period of one year in each case. They may be re-elected at any time but automatically retire upon reaching the age of 70, that is, on the date of the subsequent Annual General Meeting. The Chairman of the Board of Directors, the members of the Human Resources & Compensation Committee and the independent representative are each elected directly by the General Meeting for a term of one year (Articles 9, 14 and 16 of the Articles of Association).

3.5 Internal organisational structure

According to the law, the Board of Directors holds the highest decision-making power and specifies, among other things, the organisational, financial planning and accounting policies that companies of the V-ZUG Group must comply with. Decisions are made by the entire Board of Directors with the assistance of the Executive Committee and three committees: the Audit Committee, the Digitalisation Advisory Board and the Human Resources & Compensation Committee. The latter is assigned all the duties and responsibilities imposed on compensation committees by the Swiss Code of Obligations. The Board of Directors is responsible for overall supervision and, among other things, exerts an influence on the strategic direction of the V-ZUG Group, allocates financial resources, appoints the members of the Executive Committee and is involved in filling further top executive positions. The Board of Directors may issue rules, guidelines and recommendations for the purpose of realising a coherent business policy.

Full Board of Directors

The Board of Directors has delegated the management of day-to-day business for the V-ZUG Group to the Executive Committee. The Board of Directors generally meets quarterly. The Board of Directors met in person at four ordinary half-day meetings in the 2023 financial year. In addition, the Board of Directors held another five meetings by video conference or conference call, each lasting around one and a half to two hours. The Board of Directors addressed selected topics relating to the V-ZUG Group's strategy on the occasion of two separate workshops in May (a full day) and in September (a half day) together with the Executive Committee. With the exception of a video conference from which one member excused themselves, the Board of Directors was fully represented at all meetings, video conferences and conference calls in the Reporting Year.

The agenda items for the meetings of the Board of Directors are specified by the Chairman and prepared by the Secretary together with the Executive Committee. Every member of the Board of Directors plus the CEO and the CFO are entitled to request the convocation of a meeting, stating its purpose. As a rule, the members of the Board of Directors receive an invitation no later than ten days prior to the Board meeting, along with the documentation that allows them to prepare for the discussion of the agenda items. Furthermore, the Board of Directors can take decisions by circular vote.

Each year, the Board of Directors undertakes a self-assessment in which, in particular, the Board of Director's structure, method of working and fulfilment of responsibilities but also the collaboration between the Board of Directors and the Executive Committee and the organisation of the meetings of the Board of Directors are analysed and discussed in detail.

Audit Committee

The Audit Committee met in person at four ordinary meetings in the 2023 financial year and held five ordinary meetings via video conference or conference call. Half-day in-person meetings are usually held once a quarter, with monthly video conferences or conference calls that last around one hour taking place in between. The Audit Committee makes an independent assessment of the quality of the annual financial statements and discusses these with the Executive Committee and the external auditors. It proposes to the Board of Directors whether the financial statements may be recommended for submission to the General Meeting. The Audit Committee determines the staffing and organisation of the internal audit department, assigns tasks to it and forwards its reports to the entire Board of Directors. It specifies the audit plan and audit scope of the internal audit department and the external auditors and evaluates their cooperation and effectiveness. The Audit Committee assesses the effectiveness of the internal control system, including risk management, and evaluates compliance with laws, regulations and accounting standards, as well as adherence to internal rules and directives. It assesses the external auditors' performance and their remuneration, ensures that the external auditors are independent and assesses the compatibility of their auditing function with any advisory mandates. The Audit Committee also undertakes additional tasks in accordance with internal regulations (not publicly available).

The members of the Audit Committee are Tobias Knechtle (Chair) and Annelies Häcki Buhofer. In addition to the CEO and CFO, a representative from Group Legal & Compliance (usually simultaneously the secretary of the Audit Committee) and a representative from Group Finance & Controlling plus representatives from the external auditors and the internal audit department also take part in Audit Committee meetings. With the exception of one meeting, video conference and conference call, from which one member excused themselves in each case, the members of the Audit Committee were fully represented at all meetings, video conferences and conference calls in the Reporting Year.

Human Resources & Compensation Committee

In the Reporting Year, the Human Resources & Compensation Committee met in person at four ordinary meetings and held two ordinary meetings by video conference or conference call. Half-day in-person meetings and two video conferences or conference calls that last around an hour to an hour and a half are usually held each quarter. As well as performing the duties and responsibilities assigned to compensation committees under the Swiss Code of Obligations, the Human Resources & Compensation Committee develops the principles of corporate governance, which are then submitted to the Board of Directors for approval. This includes a periodic review of the composition and size of the Board of Directors and its committees and of the Executive Committee. The Human Resources & Compensation Committee also submits proposals to the Board of Directors for qualified candidates for various committees. It also submits proposals to the Board of Directors for the remuneration of the Board of Directors and the Executive Committee. It develops and reviews the objectives and principles of the company's human resources policy for the attention of the Board of Directors, prepares the appointment of members of the Executive Committee and approves selected personnel decisions. Finally, it reviews the basic structures in the area of the pension fund with regard to the scope and content of benefits, as well as the status of the pension programmes of the Group companies, reviews the annual appraisal of members of the Executive Committee and keeps itself informed about personnel development and HR succession planning. The Human Resources & Compensation Committee also undertakes additional tasks in accordance with internal regulations (not publicly available).

The Human Resources & Compensation Committee consists of Prisca Hafner (Chair) and Jürg Werner (member). As permanent guests, the CEO and Chief Human Resources Officer take part in meetings of the Human Resources & Compensation Committee, except when matters are being discussed that affect those people themselves. The members of the Human Resources & Compensation Committee were fully represented at all meetings, video conferences and conference calls in the Reporting Year.

Digitalisation Advisory Board

The Digitalisation Advisory Board met in person at four ordinary meetings in the Reporting Year. It usually holds half-day in-person meetings on a quarterly basis. The Digitalisation Advisory Board advises the Board of Directors and the Executive Committee on the digital roadmap and on identifying and assessing ideas, as well as sharing best practices. In addition, it provides advice on decisions relating to insourcing/outsourcing and whether to invest in or continue digital projects. It also monitors selected

strategic projects. It assists V-ZUG's digital team with important platform and technology decisions, with identifying trends and analysing the competition and with the introduction of agile development processes. The Digitalisation Advisory Board also carries out additional tasks in accordance with internal regulations (not publicly available).

Three external experts currently serve on the Digitalisation Advisory Board: Dirk Reznik, CEO AMC International; Andreas Häberli, Co-CEO and Co-Founder of PhenoSign; Dietmar Bettio, CDTO SHL Medical. The committee's members from V-ZUG are Petra Rumpf (Chair) and Oliver Riemenschneider. In addition to the CEO, the meetings of the Digitalisation Advisory Board are usually attended by the Head of Digital Transformation and Business Development, the Head of Digital Products and Services and the Head of Digital Product Management & Innovation, as well as other guests for specific topics. With the exception of one holiday-related absence, the members of the Digitalisation Advisory Board were fully represented at all meetings in the Reporting Year.

3.6 Competence matrix

The V-ZUG Group is managed as a group, with the CEO and the Executive Committee being operationally responsible for management and target attainment. The Executive Committee's remit is essentially universal. Although the Board of Directors may be responsible, the Executive Committee is responsible for conceptual initiatives and for taking advantage of promising business opportunities until the point of decision is reached.

In order to define the areas of responsibility between the Board of Directors and the Executive Committee, the Board of Directors has issued organisational regulations. These Organisational Regulations contain fundamental compliance principles that are valid for the entire V-ZUG Group. They form the legal basis for issuing further regulations and make reference to them. The Organisational Regulations are supplemented by a comprehensive competence matrix that defines the responsibilities and powers of the various committees and bodies within the V-ZUG Group in general and also for different business operations. If existing regulations at subsidiary level have not yet been modified in line with the Organisational Regulations and the competence matrix at Group level, the latter will take precedence.

The current version of the Organisational Regulations dated 1 July 2023 can be found at www.vzug.com/ch/en/corporate-governance. The competence matrix is not publicly available.

3.7 Information and control instruments vis-à-vis the Executive Committee

Extensive management information is compiled within the V-ZUG Group every six months in the form of consolidated financial statements for the V-ZUG Group (income statement, balance sheet and cash flow statement). These consist of the Household Appliances and Real Estate segments plus the corporate reporting segment (see page 78 in the Financial Report). The half-yearly financial statements are submitted to the Audit Committee and the Board of Directors and are explained in detail by the Executive Committee. The results are compared with the previous year's period and the budget. The budgets are reviewed several times a year in the form of extrapolations to establish how attainable they are. Regular reports are made to the Board of Directors and the Executive Committee concerning the results and progress towards budget attainment. Each month, the Chairman of the Board of Directors and the members of the Audit Committee receive key performance indicators (in the form of a "cockpit") and written comments on business progress and other aspects of the operational business and the relevant market environment. The entire Board of Directors receives this information at each ordinary Board meeting. At these meetings, the Executive Committee provides extensive information on business operations. The subsidiaries' individual financial statements, which are prepared each month, form the basis of the V-ZUG Group's consolidated financial statements. The annual financial statements of the individual subsidiaries are presented to the Audit Committee once a year.

The internal audit department conducts regular audits. The results of these audits are discussed in detail with the Executive Committee and the key measures are agreed. The Chairman of the Board of Directors, members of the Audit Committee, members of the Executive Committee and other line managers of the audited unit receive a copy of the audit report. In addition, the reports and the key measures agreed are discussed by the Audit Committee. The internal audit department reports administratively to the CFO but reports on functional matters directly to the Chair of the Audit Committee. Two internal audits were conducted in the Reporting Year.

Board of Directors



Oliver Riemenschneider
(CH/DE) Born 1962

Dipl. Ing. (MSc in Engineering), ETH Zurich; MBA, City University, Bellevue, Washington (US).

- Chairman of the Board of Directors (non-executive), independent member
- First elected to the Board of Directors: 2019
- Elected until: 2024 Annual General Meeting

Professional background

Senior Consultant at Consenec AG, Baden since September 2022;

Senior Advisor to the President of the Process Automation division at ABB Group, Zurich, March–August 2022;

President of the Turbocharging division at ABB Group, Zurich, 2011–February 2022;

Various management roles at ABB Group, Zurich, of which seven years in Japan, 1991–2011.

Other positions within the V-ZUG Group

Member of the Board of Directors of V-ZUG AG, Zug, May 2019–October 2020 (Chairman from September 2019);

Member of the Board of Directors of SIBIRGroup AG, Spreitenbach, September 2019–October 2020;

Member of the Board of Directors of V-ZUG Kühltechnik AG, Sulgen, September 2019–October 2020.

Other activities in management and supervisory bodies

Chairman of the Board of Directors of Accelleron Industries AG, Baden, Switzerland.



Annelies Häcki Buhofer
(CH) Born 1954

Doctorate in Philosophy (PD Dr. phil. I), University of Zurich / post-doctoral lecturing qualification.

- Member of the Board of Directors (non-executive), independent member
- First elected to the Board of Directors: 2020
- Elected until: 2024 Annual General Meeting

Professional background

Full professor of German linguistics at the University of Basel and various management roles in the Faculty of Philosophy and History, 1989–2015;

Various activities in management bodies of national and international specialist associations, 1989–2020; Member of the Research Council of the Swiss National Science Foundation, 2010–2016.

Other positions within the V-ZUG Group

Member of the Audit Committee;

Member of the Board of Directors of V-ZUG AG, Zug, May 2016–May 2020.

Other activities in management and supervisory bodies

Chairwoman of the Board of Directors of BURU Holding AG, Cham;

Member of the Board of Directors of Zug Estates Holding AG, Zug;

Member of the Board of Directors of Cham Group AG, Cham; Member of the boards of directors of additional unlisted companies.



Prisca Hafner
(CH) Born 1967

Federal Diploma of Higher Education in Finance & Accounting, Commercial Business School Schwyz; Diploma in Human Resources Management and CAS Executive Coaching, Institute of Applied Psychology (IAP/ZHAW), Zurich.

- Member of the Board of Directors (non-executive), independent member
- First elected to the Board of Directors: 2020
- Elected until: 2024 Annual General Meeting

Professional background

Independent consultant in HR, leadership and transformation since April 2020;

Chief Human Resource Officer at the COMET Group, Flamatt, 2018–March 2020;

Global Head of Human Resources at Oerlikon Surface Solutions and Oerlikon Balzers, Balzers (LI), 2008–2016;

Various HR roles at Credit Suisse in Zurich and London (UK), 1990–2007.

Other positions within the V-ZUG Group

Chair of the Human Resources & Compensation Committee.

Other activities in management and supervisory bodies

No significant activities.



Tobias Knechtle
(CH) Born 1972

Degree in political science (lic. rer. pol.), University of Bern.

- Member of the Board of Directors (non-executive), independent member
- First elected to the Board of Directors: 2020
- Elected until: 2024 Annual General Meeting

Professional background

CFO at the Geberit Group, Rapperswil-Jona, since January 2022;

Various mandates in the private equity area, 2020–2021;

CFO and Member of the Group Executive Board of the Valora Group, MuttENZ, 2014–2019;

Senior Vice President and Vice President, Finance at the Kudelski Group, Cheseaux-sur-Lausanne, 2009–2014;

Principal and most recently also managing director of Cinven Private Equity in Frankfurt am Main (DE) and London (UK), 2005–2009;

The Boston Consulting Group in Zurich and São Paulo (BR), 1998–2005;

Auditor and audit team leader with a global remit at the Nestlé Group, Vevey, 1995–1998.

Other positions within the V-ZUG Group

Chair of the Audit Committee.

Other activities in management and supervisory bodies

No significant activities.



Petra Rumpf
(DE/CH) Born 1967

Bachelor of Economics, University of Trier (DE); MBA, Clark University, Worcester (US).

- Member of the Board of Directors (non-executive), independent member
- First elected to the Board of Directors: 2020
- Elected until: 2024 Annual General Meeting

Professional background

Member of the Board of Directors of Unilabs Holding AB, Stockholm (SE), September 2020–March 2022;
Member of the Executive Committee of the Straumann Group, Basel, 2015–December 2020 (Global Head of Dental Service Organisations, 2018–December 2020; Global Head of Intradent & Strategic Alliances, 2015–2018);
Member of the Executive Committee of Nobel Biocare, Zurich, most recently as Global Head of Corporate Development and Special Channels, 2007–2015;
Various roles at Capgemini Consulting, Zurich, most recently as Vice President Strategy & Transformation, Central Europe, 1991–2007.

Other positions within the V-ZUG Group

Chair of the Digitalisation Advisory Board.

Other activities in management and supervisory bodies

Member of the Board of Directors of Straumann Holding AG, Basel (Deputy Chairwoman of the Board of Directors since April 2023);
Member of the Board of Directors of SHL Medical AG, Zug (Chair of the Audit Committee);
Member of the Board of Directors of Vimian Group AB, Stockholm (SE);
Member of the Advisory Board of Limacorporate S.p.A., Udinese (IT).



Jürg Werner
(CH) Born 1956

Doctor of Sciences & Technology (Dr. sc. tech.), ETH Zurich; postgraduate diploma in business management, University of Lucerne.

- Member of the Board of Directors (non-executive), non-independent member
- First elected to the Board of Directors: 2019
- Elected until: 2024 Annual General Meeting

Professional background and previous operational activities within the V-ZUG Group

CEO of Metall Zug AG, Zug, 2012–March 2020;
CEO of V-ZUG AG, Zug, 2010–2013;
COO of V-ZUG AG, Zug, 2010;
Head of Development and Member of the Executive Committee of V-ZUG AG, Zug, 1996–2009.

Other positions within the V-ZUG Group

Member of the Human Resources & Compensation Committee;
Member of the Board of Directors of V-ZUG AG, Zug, 2013–May 2020 (Chairman until September 2019);
Member of the Board of Directors of V-ZUG Kühltechnik AG, Sulgen, 2013–March 2022 (Chairman until December 2020) as well as advisor to the Executive Committee of V-ZUG Kühltechnik AG, Sulgen, in 2021.

Other activities in management and supervisory bodies

Member of the Industrial Advisory Board, Department of Mechanical and Process Engineering, ETH Zurich;
Elected full Member of the Swiss Academy of Engineering Sciences (SATW), Zurich;
Member of the Board of Directors of Komax Holding AG, Dierikon;
Member of the Board of Directors of Haag-Streit Holding AG, Köniz;
Member of management and supervisory bodies of other Metall Zug group companies.

The V-ZUG Group has an appropriate system for monitoring and managing the risks associated with the company's activities. Risk management is a structured process that essentially encompasses all hierarchical levels. This process involves risk identification, risk analysis, risk management and risk reporting. The Executive Committee is responsible for monitoring and managing risks at an operational level. Particular people are assigned responsibility for significant individual risks. They take specific measures to manage these risks and monitor their implementation. On behalf of the Audit Committee, a risk report is drawn up and submitted to the Board of Directors at regular intervals, usually once a year.

In terms of insurance, companies of the V-ZUG Group have risk-appropriate cover in line with industry standards and, in particular, are insured appropriately against operational risks, such as damage to property, business interruption and third-party liability.

In terms of business risks, the V-ZUG Group deals with interest rate and currency risks in addition to those risks identified under the risk management system described above. Currency risks are assessed centrally by the CFO in consultation with the Chair of the Audit Committee and hedged on a case-by-case basis as appropriate.

4. Executive Committee

4.1 Members of the Executive Committee

The Executive Committee of V-ZUG Holding AG consists of eight positions. The Executive Committee of the V-ZUG Group experienced the following changes in the 2023 financial year:

- Attila Castiglioni, Chief Sales and Service Officer, left the V-ZUG Group as of 31 August 2023. Peter Spirig took over the position on an interim basis. Marcel Feurer has been named new Chief Sales and Service Officer. He will take up the position no later than 1 June 2024.
- Stefan Keller, Chief Technology Officer, left the V-ZUG Group as of 15 August 2023. Since November 2023, the development area has been managed on an interim basis by Wolfgang Schroeder, formerly Head of Digital Transformation and Business Development.

4.2 Other activities and interests

Details of the other activities and vested interests of the current members of the Executive Committee can be found below. Various Executive Committee members hold positions in management and supervisory bodies in various V-ZUG Group subsidiaries. Apart from the activities and interests mentioned below, none of the members of the Executive Committee has a permanent management or advisory role at an important interest group, nor an official function or political post.

4.3 Number of permitted additional mandates (Executive Committee)

The number of permitted activities for members of the Executive Committee in top supervisory or management bodies of legal entities corresponds to the rules for members of the Board of Directors, which are explained in section 3.3 of this Corporate Governance Report.

4.4 Management contracts

V-ZUG Holding AG has not concluded any management contracts with third parties.

The executive management of the two real estate companies within the V-ZUG Group (V-ZUG Infra AG and V-ZUG Assets AG) is contractually delegated to Tech Cluster Zug AG (a subsidiary of Metall Zug AG, Zug) until at least the end of 2027, under the supervision of the boards of directors of the two real estate companies and V-ZUG Holding AG. Further details of this arrangement can be found in the Real Estate segment report on p. 19 et seq. of this Annual Report and on p. 121 of the Financial Report under the note "Details of offsetting between the V-ZUG Group and related third parties".

Executive Committee



Peter Spirig
(CH) Born 1973

Dipl. Bau-Ing. (MSc in Civil Engineering), ETH Zurich; MBA, INSEAD, Fontainebleau (FR).

Chief Executive Officer (CEO) of the V-ZUG Group since September 2020.

Professional background

Member of the Group Management and Head of the Doors Division at Arbonia Group, Arbon, 2016–2020;
Member of the Group Executive Board of the Franke Group, Aarburg, and President of Franke Asia in Hong Kong, 2013–2016;
President of Franke Food Service Systems Asia, Hong Kong, 2009–2013;
Various roles at the Holcim Group, Rapperswil-Jona, in Jona/Zurich and Sri Lanka, most recently as CEO of Holcim (Lanka) Ltd. in Colombo (LK), 2002–2009.

Previous activities for the V-ZUG Group

None.

Activities in management and supervisory bodies outside of the V-ZUG Group

Member of the Council of Swissmem;
Member of the Board of Directors of the Zug Chamber of Commerce;
Member of the Management Board of the Swiss Association for Electrical Household and Commercial Appliances (FEA), Zurich;
Member of the Board of Trustees of the SENS Foundation, Aarau.



Alberto Bertoz
(IT) Born 1974

Degree in electrical engineering, Politecnico Torino (IT); Executive MBA, MIB School of Management Trieste (IT).

Chief International Officer and Member of the Executive Committee of the V-ZUG Group since July 2018.

Professional background and previous activities for the V-ZUG Group

Various roles at the V-ZUG Group, including as Regional Managing Director, Asia, Managing Director, Greater China and Head of IPO (International Procurement Office), Asia-Pacific, 2012–2018;
Head of Business and Development and Head of Product Development at Marcegaglia Imat Spa, Fontanafredda (IT), 2007–2012.

Activities in management and supervisory bodies outside of the V-ZUG Group

Member of the Board of Directors of Fhiaba s.r.l., Azzano Decimo (IT).



Sandra Forster
(CH/IT) Born 1971

Degree in law (lic. iur.), University of Zurich;
Postgraduate degree (MAS/CAS) in human resources and organisational development, ZHAW-IAP Zurich;
Executive MBA, University of St. Gallen.

Chief Human Resources Officer and Member of the Executive Committee of the V-ZUG Group since November 2020.

Professional background

Head of People & Culture and Member of the Executive Committee of ISS Schweiz AG, Zurich, April 2020–October 2020;
Head of Human Resources and Member of the Executive Committee of Hilti (Schweiz) AG, Adliswil, 2013–July 2019;
Various personnel roles at Swiss Re, Zurich, 2007–2013;
Vice President and Member of the Executive Committee of Rail Gourmet Holding AG, Kloten, 2001–2006.

Previous activities for the V-ZUG Group

None.

Activities in management and supervisory bodies outside of the V-ZUG Group

No significant activities.



Adrian Ineichen
(CH) Born 1973

Swiss certified expert for accounting and controlling,
Swiss certified specialist for finance and accounting,
KV Business School, Zurich.

Chief Financial Officer (CFO) and Member of the Executive Committee of the V-ZUG Group since 2015;
Head of the Real Estate segment.

Professional background and previous activities for the V-ZUG Group

Head of Finance & Controlling at V-ZUG (Shanghai) Domestic Appliance Co., Ltd., Shanghai (CN), 2014–2015;
Head of Finance and Accounting at V-ZUG AG, Zug, 2005–2014;
Various roles as a controller at Panalpina, Basel and Hong Kong, 2002–2005;
Various roles in management and controller positions at Collano Adhesive, Sempach, 1992–2002.

Activities in management and supervisory bodies

President of the Board of Trustees of the pension fund of V-ZUG AG, Zug;
Member of the Board of Trustees of the welfare fund of V-ZUG AG, Zug.



Nathalie Noël
(BE/FR/BR) Born 1985

Master of Arts in Marketing & Market Studies, Sciences Po, Paris (FR);
 Bachelor of Arts in War Studies & European Studies, King's College, London (UK).

Chief Marketing Officer and Member of the Executive Committee of the V-ZUG Group since August 2021.

Professional background

Management positions in marketing at the Vitra Group, Basel, most recently from 2018 as Global Head of Marketing, April 2016–July 2021;
 Marketing Director at Taschen GmbH, Cologne (DE), 2013–2015;
 Various roles in sales, marketing and product management at L'Oréal Group, Paris (FR), 2008–2013.

Previous activities for the V-ZUG Group

None.

Activities in management and supervisory bodies outside of the V-ZUG Group

No significant activities.



Adrian Theiler
(CH) Born 1972

Dipl. Betr.- u. Prod.-Ing. (MSc in Industrial Management and Manufacturing), ETH Zurich;
 Executive MBA, University of Zurich.

Chief Operations Officer and Member of the Executive Committee of the V-ZUG Group since July 2021.

Professional background

Various management positions at Landis + Gyr AG, Zug, most recently as Vice President, Supply Chain Management EMEA, 2003–July 2021;
 Self-employed supply-chain and management advisor, 2002–2003;
 Project manager and logistics coordinator for The Nuance Group AG in Zurich and Sydney (AU), 2001–2002.

Previous activities for the V-ZUG Group

None.

Activities in management and supervisory bodies outside of the V-ZUG Group

No significant activities.

Members of the Executive Committee who stepped down in the Reporting Year

Attila Castiglioni **(CH) Born 1969**

Global Executive MBA HSG, University of St. Gallen;
SKU Advanced Management Programme, business
administration degree, HWV, St. Gallen.

Chief Sales and Service Officer and Member of the Executive
Committee of the V-ZUG Group from 2015 to August 2023.

Professional background and previous activities for the V-ZUG Group

Divisional Head of Marketing at V-ZUG AG, Zug, 2011–2015;
Various management and sales roles at IBM (Schweiz) AG,
Zurich, 1995–2011.

Activities in management and supervisory bodies outside of the V-ZUG Group

Member of the Boards of Directors of Emil Ebnetter & Co. AG,
Schwende-Rüte, and Appenzeller Alpenbitter AG,
Schwende-Rüte.

Stephan Keller **(CH) Born 1969**

Dipl. Masch.-Ing. (MSc in Mechanical Engineering),
ETH Zurich.

Chief Technology Officer and Member of the Executive
Committee of the V-ZUG Group from 2013 to August 2023.

Professional background and previous activities for the V-ZUG Group

Member of the Executive Committee of the V-ZUG Group
with alternating responsibilities for the areas of operations
and product development since 2013;

Various roles at Robert Bosch GmbH, Solothurn, Stuttgart
(DE), Hangzhou (CN) and Frauenfeld, including as Vice
President with responsibility for product development,
corporate research and accessories and abrasives
worldwide, 1995–2013.

Activities in management and supervisory bodies outside of the V-ZUG Group

Member of the Council of Swissmem, Zurich (until
November 2023);

Chairman of the Governing Council of Lucerne University of
Applied Sciences and Arts;

Member of the Scientific Advisory Board of CSEM, Neuchâtel.

5 Compensation, shareholdings and loans: Compensation Report

For details regarding compensation, please refer to the separate Compensation Report on p. 81 et seq. of this Annual Report.

6 Shareholders' participation rights

6.1 Voting right restrictions and representation

All shareholders may exercise their rights at the General Meeting by attendance in person, by written proxy to another party of their choice, or through the independent representative.

The independent representative is obliged to exercise the voting rights transferred to them by shareholders in accordance with their instructions. In accordance with Article 14 of the Articles of Association, the Board of Directors ensures that shareholders have the opportunity to

- submit instructions to the independent representative on every motion relating to agenda items mentioned in the invitation to the meeting,
- submit general instructions to the independent representative on unannounced motions and new agenda items,
- grant proxies and issue instructions to the independent representative electronically.

The Board of Directors sets the rules for the procedures and deadlines for granting electronic proxies and issuing electronic instructions.

In accordance with Article 11 of the Articles of Association, the Board of Directors can specify that shareholders who are not present at the location or locations of the General Meeting may exercise their rights electronically.

6.2 Statutory quorums

The General Meeting passes its resolutions and conducts its voting with an absolute majority of the voting shares represented, unless the law (in particular Article 704 of the Swiss Code of Obligations (CO) or Articles 18, 43 or 64 of the Swiss Mergers Act) or the Articles of Association (Article 15 of the Articles of Association) contain provisions to the contrary (Article 703 CO and Article 13 of the Articles of Association).

6.3 Convocation of the General Meeting

The Annual General Meeting takes place annually no later than six months after the end of the financial year (Article 10 of the Articles of Association). The meeting is convened by letter, e-mail, fax or using other electronic communication systems that permit evidence to be presented in text form no later than 20 days before the day of the meeting. The invitation is sent to all shareholders entered in the share register, and an announcement of the convocation is also published in the Swiss Official Gazette of Commerce (Article 11 of the Articles of Association).

Extraordinary General Meetings are convened as often as required, in particular in those cases stipulated by law. The external auditors and the liquidators have a legal right to convene a meeting, as has the General Meeting by way of a resolution. The Board of Directors must further convene an Extraordinary General Meeting if shareholders representing at least 5% of the share capital request the convocation of such a meeting in writing, stating the agenda items and the motions. The written request must be accompanied by a statement issued by a bank confirming that the shares have been deposited until after the General Meeting (Article 10 of the Articles of Association).

6.4 Inclusion of an item in the agenda

In principle, the inclusion of an item in the agenda is determined by legal provisions. Shareholders individually or jointly representing shares with a nominal value of at least 0.5% of the share capital may request in writing, and upon specification of the motions, that items be included in the agenda or that a motion relating to an agenda item be included in the invitation to the General Meeting, with such request to be made no less than 50 days prior to the General Meeting unless the company publishes a different deadline. The written request must be accompanied by a statement issued by a bank confirming that the shares have been deposited until after the General Meeting (Article 10 of the Articles of Association).

6.5 Entries in the share register

Only those shareholders who are listed in the share register as shareholders with the right to vote on a given cut-off date may participate in and exercise their right to vote at the General Meeting. The company's Articles of Association do not contain any rules regarding the cut-off date. This is determined by the Board of Directors and generally fixed for a date a few days prior to the General Meeting. The cut-off date is published along with the invitation to the General Meeting.

7 Changes of control and defence measures

7.1 Duty to make an offer

The duty to make a public takeover offer in accordance with Articles 135 and 163 FinMIA was waived in the Articles of Association (Article 4) in accordance with Article 125, para. 3 FinMIA prior to the company being listed on the stock exchange ("opting out").

7.2 Clauses on changes of control

In the event of a change of control, V-ZUG Holding AG is not obliged to make any additional payments for the benefit of members of the Board of Directors or the Executive Committee or any other executives.

7a Transparency on non-financial matters

For details regarding transparency on non-financial matters, please refer to the separate Sustainability Report on p. 23 et seq. and to the appendix on non-financial reporting on p. 135 et seq. of this Annual Report.

8 External auditors

8.1 Duration of the mandate and term of office of the lead auditor

External auditors: Ernst & Young AG, Zug.

Duration of the mandate: since the 2019 financial year for V-ZUG Holding AG (previously since 2006 for Metall Zug AG).

Lead auditor: Christoph Michel.

Date on which the lead auditor took up office: 2020.

8.2 Auditing fees

In the Reporting Year, the external auditors, Ernst & Young AG, charged V-ZUG Holding AG and the V-ZUG Group CHF 231 thousand (previous year: CHF 206 thousand) for services in connection with the audit of the annual financial statements of V-ZUG Holding AG and its subsidiaries and of the consolidated financial statements of the V-ZUG Group.

8.3 Additional fees

In the Reporting Year, the external auditors, Ernst & Young AG, charged V-ZUG Holding AG and the V-ZUG Group a total of CHF 3 thousand (previous year: CHF 3 thousand) in additional fees for services in connection with auditing compliance with the minimum wage requirements of the collective employment agreement for the mechanical and electrical engineering industries.

8.4 Information instruments pertaining to the external audit

The external auditors are elected by the General Meeting for a period of one financial year. The lead external auditor is replaced after no more than seven years. The Audit Committee is responsible for evaluating the external auditors. At least once a year, the members of the Audit Committee receive from the external auditors a summary of the audit results including any suggestions for improvements and other findings identified by the external auditors as part of their audit activities. Representatives of the external auditors are invited to all meetings of the Audit Committee. In the 2023 financial year, they took part in all the quarterly meetings. The Audit Committee assesses the performance of the external auditors on the basis of the documents, reports and presentations issued by the external auditors. In doing so, the Audit Committee evaluates the quality, relevance and contribution towards improving transparency on the basis of the statements and documentation made available by the external auditors. In

In addition, the committee seeks the opinion of the CFO. The fees charged by the external auditors are reviewed and compared with the auditing fees paid by other comparable Swiss industrial companies on a regular basis. Further information on the external auditors, in particular the auditing fees and the fees they have charged for additional services outside the agreed audit scope, can be found in sections 8.2 and 8.3 of this Corporate Governance Report. The Audit Committee takes care to ensure that the fees for services that fall outside the agreed audit scope do not exceed a reasonable amount, in order to safeguard the independence of the external auditors.

9 Information policy

V-ZUG Holding AG, Industriestrasse 66, 6300 Zug, Switzerland, has a transparent information policy with regard to the general public and the financial markets. It communicates openly and regularly with its shareholders, the capital market and the general public. Contact persons include the Chairman of the Board of Directors, the CEO, the CFO and the Head of Investor Relations.

Official publications of V-ZUG Holding AG are made in the Swiss Official Gazette of Commerce (SOGC). Notices to shareholders are published in the SOGC or are sent by letter, e-mail, fax or using other electronic communication systems that permit evidence to be presented in text form to the addresses listed in the share register. The Annual Report and the Half-Year Report are made available in PDF format at www.vzug.com/ch/en/financial-reports. Shareholders are sent an abbreviated print version of the Annual Report. A media and analysts conference is held each year on the date that the annual and half-year results are published.

Corresponding ad hoc notifications are issued on important events involving facts that may potentially impact the share price. These can be accessed at www.vzug.com/ch/en/investor-relations-news. The corporate calendar can be viewed at www.vzug.com/ch/en/corporate-calendar, and general information on the V-ZUG Group can be found at www.vzug.com.

At www.vzug.com/ch/en/investor-relations-news-service, interested persons can subscribe to a mailing list to receive ad hoc notifications and further company information. The contact details for queries regarding investor relations can be found at www.vzug.com/ch/en/investor-relations.

10 No-trading periods

In connection with the half-yearly financial reporting, general no-trading periods apply at the V-ZUG Group from 1 January and from 1 July until the close of trading hours of the SIX Swiss Exchange, Zurich, on the date of publication of the Annual Report and Half-Year Report, respectively.

The prohibition of trading covers the registered shares of V-ZUG Holding AG and equity securities, options, derivatives and other financial instruments concerning V-ZUG Holding AG.

The parties subject to a prohibition of trading include the members of the Board of Directors and Executive Committee and other group-wide management positions with access to the current financial figures. In addition, the prohibition of trading also affects all people directly or indirectly involved in preparing the financial reporting and people who may otherwise potentially have access to the V-ZUG Group's current financial figures. Furthermore, the prohibition of trading also applies to V-ZUG Holding AG and all its group companies.

As a rule, there are no exceptions to the arrangement concerning no-trading periods, and any waiver would have to be approved by the competent bodies on a case-by-case basis.

In addition to the general no-trading periods, other no-trading periods may be established where necessary for specific dates, durations and parties covered, particularly in connection with circumstances potentially relevant to the share price.

Compensation Report



The compensation Report describes the principles and corporate governance aspects of compensation for the Board of Directors and Executive Committee of V-ZUG Holding AG in the 2023 financial year (the **“Reporting Period”**). The report is compiled in accordance with the mandatory provisions of the Swiss Code of Obligations, taking account of the recommendations and principles of the Swiss Code of Best Practice for Corporate Governance published by *economiesuisse*, which is aimed at the individual responsibility of such companies.

General remarks concerning the compensation system

Principles

Based on the Articles of Association of V-ZUG Holding AG (**“Articles of Association”**), members of the Board of Directors and the Executive Committee of V-ZUG Holding AG are entitled to compensation commensurate with their role and to customary social security benefits, as well as to reimbursement for expenses incurred in the interests of the V-ZUG Group; the details are set out in the separate compensation regulations (Article 23 of the Articles of Association). The following remarks are based on the revised Compensation Regulations of V-ZUG Holding AG dated 13 March 2023 (**“Compensation Regulations”**).

The V-ZUG Group’s current compensation policy endeavours to create a suitable basis for remunerating and incentivising employees, management and supervisory bodies in line with the market and performance.

In accordance with Article 25 of the Articles of Association, pensions and other post-employment benefits are only paid to members of the Executive Committee and the Board of Directors by pension funds (including insurance companies, collective foundations and similar second-pillar institutions); the respective benefits and employer contributions are determined by the applicable regulations.

Capital participation programmes

V-ZUG Holding AG does not have any participation or option programmes and no shares have been assigned to members of the Board of Directors, of the Executive Committee or related parties.

Article 23 of the Articles of Association permits compensation to be paid out in the form of money or shares. The Board of Directors has not yet availed itself of the opportunity to allocate shares as part of the compensation for members of the Board of Directors or the Executive Committee (see the section on the compensation system for the Executive Committee below on p. 82 et seq.).

Board of Directors compensation system

Members of the Board of Directors receive fixed compensation for their work as well as a lump-sum reimbursement of expenses. Members of the Board of Directors who serve as Chairman of the Board of Directors or chair of a committee or who perform special tasks (e.g. activities on the boards of directors of subsidiaries, chairing advisory boards, etc.) receive an additional fee for such additional roles and special tasks. If a member of the Board of Directors holds office as their main occupation and is not otherwise subject to occupational pensions (BVG) obligations, this member is entitled to be included in the V-ZUG Group’s occupational pension scheme within the framework of the legal and social security provisions. The fee scale is structured in accordance with the Compensation Regulations (including lump-sum expenses):

Role	Fixed (gross), in CHF	Lump-sum expenses, in CHF	Total, in CHF
Basic amount (Member BoD)	63,000	12,000	75,000
Additional amount, Chairman BoD	92,000	3,000	95,000
Additional amount, Chair BoD committee/ Chair Digital Advisory Board	20,000	-	20,000
Additional amount, Member BoD committee	10,000	-	10,000

The compensation of the Board of Directors is determined at the request of the Human Resources & Compensation Committee by the entire Board of Directors on an annual basis, usually in the first quarter of the year, for the period from the Annual General Meeting of the current calendar year to the Annual General Meeting of the following year and is presented to the General Meeting for approval in accordance with Article 24 of the Articles of Association.

Executive Committee compensation system

The compensation for members of the Executive Committee consists of a fixed basic salary and performance-related short-term variable compensation. Members of the Executive Committee also receive a lump-sum expenses allowance (hospitality expenses plus vehicle and mileage remuneration).

Article 23 of the Articles of Association also provides for the possibility of long-term variable compensation elements for the compensation of the Executive Committee. Such long-term variable compensation elements would essentially focus on the same targets as the short-term variable compensation elements, but would also be designed to take account of employee retention and would therefore take the form of restricted shares. The necessary shares would be purchased on the market through V-ZUG Holding AG.

Fixed compensation

The amount of the fixed compensation is determined at the request of the Human Resources & Compensation Committee by the entire Board of Directors, taking into account the fixed component agreed with the members of the Executive Committee in their employment contracts, usually in the fourth quarter for the following financial year, and within the total amount approved by the General Meeting. Approval of the total amount available for the fixed compensation of the members of the Executive Committee is granted by the General Meeting in accordance with Article 24 of the Articles of Association for the following calendar year (prospective model).

If the total amount approved for the compensation of the Executive Committee is not sufficient to compensate members newly appointed after approval by the General Meeting until the beginning of the next approval period, then, in accordance with Article 24 of the Articles of Association, an additional amount of 25 % of the previously approved total amount for the Executive Committee is available per newly appointed member of the Executive Committee for the approval period in question, up to a total additional amount of 50 % of the previously approved total amount for the Executive Committee for the relevant approval period.

Variable compensation

The variable compensation must not exceed 100 % of the fixed compensation for each member of the Executive Committee. In accordance with Article 23 of the Articles of Association, the variable compensation is linked to qualitative and quantitative objectives, the components and structure of which may be determined by the entire Board of Directors with full discretion at the request of the Human Resources & Compensation Committee, taking into consideration the role of the Executive Committee member in question.

The quantitative targets are linked to key performance indicators at Group level. When defining the relevant level for key performance indicators, the Human Resources & Compensation Committee uses the budgeted figures as a starting point and factors in the current environment, the previous year's provisional figures and the "tension" (attainability) in the budget, amongst other aspects. Achieving the budget does not mean that members of the Executive Committee are entitled to 100 % of their target bonus.

The qualitative targets are based on the company's long-term, sustainable development.

The Human Resources & Compensation Committee is generally responsible for setting measurable targets for all members of the Executive Committee. Financial targets are based on growth, profitability and efficiency and their traditional KPIs, and the division- or project-specific targets are focused on the company's strategic growth (e.g. digitalisation, product portfolio, culture).

The individual employment contracts of members of the Executive Committee provide for a target bonus amounting to 80% of the fixed compensation for the CEO and 50% for the other Executive Committee members. In the event of excellent performance, the target bonus may be exceeded by no more than a quarter; in other words, in the maximum case for the CEO, the bonus may be 100% of the fixed compensation, and in the maximum case for the other members of the Executive Committee, the bonus may be 62.5% of the fixed compensation.

The Human Resources & Compensation Committee has considerable discretion when assessing target attainment. In individual cases, it may state in advance that no bonus will be paid out at all if certain minimum targets are not met, even if a bonus could be paid based on the achievement of other targets. As a general rule, the payment of any variable compensation is conditional upon exemplary performance as well as a positive net result in the profit and loss account (after the bonus payment has been included) at Group level. In addition, the actual bonus may not exceed the target bonus per person unless at least 90% of the budgeted EBIT is achieved at Group level.

With the respective approval of the Human Resources & Compensation Committee and the Board of Directors, part or all of the bonus may be included in the occupational pension.

The quantitative and qualitative targets and their percentages and the weighting for the variable compensation for individual members of the Executive Committee in the current financial year are determined at the request of the Human Resources & Compensation Committee by the entire Board of Directors in the first quarter of the current financial year, taking into consideration the target bonus agreed in their respective employment contracts. The variable compensation for the Executive Committee for the financial year just ended is also determined at the request of the Human Resources & Compensation Committee by the entire Board of Directors following the presentation of the annual financial statements in the first quarter of the following year on the basis of the achievement of the quantitative and qualitative targets agreed. It is paid out following approval by the General Meeting (retrospective model – one of the variants provided for in Article 24 of the Articles of Association).

The Compensation Regulations allow V-ZUG Holding AG to request repayment of some or all of the variable compensation paid to a member of the Executive Committee for a bonus period within 30 months of its payment date, or to deduct an appropriate amount from the variable compensation for a subsequent bonus period. This may occur if it turns out after paying the variable compensation that this member of the Executive Committee was in serious breach of applicable legal requirements, contractual provisions or internal regulations (particularly the Code of Conduct or other ethical principles of the V-ZUG Group) within the bonus period in question or that the member influenced the achievement of the targets in the bonus period in question through actions that run counter to the sustainable business development of the V-ZUG Group. Serious and repeated breaches will generally result in the member losing all of their variable compensation for the current financial year. In all cases, the entire Board of Directors will, at the request of the Human Resources & Compensation Committee, make a decision at its own discretion.

Disclosure of compensation

Details of compensation for the Board of Directors and the Executive Committee are set out on the following pages. Details of share ownership by members of the Board of Directors and the Executive Committee are set out below on p. 86.

Compensation for the Board of Directors

The composition of the Board of Directors of V-ZUG Holding AG did not change in the Reporting Period and compensation was essentially similar to that of the previous year. Small variations are due to additional roles carried out by individual members of the Board of Directors in the V-ZUG Group. The compensation of the Board of Directors is set at the Annual General Meeting for the period of the term in office of the Board of Directors until the next Annual General Meeting the following year. As the term in office of the Board of Directors is not the same as the financial year, the fees detailed below may differ from the fees approved at the Annual General Meeting.

Fixed compensation

Fixed compensation of the Board of Directors in the Reporting Period totalled CHF 657,079. The Board of Directors generally pursues a policy of consistent compensation. The comparative analysis conducted in 2022 to determine the compensation for management roles at comparable listed companies showed that the compensation paid to the members of the Board of Directors is generally the same as that paid to board members at the companies included in the comparison (see section "Changes to the compensation system" on p. 91). However, the amount of compensation paid to the Chairman of the Board of Directors differed considerably from that paid to chairs of comparable listed companies. With the revision to the Compensation Regulations dated 13 April 2023 for the current period of office (from 25 April 2023 until the Annual General Meeting on 23 April 2024) the amount of compensation paid to the Chairman of the Board of Directors was increased accordingly (see the table under Board of Directors compensation system). The total compensation of the Board of Directors was within the total amount approved by the General Meeting.

The Board of Directors is requesting the next Annual General Meeting on 23 April 2024 to approve a maximum total amount of CHF 750,000 for its fixed compensation and lump-sum reimbursement of expenses for the period of office up to the following Annual General Meeting in 2025. The total amount for the six members of the Board of Directors still includes a small reserve, which remains unchanged compared to the current term of office, and is identical to the total amount approved by the Annual General Meeting of V-ZUG Holding AG on 25 April 2023.

On 28 April 2022, the Annual General Meeting of V-ZUG Holding AG approved the maximum sum of CHF 750,000 for the fixed compensation of the Board of Directors for the period of office until the next Annual General Meeting on 25 April 2023. During this period, CHF 635,874 of the approved sum was used for the compensation of members of the Board of Directors.

Additional compensation

No loans or credit facilities were granted to members of the Board of Directors or related parties, and the Articles of Association do not contain any provisions that would permit the granting of loans or credit facilities. The lump-sum expense allowances, which are based on expense regulations approved by the tax authorities, are shown as fixed compensation in the interests of full and complete transparency, although, as genuine lump-sum expenses, they would not have to be disclosed since they do not constitute compensation. None of the members of the Board of Directors has an executive function in the V-ZUG Group or received any other compensation from companies of the V-ZUG Group.

Compensation for financial year, in CHF	Fixed compensation/fee (gross) ¹⁾		Social contributions ²⁾		Total	
	2023	2022	2023	2022	2023	2022
Oliver Riemenschneider, Chairman, Board of Directors	170,000	150,000	9,845	8,640	179,845	158,640
Annelies Häcki Buhofer, Member, Audit Committee	85,000	85,000	2,979	2,979	87,979	87,979
Prisca Hafner, Chair, Human Resources & Compensation Committee	95,000	95,000	5,312	5,312	100,312	100,312
Tobias Knechtle ³⁾ , Chair, Audit Committee	100,652	100,652	0	0	100,652	100,652
Petra Rumpf, Chair, Advisory Board	95,000	95,000	5,312	5,312	100,312	100,312
Dr Jürg Werner, Member, Human Resources & Compensation Committee	85,000	85,000	2,979	2,979	87,979	87,979
Total Board of Directors	630,652	610,652	26,426	25,221	657,079	635,874

¹⁾ The compensation shown includes lump-sum expenses and other payments (such as memberships, etc.) and any additional fee for activities on the Board of Directors of subsidiaries and further special tasks.

²⁾ Employer contributions for AHV (old-age and survivors' insurance), IV (disability insurance), EO (loss of earnings compensation) and ALV (unemployment insurance) as well as any contributions to occupational accident insurance and occupational pension schemes.

³⁾ Payment is made via a legal entity. In accordance with the Compensation Regulations, the fixed fee (but not the lump-sum expenses) is increased (currently by 6.81%) to offset the employer contributions to be made by the legal entity.

Compensation for the Executive Committee

The Executive Committee of the V-ZUG Group experienced the following changes in the 2023 financial year:

- Attila Castiglioni, Chief Sales and Service Officer Switzerland, left the V-ZUG Group as of 31 August 2023. Peter Spirig took over the position on an interim basis. Marcel Feurer has been appointed as new Chief Sales and Service Officer Switzerland. He will take up the position no later than 1 June 2024.
- Stefan Keller, Chief Technology Officer, left the V-ZUG Group as of 15 August 2023. Since November 2023, the development area has been managed on an interim basis by Wolfgang Schroeder, formerly Head of Digital Transformation and Business Development.

As a result, the total compensation of the Executive Board was somewhat lower than the previous year. With the exception of this adjustment, compensation remained on a similar level to last year.

Fixed compensation

For the 2023 financial year, the Annual General Meeting on 28 April 2022 approved a maximum total amount of CHF 3,950,000 for the fixed compensation of members of the Executive Committee. Out of this amount, a total of CHF 3,323,077 was used for the fixed compensation of the Executive Committee in the Reporting Period. There was no need to make use of any additional amount.

For the 2024 financial year, the Annual General Meeting of V-ZUG Holding AG on 25 April 2023 approved a maximum total of CHF 3,950,000 for the fixed compensation of the Executive Committee in accordance with the Articles of Association (Article 24, para 1, second bullet point of the Articles of Association).

For the 2025 financial year, the upcoming Annual General Meeting on 23 April 2024 will be asked to approve a maximum total amount of CHF 3,950,000 (identical to the previous years) for the fixed compensation of the Executive Committee.

Variable compensation

Out of the maximum total amount of CHF 660,000 approved by the Annual General Meeting on 25 April 2023 for the variable compensation of members of the Executive Committee for the 2022 financial year, CHF 654,048 (including social contributions) was paid out.

Since the retrospective model is used for the approval of variable compensation of the Executive Committee by the General Meeting (see the previous section on the compensation system for the Executive Committee on p. 82), the variable compensation for the Executive Committee for the 2023 financial year requires approval by the forthcoming Annual General Meeting. The Board of Directors recommends to the Annual General Meeting of V-ZUG Holding AG on 23 April 2024 the maximum total amount of CHF 860,000 (including social contributions) for the variable compensation of the Executive Committee members for the 2023 financial year. The maximum amount that could be paid out in accordance with the Compensation Regulations is CHF 1,702,000. The variable compensation asked to approve reflects the results of the financial targets and the achievement of strategically relevant objectives by members of the Executive Committee, with a 50% weighting for each. The degree of achievement of financial targets in the 2023 financial year was 18.75%; the strategic targets were achieved to 90% (50% weighting). The result was a total degree of target achievement of 62.5%.

Additional compensation

The employment contracts of Executive Committee members do not provide for any severance payments. The notice period is generally six months. No loans or credit facilities were granted to members of the Executive Committee or related parties, and the Articles of Association do not contain any provisions that would permit the granting of loans or credit facilities.

Overview of compensation for the Executive Committee

Due to their fixed nature, the employer's pension contributions within the framework of a management insurance scheme were added to the social contributions for the calculation of the total fixed compensation in the 2021 compensation report. The other employer's pension contributions on the variable compensation – AHV (old-age and survivors' insurance), IV (disability insurance), EO (loss of earnings compensation), ALV2 (unemployment insurance) – were reported under social contributions for the calculation of the total variable compensation.

In the reporting year (as in the previous year), all employer's social contributions⁴⁾ for the 2022 and 2023 financial years were consolidated and reported as social contributions for the calculation of the total fixed compensation.

Compensation for financial year, in CHF	CEO ¹⁾		Executive Committee (total) ²⁾	
	2023	2022	2023	2022
Fixed basic salary (gross)	485,250	480,000	2,295,094	2,429,333
Other payments/benefits ³⁾	55,891	59,259	384,453	426,569
Social contributions ⁴⁾	143,305	147,184	687,389	747,108
Total fixed compensation	684,446	686,443	3,366,936	3,603,010
Total variable compensation^{5) 6)}	248,448	174,720	827,533	618,193
Total compensation	932,894	861,163	4,194,469	4,221,203

¹⁾ The highest amount for any member of the Executive Committee in the relevant Reporting Period and in the Previous Year's Period was paid to CEO Peter Spirig.

²⁾ The 2023 financial year includes compensation to Attila Castiglioni (up to 31 August 2023) and Stephan Keller (up to 15 August 2023) until their respective departures.

³⁾ Includes lump-sum expenses and other payments, benefits and remuneration (such as supplementary insurance, travel remuneration and mobility contribution). Child and family allowances are not disclosed.

⁴⁾ Employer contributions to pension schemes, AHV (old-age and survivors' insurance), IV (disability insurance), EO (loss of earnings compensation), ALV (unemployment insurance), daily sickness benefits insurance and accident insurance. The amounts in the table are disclosed on an accrual basis and relate to fixed and variable compensation.

⁵⁾ Due to changes within the Executive Committee in the previous year, a proportion of variable compensation still had to be paid out in 2022 to the members who left in 2021 (Max Herger and Manuel Faeh).

⁶⁾ The variable compensation for the members of the Executive Committee is generally paid out in May of the following year subject to approval by the Annual General Meeting (on 23 April 2024 for the variable compensation for the 2023 financial year). The amounts in the table are disclosed on an accrual basis.

Share ownership by current members of the governing bodies

The following table shows the participation rights in V-ZUG Holding AG and the options to such rights of each current member of the Board of Directors, the Executive Committee and the Advisory Board as at 31 December.

Member	2023	2022
Oliver Riemenschneider, Chairman of the Board of Directors	2,200	1,500
Annelies Häcki Buhofer, Member of the Board of Directors ^{1, 2)}	374,878	291,078
Prisca Hafner, Member of the Board of Directors	250	250
Tobias Knechtle, Member of the Board of Directors	550	550
Petra Rumpf, Member of the Board of Directors	1,000	1,000
Jürg Werner, Member of the Board of Directors	200	200
Peter Spirig, Chief Executive Officer (CEO) ²⁾	600	500
Adrian Ineichen, Chief Financial Officer (CFO)	300	300
Stephan Keller, Chief Technology Officer (CTO) ³⁾	n/a	100

¹⁾ Mainly held indirectly through Holmia Holding AG, Zug, and partly held by related parties.

²⁾ Partly held by related parties.

³⁾ Stepped down in the Reporting Year.

Activities at other commercial companies

Activities exercised by members of the Board of Directors and Executive Committee of V-ZUG Holding AG in comparable roles at other commercial companies are listed below.

Member	Activity at other companies
Board of Directors	
Oliver Riemenschneider	Accelleron Industries AG, Switzerland, Chairman of the Board of Directors.
Annelies Häcki Buhofer	Zug Estates Holding AG, Switzerland, Member of the Board of Directors; Cham Group AG, Switzerland, Member of the Board of Directors; BURU Holding AG, Switzerland, Chair of the Board of Directors; Holmia Holding AG, Switzerland, Member of the Board of Directors; compliag AG, Switzerland, Member of the Board of Directors.
Prisca Hafner	PiD Engineering AG, Switzerland, Member of the Board of Directors.
Tobias Knechtle	Geberit AG, Switzerland, CFO and Member of the Group Executive Board; Adastra Investment & Consulting AG, Switzerland, Chairman of the Board of Directors; Eupheus International Educational Project, Portugal, advisor (up to December 2023).
Petra Rumpf	Straumann Holding AG, Switzerland, Vice-Chair of the Board of Directors; SHL Medical AG, Switzerland, Member of the Board and Chair of the Audit Committee; Vimian Group AB, Sweden, Member of the Board of Directors; Limacorporate S.p.a, Italy, Member of the Board of Directors.
Jürg Werner	Department of Mechanical and Process Engineering, ETH Zurich, Switzerland, Member of the Industrial Advisory Board; Swiss Academy of Arts and Sciences (SATW), elected full member; Komax AG, Switzerland, Member of the Board of Directors; Haag-Streit AG, Switzerland, Member of the Board of Directors; Möller-Wedel Optical GmbH, Germany, consulting.
Executive Committee	
Peter Spirig	Swissmem, Switzerland, Member of the Council; Zug Chamber of Commerce, Switzerland, Member of the Board of Directors; Swiss Association for Domestic and Commercial Electrical Appliances (FEA), Switzerland, Member of the Board; SENS Foundation, Switzerland, Member of the Board of Trustees.
Alberto Bertoz	Fhiaba s.r.l., Italy, Member of the Board of Directors; Kite Assets Holding AG, Switzerland, Chairman of the Board of Directors (until September 2023); Oslo Holding AG, Switzerland, Chairman of the Board of Directors.
Sandra Forster	No significant activities.
Adrian Ineichen	V-ZUG AG Pension Fund, Switzerland, Chairman of the Board of Trustees; V-ZUG AG Welfare Fund, Switzerland, Member of the Board of Trustees.
Natalie Noël	No significant activities.
Adrian Theiler	Goldau Foundation for Music and Culture, Switzerland, Chairman of the Board of Trustees.

Report of the statutory auditor



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To the General Meeting of
V-ZUG Holding AG, Zug

Zug, 11 March 2024

Report of the statutory auditor on the audit of the compensation report



Opinion

We have audited the compensation report of V-ZUG Holding AG (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) of the compensation report.

In our opinion, the information pursuant to Art. 734a-734f CO in the compensation report (pages 81 to 87) complies with Swiss law and the Company's articles of incorporation.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the compensation report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include in the compensation report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors' responsibilities for the compensation report

The Board of Directors is responsible for the preparation of a compensation report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a compensation report that is free from material misstatement, whether due to fraud or error. It is also responsible for designing the remuneration system and defining individual remuneration packages.



Auditor's responsibilities for the audit of the compensation report

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement in the compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ernst & Young Ltd

Christoph Michel
Licensed audit expert
(Auditor in charge)

Stefan Pieren
Licensed audit expert

Changes to the compensation system

In the 2022 compensation report and at the Annual General Meeting on 25 April 2023, the Board of Directors announced plans to adjust the compensation strategy with effect from 1 January 2024.

After the compensation practice remained unchanged in the first few years since V-ZUG Group became independent, the Human Resources & Compensation Committee revised the compensation strategy in 2022 and 2023 with the involvement of internal and external stakeholders as well as specialists and in coordination with the full Board of Directors. This was based on the corporate and human resources strategy as well as on an external benchmarking exercise.

The overarching objectives of the new compensation strategy, which is intended to apply to the whole organisation, essentially reflects the following:

- To link the remuneration strategy with the corporate strategy based on medium-term planning, including a long-term perspective
- To strengthen the culture of accountability for results and feedback on the basis of ambitious targets
- To uphold in our compensation practice the mindset of sustainability rooted in our corporate DNA
- To aim for compensation in line with the market as one way among many of ensuring we are an attractive employer
- To increase transparency around processes and the basis for decisions about compensation (“pay for performance/results”)

The benchmarking exercise carried out in 2022 showed that, in terms of the structure and level of compensation for the members of the Executive Committee, the split between basic salary and short-term variable compensation and the absolute amount at comparable Swiss Performance Index (SPI) companies are essentially in line with the market at comparable companies in the SPI. However, the lack of a long-term, additive remuneration element (“long-term incentive”) presents a gap compared to market.

Care was taken when designing the detailed structure in 2023 to ensure that the plan is clear, supported by data and facts, and as easy to understand as possible. The KPIs were set and applied to two levels of management for the first time in 2023 as a way of gaining experience. The expansion to three management levels is planned for the 2025 financial year. The main adjustments to the compensation strategy include a graduated split between fixed and short-term variable compensation (STI) and a standardised weighting of targets according to management level. The minimum and maximum target achievement were adjusted (minimum “hurdle” rate now at 75% and maximum “cap” now at 150% target achievement). At the same time, the weighting of the financial targets for the Executive Committee was increased from 50% to 60%.

With the revised compensation strategy and the associated transparency regarding the basis for compensation decisions, the transition to exclusively prospective approval of all compensation elements is planned for the 2025 Annual General Meeting.

The Board of Directors will provide information about the changes at the 2024 Annual General Meeting and will involve shareholders in the decision-making process as required by the Articles of Association.

Financial Report



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Consolidated income statement

in KCHF	Notes	2023	2022 adjusted
Net sales	1.2	585,424	636,283
Costs of goods and services sold		-385,448	-440,097
Gross profit		199,976	196,186
Marketing and sales costs		-97,458	-98,561
Research and development costs		-49,957	-53,487
Administration costs		-42,344	-43,254
Other operating income	1.2	6,904	9,604
Other operating costs		-344	-199
Operating result (EBIT)		16,777	10,289
Financial income	3.3	183	134
Financial expenses	3.3	-3,360	-394
Share of results from associated companies	2.4	-22	
Financial result		-3,199	-260
Net result before taxes		13,578	10,029
Taxes	1.4	-1,892	-2,091
Group net result		11,686	7,938
Earnings per share (in CHF)	1.5	1.82	1.23

The income statement is now presented in accordance with the function of expense method (previously: nature of expense method). In connection with this, the previous year's figures have been adjusted to the new structure. For further information, see "Change in presentation" in the notes to the consolidated financial statements.

Consolidated balance sheet

in KCHF	Notes	2023	2022
Cash and cash equivalents	3.1	80,860	64,408
Securities	3.1	95	96
Trade receivables	2.1	49,481	67,617
Other receivables	2.1	5,249	4,728
Inventories	2.1	98,540	115,673
Prepaid expenses and accrued income		3,614	2,653
Current assets		237,839	255,175
Tangible assets	2.2	348,282	313,409
Intangible assets	2.3	9,123	8,272
Financial assets	2.4	24,270	29,984
Fixed assets		381,675	351,665
Assets		619,514	606,840
Trade payables	2.1	33,662	29,045
Other current liabilities	2.1	40,383	37,702
Accrued expenses and deferred income	2.1	36,072	38,945
Current provisions	2.5	20,086	19,969
Current liabilities		130,203	125,661
Other long-term liabilities		129	1,106
Long-term provisions	2.5	11,141	11,441
Deferred tax liabilities	1.4	14,109	14,817
Non-current liabilities		25,379	27,364
Total liabilities		155,582	153,025
Share capital	3.2	1,736	1,736
Capital reserves		132,792	132,792
Retained earnings		329,404	319,287
Shareholders' equity		463,932	453,815
Liabilities and shareholders' equity		619,514	606,840

Consolidated statement of changes in shareholders' equity

in KCHF	Share capital	Capital reserves	Retained earnings	Goodwill offset	Accumulated currency translation differences	Total retained earnings	Total
Shareholders' equity 31.12.2023	1,736	132,792	330,673	-2,395	1,126	329,404	463,932
Group net result 2023			11,686			11,686	11,686
Currency translation effects					-1,569	-1,569	-1,569
Shareholders' equity 31.12.2022	1,736	132,792	318,987	-2,395	2,695	319,287	453,815
Group net result 2022			7,938			7,938	7,938
Acquisitions				-2,395		-2,395	-2,395
Currency translation effects					-581	-581	-581
Shareholders' equity 31.12.2021	1,736	132,792	311,049	-	3,276	314,325	448,853

Consolidated statement of cash flows

in KCHF	Notes	2023	2022
Group net result		11,686	7,938
Financial result (net)		3,177	260
Depreciation and amortisation		31,837	31,863
Impairment			498
Earnings from sale of tangible assets		-386	-212
Share of results from associated companies	2.4	22	
Net changes in provisions		194	843
Income tax		1,892	2,091
Other non-cash items ¹⁾		7,567	-3,976
Change in trade receivables		16,692	-9,007
Change in other receivables and prepaid expenses and accrued income		-685	8,105
Change in inventories		9,237	-25,502
Change in trade payables		5,080	995
Change in other current liabilities and accrued expenses and deferred income		-4,559	-6,686
Interest paid		-24	-78
Taxes paid		-1,278	-6,113
Cash flow from operating activities		80,452	1,019
Investments in tangible assets	2.2	-58,287	-44,908
Investments in intangible assets	2.3	-4,719	-4,747
Investments in financial assets and securities	2.4	-136	-4,125
Disposals of tangible assets	2.2	724	409
Disposals of financial assets and securities		87	9
Interest received		67	107
Cash flow from investing activities		-62,264	-53,255
Cash flow from operating and investing activities (free cash flow)		18,188	-52,236
Increase in other long-term liabilities			155
Decrease in other long-term liabilities		-141	-78
Cash flow from financing activities		-141	77
Currency translation effects		-1,595	-612
Change in "Net cash and cash equivalents"²⁾		16,452	-52,771
Net cash and cash equivalents at beginning of year		64,408	117,179
Net cash and cash equivalents at end of year		80,860	64,408

¹⁾ Other non-cash items essentially comprise changes in value adjustments on inventories and trade receivables of CHF 4.3 million (previous year: CHF 1.0 million), waiver of contributions in the amount of CHF 4.9 million to V-ZUG AG's pension fund through use of employers' contribution reserves, non-cash allocation to the employers' contribution reserves from interest generated by V-ZUG AG's welfare fund of CHF -0.2 million (previous year: non-cash allocation of CHF -1.9 million) and the release of deferred compensation for additional expenses caused by the site transformation in Zug in the amount of CHF -0.9 million (previous year: CHF -1.2 million). In the previous year, the figure also included the release of goodwill of CHF -1.8 million.

²⁾ The "Net cash and cash equivalents" fund comprises the balance sheet item cash and cash equivalents less current financial liabilities.

Notes to the consolidated financial statements

Information on the Report

General information

The V-ZUG Group's consolidated financial statements are prepared in accordance with the entire existing body of Accounting and Reporting Recommendations (Swiss GAAP FER) on the basis of historical costs (cost of acquisition or production) or current values. The financial year of the consolidated financial statements corresponds to the calendar year.

The Financial Report is published in German and English. In the event of discrepancies between the two versions, the German version shall prevail.

Change in presentation

Since 1 January 2023, the V-ZUG Group has presented the income statement in accordance with the function of expense method (previously: nature of expense method). V-ZUG considers presentation in accordance with the function of expense method more meaningful for the analysis of the Group's financial development and also uses it internally. The changes did not affect the results. The previous year was adjusted accordingly.

Consolidation principles

The consolidated financial statements cover V-ZUG Holding AG and all Group companies in which V-ZUG Holding AG directly or indirectly holds more than 50 % of the voting rights or for which it bears operational and financial management responsibility. The full consolidation method is applied, that is, assets, liabilities, income and expenses are recognised in full. Affiliated companies in which the V-ZUG Group has a direct or indirect ownership interest of between 20 % and 50 % are recognised according to the equity method. Participating interests of less than 20 % are not consolidated. On the date of the initial consolidation, the assets and liabilities of acquired companies or business parts are valued at fair value in accordance with uniform Group policies. The difference between the acquisition price and the revalued net assets of the acquired companies or business parts is recognised as goodwill. This goodwill is offset against retained earnings with no effect on the income statement. The impact of a theoretical capitalisation is presented in the notes to the consolidated financial statements. The aim of the capital consolidation is to show the equity of the entire Group. The capital consolidation is carried out using the purchase method.

Intergroup transactions

Intergroup receivables, payables and transactions are eliminated for fully consolidated companies. Allowances and value adjustments for intergroup receivables and investments are reversed. The individual Group companies' intergroup profits on inventories and tangible assets are also eliminated.

Currency translation

With regard to currency translation for consolidation purposes, the annual financial statements of the foreign Group companies are translated into Swiss francs according to the current rate method. The exchange rate at the end of the year is applied consistently to assets and liabilities, while the average exchange rate during the period under review is used for income statements and statements of cash flows. Shareholders' equity is converted at historical exchange rates. The currency effects resulting from the conversion are offset against retained earnings with no effect on the income statement. Foreign currency gains and losses on long-term, equity-like loans to Group companies are also recognised in equity with no effect on the income statement.

Significant estimates

In preparing the consolidated financial statements, certain assumptions must be made that affect the accounting principles to be used and the amounts reported as assets, liabilities, income and expenses, and the presentation of these amounts. The assumptions are explained in the following items:

- Income taxes
- Inventories
- Provisions

Key indicators not defined by Swiss GAAP FER

V-ZUG uses certain key performance indicators that are not defined according to Swiss GAAP FER (alternative performance measures [APMs]). Where relevant for the reader, specific subtotals, which can be elicited directly from the relevant tables, are included.

Additional key figures that are not directly disclosed and reconciled in the consolidated main tables in accordance with a recognised financial reporting standard include the following:

- “EBITDA” is the operating result (EBIT) before depreciation, amortisation and impairment on tangible and intangible assets. The derivation per segment can be found in note 1.1 Segment information.
- “Capex” refers to additions to tangible and intangible assets.
- “Equity ratio” shows equity as a percentage of a company’s total assets (equity and debt capital).
- “ROCE” is a measure of how efficiently and profitably a company employs its average total net capital. The calculation method can be found in note 2 Invested capital.

Events after the balance sheet date

There were no events between 31 December 2023 and 11 March 2024 that would require an adjustment to the carrying amounts of assets or liabilities in the consolidated financial statements of the V-ZUG Group or would need to be disclosed under this heading.

On 11 March 2024, the consolidated financial statements were approved for publication by the Board of Directors. They are also subject to approval by the Annual General Meeting.

1 Performance

1.1 Segment information

The business activities of the V-ZUG Group comprise the following segments:

Household Appliances:	Household kitchen and laundry appliances plus services
Real Estate:	Management and development of real estate
Corporate:	V-ZUG Holding AG

Due to the change in the presentation of the income statement in accordance with the function of expense method, there is a new structure. The previous year was adjusted.

in KCHF	2023	2022
Household Appliances		
Net sales	585,424	636,283
Gross profit	196,505	192,716
EBITDA	39,595	33,702
EBITDA in % of net sales	6.8	5.3
Depreciation, amortisation and impairment	-27,314	-28,060
Operating result (EBIT)	12,281	5,642
EBIT in % of net sales	2.1	0.9
Real Estate		
EBITDA	10,394	10,159
Depreciation, amortisation and impairment	-4,523	-4,301
Operating result (EBIT)	5,871	5,858
Corporate and elimination		
Gross profit	3,471	3,470
EBITDA / Operating result (EBIT)	-1,375	-1,211
Total		
Net sales	585,424	636,283
Gross profit	199,976	196,186
EBITDA	48,614	42,650
EBITDA in % of net sales	8.3	6.7
Depreciation, amortisation and impairment	-31,837	-32,361
Operating result (EBIT)	16,777	10,289
EBIT in % of net sales	2.9	1.6

ACCOUNTING PRINCIPLES

The segment accounts used at top management level to steer the business are disclosed for segment reporting. Segment revenue is deemed to be net sales, and segment result is deemed to be EBIT.

The main sources of revenue in the Household Appliances segment are the sales of appliances and spare parts as well as the provision of services. Sales take place through specialist dealers, distributors, digital channels and, occasionally, directly to end customers.

1.2 Net sales and other operating income**Net sales by geographic market**

in KCHF	2023	2022
Switzerland	481,367	519,495
Europe (excluding Switzerland)	25,234	32,330
North America	30,604	37,538
Asia/Pacific/Others	48,219	46,920
Total	585,424	636,283

Other operating income

Other operating income includes proceeds from invoicing OEM customers for product development services, the sale of tangible assets, compensation for additional expenses caused by the site transformation in Zug, the staff restaurant and rents.

ACCOUNTING PRINCIPLES

Net sales include the inflow of economic benefits from sales of goods and services within the scope of ordinary business during the period under review. Sales reductions, such as discounts, rebates and other concessions, as well as payments to third parties, such as commissions and any value added tax, have been deducted from net sales reported.

Revenues are reported when the significant risks and rewards related to the ownership of products sold are transferred to the customer in accordance with the contractual agreement. Revenue from services is recognised in the accounting period in which the service was provided.

1.3 Personnel expenses

in KCHF	2023	2022
Wages and salaries	-179,584	-180,027
Pension expenses	-16,143	-13,912
Other social and personnel expenses	-22,963	-26,038
Total	-218,690	-219,977

Personnel expenses fell by 0.6% year on year. The average number of full-time equivalents decreased by 2.4%, from 2,169 in the previous year to 2,118. Personnel expenses reflect the waiver of contributions to V-ZUG AG's pension fund in the amount of CHF 4.9 million, which had no effect on the income statement as a result of the use of employers' contribution reserves, and they contain the allocation to employers' contribution reserves from interest generated by V-ZUG AG's welfare fund in the amount of CHF 0.2 million. The previous year included an allocation from V-ZUG AG's pension fund and V-ZUG AG's welfare fund to the employers' contribution reserves (including interest) of CHF 1.9 million. The allocations reduced the Group's pension expense by the corresponding amount. Average personnel expenses per employee increased from CHF 101.4 thousand to CHF 103.2 thousand, and net sales per employee fell from CHF 293.4 thousand to CHF 276.4 thousand.

At the balance sheet date, the number of full-time equivalents was 2,066 (previous year: 2,193). The decrease in full-time equivalents is attributable mainly to the reduction of temporary staff at the two production sites in Switzerland.

1.4 Income taxes

in KCHF	2023	2022
Current income taxes	-2,597	-1,725
Deferred income taxes	705	-366
Total	-1,892	-2,091

Current income taxes include paid and due taxes on the taxable profits of the individual companies.

in KCHF	2023	2022
Liabilities from current income taxes	2,296	1,269
Deferred tax liabilities	14,109	14,817
Total	16,405	16,086

Liabilities from current income taxes are posted under the balance sheet item Other current liabilities and are disclosed in note 2.1 Net operating working capital.

in KCHF	2023	2022
Ordinary group net result before taxes	13,578	10,029
Weighted average applicable income tax rate in %	15.1	16.9
Weighted average calculated income taxes	2,051	1,692
Utilisation of previously unrecognised tax loss carryforwards	-437	-484
Additional unrecognised tax loss carryforwards	120	209
Change of unrecognised temporary differences	476	481
Tax effects on investments	-152	245
Additional deduction for research and development expenses	-377	
Other effects	211	-52
Effective income taxes	1,892	2,091
Effective income tax rate in %	13.9	20.8

The expected income tax rate on the ordinary group net result came to 15.1% (previous year: 16.9%) and corresponds to the weighted average tax rate based on the profit/loss before taxes and the tax rate for each individual Group company. V-ZUG operates worldwide and is liable to income tax in various countries. The weighted average income tax rate applicable may vary from year to year due to the individual companies' varying results or changes in local tax rates.

The Group's effective income tax rate was 13.9% (previous year: 20.8%). The difference between the weighted average income tax rate applicable and the effective income tax rate for the reporting year was -1.2 percentage points. The utilisation of previously unrecognised tax loss carryforwards as well as the additional deduction for research and development expenses in Switzerland were the most important factors in contributing to a lower effective income tax rate.

Non-capitalised loss carryforwards amounted to CHF 10.1 million (previous year: CHF 12.3 million) with a potential tax effect of CHF 2.4 million (previous year: CHF 2.8 million), of which CHF 9.1 million (previous year: CHF 9.9 million) may be used for an indefinite period. There are also non-capitalised deferred taxes on valuation differences in the amount of CHF 2.3 million (previous year: CHF 2.0 million).

SIGNIFICANT ESTIMATES

Current tax liabilities are measured based on an interpretation of the tax legislation in place in the relevant countries. The adequacy of such an interpretation is assessed by the tax authorities in the course of the final assessment or tax audits. This can result in changes to tax expense.

ACCOUNTING PRINCIPLES

In accordance with the respective tax assessment rules, current income taxes are calculated at the prevailing tax rates based on the taxable annual results pursuant to commercial law or the taxable annual results that are expected. They are disclosed under Other current liabilities.

Deferred taxes are calculated on the basis of the deviations affecting income tax between the tax balance sheet and the balance sheet prepared for consolidation purposes of the Group companies. The individual Group companies' current or – if applicable – expected tax rates are applied to calculate deferred taxes.

Tax loss carryforwards are neither capitalised nor offset against deferred tax liabilities. Net deferred taxes from temporary differences are not capitalised.

1.5 Earnings per share

in CHF	2023	2022
Group net result	11,686,000	7,938,000
Average number of shares	6,428,571	6,428,571
Earnings per share	1.82	1.23

There was no dilution of earnings per share.

ACCOUNTING PRINCIPLES

The Group net result per share is calculated by dividing the Group net result by the weighted average of outstanding shares less the weighted average of treasury shares.

2 Invested capital

V-ZUG uses the indicator defined below (among others) to manage operating performance. Since the calculation of capital employed is based on average balance sheet values, the values as of the balance sheet date for the three relevant reporting years are shown below to illustrate the general development of the items.

Return on capital employed (ROCE)

in KCHF	2023	2022	2021
Trade receivables	49,481	67,617	60,397
Inventories	98,540	115,673	92,044
Trade payables	-33,662	-29,045	-27,699
Prepayments from customers	-10,918	-8,935	-8,739
Net operating working capital as at 31.12.	103,441	145,310	116,003
Other current assets	8,958	7,477	14,488
Other current liabilities (excl. provisions)	-65,537	-67,712	-83,413
Extended net operating working capital as at 31.12.	46,862	85,075	47,078
Tangible assets	348,282	313,409	295,398
Intangible assets	9,123	8,272	8,954
Financial assets	24,270	29,984	27,648
Operating cash and cash equivalents ¹⁾	30,000	30,000	30,000
Provisions	-31,227	-31,410	-30,716
Total net capital employed as at balance sheet date 31.12.	427,310	435,330	378,362
Monthly average²⁾	444,140	424,720	368,565
Operating result (EBIT)	16,777	10,289	62,680
ROCE in %	3.8	2.4	17.0

¹⁾ Operating cash and cash equivalents contain a minimum amount to ensure operations.

²⁾ Total net capital is determined based on the average of the preceding 13 month-end figures.

The return on capital employed is calculated on the basis of the operating result (EBIT) of the last twelve months in relation to the average total net capital employed in the comparable period. Total net capital employed is defined as expanded net operating working capital plus fixed assets plus operationally necessary cash and cash equivalents less provisions.

2.1 Net operating working capital

Trade receivables

in KCHF	2023	2022
Trade receivables (nominal)	51,635	70,024
Specific value adjustments	-1,583	-1,360
General value adjustments	-571	-1,047
Total	49,481	67,617

Other receivables

Other receivables comprise the net receivables from reclaimable and payable value added tax, as well as receivables from social security institutions and from a company of the Metall Zug Group in accordance with an agreement on compensation payments in connection with the site transformation in Zug.

Inventories

in KCHF	2023	2022
Raw materials and purchased components	47,567	60,512
Trading goods	23,669	24,436
Semi-finished and finished products	50,657	49,448
Advance payments to suppliers	291	928
Specific value adjustments	-10,466	-8,040
General value adjustments	-13,178	-11,611
Total	98,540	115,673

Inventories for raw materials and purchased components, which increased in the previous year in some cases due to higher procurement prices and freight costs as well as the difficult procurement situation, were able to be brought back down to a lower level in line with the business situation through targeted measures in production planning and procurement management. Reductions were made at all production sites. The slowdown in demand from the foreign distribution companies in turn led to an increase in semi-finished and finished products.

The specific value adjustments include items such as Raw materials and purchased components and Semi-finished and finished products, which are valued based on inventory turnover. Their increase is attributable to the fact that large stocks were purchased for certain product categories during the difficult procurement situation but then remained in inventory longer due to the slowdown in demand. The increase also led to lower inventory turnover at the international sites and to a corresponding devaluation. The general value adjustments consist of adjustments to the value of the spare parts inventory, as well as values based on past experience for the scrapping of trading goods and semi-finished and finished products. V-ZUG offers its customers a spare parts guarantee of up to 15 years, meaning that spare parts need to be supplied for up to 15 years after a model is discontinued. Since spare parts can no longer be produced or even purchased in some cases, a relatively large number of spare parts have to be kept in inventory for an extremely long time in order to be able to meet this guarantee.

Prepayments from customers are not offset against inventories but, instead, are reported as Other current liabilities. They amounted to CHF 10.9 million (previous year: CHF 8.9 million).

Other current liabilities

The Other current liabilities item includes net liabilities from reclaimable and payable value added tax, income taxes due, social insurance contributions, prepayments from customers and liabilities to customers from sales bonus agreements.

Accrued expenses and deferred income

The Accrued expenses and deferred income item contains accruals and deferrals for holidays, overtime and variable compensation (i.e. profit-sharing) as well as for services rendered and advertising cost sharing.

SIGNIFICANT ESTIMATES

In assessing the value of inventories, estimates are based on expected consumption, price trend (lowest value principle) and on the loss-free valuation. The estimates used to determine value adjustments of inventories are reviewed on an annual basis and changed as needed. Changes in sales figures or other circumstances may therefore lead to an adjustment of the book values.

ACCOUNTING PRINCIPLES

In addition to specific value adjustments for trade receivables, general value adjustments of up to 2% for domestic receivables and up to 5% for foreign receivables are recognised on the basis of past experience.

In the case of inventories, purchased goods are recognised at acquisition cost, predominantly according to the average cost method or at market value if lower. Self-produced goods are valued at production cost, including indirect production costs, or at market value if lower. In addition to specific value adjustments, general value adjustments are recognised for general valuation risks on the basis of past experience.

Liabilities are measured at their nominal value. Trade payables do not bear interest.

2.2 Tangible assets

in KCHF	Developed land and buildings	Plant and equipment	Prepayments and assets under construction	Other tangible assets	Total
Acquisition value 31.12.2023	214,027	269,194	92,026	45,772	621,019
Additions	4,946	6,897	49,077	3,006	63,926
Disposals	-364	-7,752		-3,281	-11,397
Reclassifications	0	4,224	-4,383	159	-
Currency translation effects	-148	-171	-121	-738	-1,178
Acquisition value 31.12.2022	209,593	265,996	47,453	46,626	569,668
Additions	2,093	10,930	28,345	3,766	45,134
Disposals	-11	-8,165	-6	-4,838	-13,020
Reclassifications	3,687	28,736	-34,151	1,728	-
Currency translation effects	-36	-128	-57	-351	-572
Acquisition value 31.12.2021	203,860	234,623	53,322	46,321	538,126
Accumulated depreciation 31.12.2023	-65,327	-172,185	-	-35,225	-272,737
Depreciation	-4,946	-19,032		-4,231	-28,209
Disposals	178	7,752		3,129	11,059
Currency translation effects	54	122		496	672
Accumulated depreciation 31.12.2022	-60,613	-161,027	-	-34,619	-256,259
Depreciation	-4,820	-17,533		-4,137	-26,490
Impairment				-152	-152
Disposals	11	8,020		4,792	12,823
Reclassifications	-362	526		-164	-
Currency translation effects	13	76		199	288
Accumulated depreciation 31.12.2021	-55,455	-152,116	-	-35,157	-242,728
Net value of tangible assets as at 31.12.2023	148,700	97,009	92,026	10,547	348,282
Net value of tangible assets as at 31.12.2022	148,980	104,969	47,453	12,007	313,409

The changes in Developed land and buildings are attributable to the connection to the Multi Energy Hub in Zug and to investments for expansion of the refrigerator factory building in Sulgen. Additions in the case of Prepayments and assets under construction mainly consist of expenses for construction of the new "Zephyr Ost" production building, which began in 2021. This is the last building to complete the vertical factory at the Zug site. Shell construction was able to be completed during the reporting period, and work has been started on the interior fit-out. Other prepayments were made for investments in new production equipment and in storage and conveying technology in connection with the new vertical factory in Zug, for the replacement of surface technology equipment and for a second press. The commissioning of tools for new products led to further additions and reclassifications to Plant and equipment.

ACCOUNTING PRINCIPLES

Tangible assets are recorded at historical costs or at production costs less straight-line depreciation according to the following table. If required from an economic point of view, impairments are recognised to reflect the decrease in value.

Depreciation table

	Years
Industrial, commercial and office buildings	33–50
Plant and equipment	5–18
Special tools	3–8
Vehicles	5–10
Other movable assets	2–8

2.3 Intangible assets

in KCHF	2023	2022
Acquisition value 31.12.	42,562	38,590
Additions	4,488	5,041
Disposals	-435	-1,758
Currency translation effects	-81	-41
Acquisition value 01.01.	38,590	35,348
Accumulated amortisation 31.12.	-33,439	-30,318
Amortisation	-3,628	-5,373
Impairment		-346
Disposals	435	1,758
Currency translation effects	72	37
Accumulated amortisation 01.01.	-30,318	-26,394
Net value intangible assets as at 31.12.	9,123	8,272
Net value intangible assets as at 01.01.	8,272	8,954

Intangible assets include software and purchased IT services which will bring the organisation measurable benefits over several years. Acquisition costs for the relaunch of the website and for a content hub to standardise digital communications, as well as further investments in digitalising business processes, are reported under Additions.

Goodwill

A theoretical capitalisation of goodwill would affect the annual financial statements as follows:

Theoretical fixed assets – goodwill

in KCHF	2023	2022
Acquisition value 31.12.	2,395	2,395
Additions		2,395
Acquisition value 01.01.	2,395	-
Accumulated amortisation 31.12.	- 496	- 40
Amortisation	- 481	- 41
Currency translation effects	25	1
Accumulated amortisation 01.01.	- 40	-
Net value goodwill offset as at 31.12.	1,899	2,355
Net value goodwill offset as at 01.01.	2,355	-

Goodwill relates to the interests that were acquired in the company Fhiaba s.r.l. in Azzano Decimo (Italy) in the previous year. This goodwill is amortised over a period of five years. The participation of the affiliated company is listed in note 2.4 Financial assets and in note 4.1 Group companies.

Effect on theoretical income statement

in KCHF	2023	2022
Operating result (EBIT)	16,777	10,289
EBIT in % of net sales	2.9	1.6
Amortisation goodwill	- 481	- 41
Theoretical operating result (EBIT) incl. amortisation goodwill	16,296	10,248
Theoretical EBIT in % of net sales	2.8	1.6
Group net result	11,686	7,938
Amortisation goodwill	- 481	- 41
Theoretical Group net result incl. amortisation goodwill	11,205	7,897

Effect on theoretical balance sheet

in KCHF	2023	2022
Shareholders' equity as per balance sheet	463,932	453,815
Theoretical capitalization net carrying amount goodwill	1,899	2,355
Theoretical shareholders' equity incl. net carrying amount goodwill	465,831	456,170
Shareholders' equity in % of total assets	74.9	74.8
Theoretical shareholders' equity incl. net carrying amount goodwill in % of total assets	75.0	74.9

ACCOUNTING PRINCIPLES

Acquired intangible assets are recognised if they will bring a measurable benefit to the company over several years. They are measured at historical cost less straight-line amortisation. The useful life and amortisation period of software is between two and five years. Self-developed intangible assets are not capitalised. Expenses for research and development are charged to the income statement.

Goodwill from acquisition is offset against Group equity at the time of acquisition. For the shadow accounting according to Swiss GAAP FER, goodwill is amortised using the straight-line method over its useful life (usually five years). The transferred assets and liabilities are valued at current values.

2.4 Financial assets

in KCHF	2023	2022
Employer's contribution reserves	19,520	24,274
Affiliated companies	924	946
Shares in companies	2,466	2,466
Long-term loans and receivables	1,360	2,298
Total	24,270	29,984

Details of the changes in assets from employers' contribution reserves can be found in note 5.1 Pension schemes. The shares acquired in Fhiaba s.r.l. in Azzano Decimo (Italy) in the previous year are held as an affiliated company. A participation in a start-up in the smart kitchen sector is reported under Shares in companies. Long-term loans and receivables include loans to third parties and deposits to secure rents. The financial assets are impaired by CHF 0.1 million (previous year: CHF 0.1 million).

ACCOUNTING PRINCIPLES

Shares in companies as well as long-term loans and receivables are reported at acquisition cost less necessary value adjustments. Investments in affiliated companies are recognised according to the equity method (equity share). In this regard, the prorated result of the affiliated company is recognised as income or expense and reported in the income statement for the period. Changes to shareholders' equity that have no impact on the income statement are recognised directly in shareholders' equity. If the financial data of affiliated companies are not available at the time the consolidated financial statements are prepared, the share of the net profit from the investments is determined on the basis of the latest information available at the time and management estimates. In this case, a change to the audited result of the affiliated companies will be recognised in the following period. Employers' contribution reserves without waiver of use are also recognised in the financial assets.

2.5 Provisions

in KCHF	Guarantees	Other	Total
Provisions 31.12.2023	29,678	1,549	31,227
Additions	19,799	40	19,839
Utilisation	-19,234	-20	-19,254
Release	-37	-354	-391
Currency translation effects	-371	-6	-377
Provisions 31.12.2022	29,521	1,889	31,410
Additions	19,309	125	19,434
Utilisation	-18,565	-10	-18,575
Release	-3	-13	-16
Currency translation effects	-146	-3	-149
Provisions 31.12.2021	28,926	1,790	30,716
Of which current provisions 2023	20,066	20	20,086
Of which current provisions 2022	19,864	105	19,969

Provisions for warranties cover the expected costs of guarantees and goodwill gestures through free repairs.

The Other item includes provisions for soil remediation. A provision for soil remediation at the main V-ZUG site was recognised in 2019. As part of the preparations for construction work at the main V-ZUG site in Zug, extensive contamination investigations were carried out in consultation with the Canton of Zug Environment Office. The investigations identified various areas that require remediation. The remediation of these areas will be carried out together with the planned construction work. Given the legal remediation obligation and the advanced planning stage for these construction plots, provisions must be recognised for these remediation costs. New cost estimates by outside experts enabled a release of CHF 0.4 million.

SIGNIFICANT ESTIMATES

The level of provisions is largely determined by an estimate of future costs. The calculation for warranties is based on product sales and past experience regarding costs and revenue. In addition to the flat-rate calculation, individual provisions for claims that have occurred or been reported are taken into account based on an assessment by management.

ACCOUNTING PRINCIPLES

A provision is recognised if the Group has a probable obligation based on past events for which the amount and due date are still uncertain but can be estimated. Provisions are classified according to their maturity, that is, a distinction is made between current provisions with an expected cash outflow within the next twelve months and long-term provisions with an expected cash outflow after more than one year. Provisions for warranties are calculated based on historical data (average of actual costs incurred in recent years relative to net sales).

3 Financing and risk management

3.1 Cash and cash equivalents and securities

Cash and cash equivalents include cash on hand and bank balances. The securities consist of investments in Swiss francs.

ACCOUNTING PRINCIPLES

Securities held as current assets are recognised at current values. If no current value is available, they are measured at a maximum of cost less any impairment.

3.2 Shareholders' equity

As at 31 December 2023, the share capital of V-ZUG Holding AG consisted of 6,428,571 (previous year: 6,428,571) registered shares with a nominal value of CHF 0.27 (previous year: CHF 0.27). The total value of the share capital is CHF 1.7 million (previous year: CHF 1.7 million).

CHF 108.4 million of the capital reserves can be paid out tax-free to shareholders.

Non-distributable, statutory or legal reserves amount to CHF 2.6 million (previous year: CHF 2.6 million).

3.3 Financial result

in KCHF	2023	2022
Interest income	175	81
Income from securities	5	24
Foreign exchange gains	3	29
Financial income	183	134
Interest expenses	-49	-95
Losses on securities	-1	-6
Other financial expenses	-267	-163
Foreign exchange losses	-3,043	-130
Financial expenses	-3,360	-394
Share of results from associated companies	-22	-
Financial result	-3,199	-260

Foreign exchange losses were mainly attributable to valuation effects relating to loans within the Group (CHF -2.4 million) and to cash and cash equivalents in foreign currency (CHF -0.6 million).

3.4 Operating leases

The off-balance sheet obligations from operating leases break down by maturity as follows:

Maturing as at 31.12. in KCHF	2023	2022
Up to 1 year	11,876	11,007
1 to 3 years	15,141	12,428
Over 3 years	6,338	3,658
Total	33,355	27,093

The increase in lease liabilities was mainly due to the renewal of existing rental contracts for business properties, new rental contracts for business properties and new leasing contracts for vehicles.

3.5 Other off-balance sheet obligations and contingent liabilities

Firm purchase commitments of CHF 17.8 million (previous year: CHF 14.5 million) are in place. A large number of the purchase commitments are connected with the progressing development of the main site in Zug.

The carrying amount of the pledged long-term financial assets is CHF 1.4 million (previous year: CHF 1.4 million).

ACCOUNTING PRINCIPLES

Contingent liabilities are measured on the basis of the probability and amount of future unilateral benefits and costs and are disclosed in the notes.

3.6 Financial risk management

Risk assessment and management process

Risk assessment and risk control within the V-ZUG Group are based on a standardised four-stage risk management process which includes the following steps:

- Identification: Periodic, systematic determination of material business risks. The risk identification phase is usually the most challenging, as it involves identifying whether a risk even exists. This is done with the help of appropriate information systems (e.g. key indicators or corresponding organisational structures).
- Analysis: Assessment and classification of identified risks in terms of their likelihood of occurrence and potential impact, whereby a distinction is made between macro risks and business continuity risks. The aim of the risk analysis is to quantify the identified risk by first of all determining its likelihood of occurrence and impact (potential extent of damage) and then determining the risk factor ("risk potential") by multiplying the two figures. The identified and assessed risks are shown on a risk card.
- Control: Definition of measures to manage the risks assessed as material; allocation / performance of relevant duties. Risk control includes managing both the risks and the corresponding internal duties.
- Reporting and monitoring: Periodic reporting on the risk situation and on the implementation of defined risk mitigation measures.

Country risks

The V-ZUG Group is represented by its subsidiaries in selected metropolitan areas in Europe, Asia and Australia. Its global presence (share of foreign sales: 17.8%; previous year: 18.4%) sometimes exposes the Group to additional risks such as political, financial and social uncertainties.

Financial risk management

Overall, the V-ZUG Group adopts a conservative and risk-averse approach. The Group's business activities expose it to a variety of financial risks, including those related to changes in currency and interest rate risks. Derivative financial instruments, such as foreign exchange, commodity and interest rate contracts, may be used to hedge these risks.

The principles of financial risk management are determined at Group level and apply to all segments. Besides providing guidance on general financial risk management, the principles also set forth requirements for specific areas, such as the management of interest rate, currency and counterparty risks, the use of derivative financial instruments and the investment policy for excess liquidity.

Liquidity risks

The Group uses a periodic liquidity planning instrument to monitor liquidity risk and has sufficient cash and cash equivalents and unused credit facilities to meet its liabilities. It had no financial liabilities as at the balance sheet date.

In addition, the Group's excellent credit rating would allow it to make efficient use of the financial markets for financing purposes.

Market risks and interest rate risks

The V-ZUG Group is exposed to commodity price risks, as it requires raw materials, such as granulate and steel, to manufacture its products. The V-ZUG Group hedges the commodity price risk largely by entering into purchasing agreements covering the projected purchasing volumes. In addition, procurement prices for components are partly dependent on the market prices of steel, aluminium, copper, plastics and electronics. V-ZUG Group also nurtures long-term partnerships with its suppliers and proactively works on alternative components in order to minimise risks.

The V-ZUG Group has no interest-bearing financial liabilities at present. As a result, the Group's interest rate risk arises less from the structure and volume of its financing and more from its interest-bearing assets.

Unlisted securities are recognised at cost less any impairment.

Currency risks

The V-ZUG Group generates sales revenues and costs in foreign currencies in Switzerland and abroad. Exchange rate movements therefore have an impact on the consolidated results.

These risks are partly mitigated through what is known as natural hedging. Here, currency risks from cash inflows in a certain currency are neutralised by cash outflows in the same currency. However, the cash inflows and outflows are not the same size. As a result, currency fluctuations can affect the V-ZUG Group's earnings margins, which means that the Group is exposed to a transaction risk. In the Household Appliances segment, which generates more costs than sales in foreign currencies, the EUR/CHF exchange rate is of primary relevance.

Transaction risks are continuously monitored by the Group.

In addition, there is exposure to currency risks whenever competitors operating on a foreign currency cost basis factor the currency fluctuations in question into the prices of the products they sell in Switzerland. This can give rise to competitive advantages or disadvantages compared with competitors.

Due to bank balances and loans in foreign currencies, changes in exchange rates may also impact the financial result. The following table provides information about the net foreign currency effect in the financial result. Foreign exchange losses were mainly attributable to valuation effects relating to loans within the Group and to cash and cash equivalents.

in KCHF	2023	2022
Foreign exchange losses (net)	-3,040	-101
In % of net result before taxes	-22.4	-1.0
Change from the previous year	-2,939	196
Change in % of net result before taxes	-21.6	2.0

Counterparty risks from treasury activities

Financial transactions are only entered into with counterparties with a high credit rating. Cash and cash equivalents and securities are invested in a variety of counterparties to avoid cluster risks.

Credit risks

Credit risks for the V-ZUG Group mainly arise from the sale of products and services (risk of default). The customer's financial circumstances are monitored on a permanent basis (wherever this makes sense). No additional collateral is normally required. As the Group has a broad customer base, its exposure to individual default risks is low. Specific allowances are recognised for anticipated bad debts. In addition, general allowances of no more than 2% for domestic receivables and no more than 5% for foreign receivables are recognised on the basis of past experience.

in KCHF	2023	2022
Allowance for doubtful receivables	-2,154	-2,407
In % of trade receivables (gross)	4.2	3.4
Change from the previous year	253	-677
Change in % of net result before taxes	1.9	-6.8

Exchange rates

CHF		Rate as at the balance sheet date		Annual average rate	
		2023	2022	2023	2022
Euro countries	1 EUR	0.93	0.98	0.97	1.00
United Kingdom	1 GBP	1.07	1.11	1.12	1.18
United States	1 USD	0.84	0.92	0.90	0.96
Australia	1 AUD	0.57	0.63	0.60	0.66
Singapore	1 SGD	0.63	0.69	0.67	0.69
China	100 CNY	11.79	13.38	12.70	14.20
Thailand	100 THB	2.44	2.67	2.59	2.73
Hong Kong	100 HKD	10.73	11.84	11.48	12.19

4 Group structure

4.1 Group companies

Company	Notes	Domicile	Currency	Share capital	Share of capital and votes
V-ZUG Holding AG		Zug	CHF	1,735,714	
Household Appliances segment					
V-ZUG AG	¹⁾	Zug	CHF	1,900,000	100 %
V-ZUG Kühltechnik AG		Sulgen	CHF	100,000	100 %
SIBIRGroup AG		Spreitenbach	CHF	500,000	100 %
V-ZUG Australia Pty. Ltd.		Sydney (AU)	AUD	100	100 %
V-ZUG Europe BV		Harelbeke-Kortrijk (BE)	EUR	2,000,000	100 %
V-ZUG Deutschland GmbH	²⁾	Berlin (DE)	EUR	25,000	100 %
Fhiaba s.r.l.		Azzano Decimo (IT)	EUR	100,000	24.99 %
V-ZUG UK Ltd.		London (UK)	GBP	100	100 %
V-ZUG (Shanghai) Domestic Appliance Co., Ltd.		Shanghai (CN)	CNY	8,363,000	100 %
V-ZUG (Thailand) Limited		Bangkok (TH)	THB	100,000,000	100 %
V-ZUG VIETNAM COMPANY LIMITED		Ho Chi Minh City (VN)	USD	500,000	100 %
V-ZUG (Changzhou) Special Components Co., Ltd.		Changzhou (CN)	CNY	19,370,000	100 %
V-ZUG Hong Kong Co., Ltd.		Hong Kong (HK)	HKD	500,000	100 %
V-ZUG Singapore Pte. Ltd.		Singapore (SG)	SGD	250,000	100 %
V-ZUG Services AG	¹⁾	Zug	CHF	100,000	100 %
Real Estate segment					
V-ZUG Infra AG	¹⁾	Zug	CHF	3,518,590	100 %
V-ZUG Assets AG	¹⁾	Zug	CHF	1,000,000	100 %

¹⁾ Directly held by V-ZUG Holding AG.

²⁾ Established on 27 November 2023.

5 Other information

5.1 Pension schemes

The most important companies with pension plans are located in Switzerland, where pension schemes are organised through independent foundations or collective foundations in accordance with the Swiss Occupational Pensions Act (BVG). A patronage fund is also in place. The purpose of this fund is to provide a voluntary benefit scheme to current and former employees to assist with the economic consequences of old age, disability, death and hardship circumstances.

Employers' contribution reserves (ECR)

in KCHF	Balance sheet		Result from ECR or similar items in personnel expenses	Result from ECR or similar items in personnel expenses
	31.12.2023	31.12.2022	2023	2022
Patronage fund	19,237	19,047	190	189
Pension schemes	283	5,227	-4,944	1,679
Total	19,520	24,274	-4,754	1,868

There are no waivers of use.

In the current year, CHF 4.9 million was used from the employers' contribution reserves for the waiver of contributions to V-ZUG AG's pension fund. In the previous year, the pension fund contributed CHF 1.6 million to the employers' contribution reserves. The interest on the employers' contribution reserve amounted to CHF 0.2 million (previous year: CHF 0.3 million).

Economic benefit/obligation and pension benefit expenses

in KCHF	Surplus/deficit according to pension plans	Surplus/deficit according to pension plans	Contributions for the period ¹⁾	Contributions for the period ¹⁾	Pension expenses in personnel expenses	Pension expenses in personnel expenses
	31.12.2023	31.12.2022	2023	2022	2023	2022
Patronage fund	969	211				
Pension plans without surplus/ deficit			-10,844	-15,173	-10,844	-15,173
Pension plans with surplus	751	751	-545	-607	-545	-607
Total	1,720	962	-11,389	-15,780	-11,389	-15,780

¹⁾ All contributions were to pension schemes that bear pension risks themselves.

The surpluses are not intended for the economic use of the organisation.

Most pension plans are financed through employer and employee contributions. Pension contributions are calculated as a percentage of the insured salaries. The contributions in the reporting year were lower because contributions were waived in order to improve cash flow, and employers' contribution reserves were used instead.

ACCOUNTING PRINCIPLES

The income statement includes the payments due to the pension scheme provider in a period and current expenses for the execution of other pension plans. Real economic effects of pension plans on the Group are calculated at the balance sheet date. An economic benefit is only capitalised when this is to be used for the Company's future pension expenses. An economic obligation is recognised as a liability when the requirements for the recognition of a provision are met. Separate, freely available employers' contribution reserves are recognised as assets. The difference between the annually determined economic benefit and obligations and the change in the employers' contribution reserves are recognised in the income statement.

5.2 Transactions with related parties

The following tables show the transactions between companies of the V-ZUG Group and related parties included in the income statement and the balance sheet.

Income statement

in KCHF	2023	2022
Net sales	55	54
Income from other services	4,783	3,777
Expenses for goods	-4,620	-132
Expenses for property management, building contractor services, rent and energy	-10,414	-13,083
Expenses for other services	-1,313	-1,511

Balance sheet

in KCHF	2023	2022
Assets		
Other receivables	1,240	1,446
Prepaid expenses and accrued income	108	263
Tangible assets	212	257
Financial assets		900
Liabilities and shareholders' equity		
Other current liabilities	81	204
Accrued expenses and deferred income		1,583

Details of charging between the V-ZUG Group and related third parties

Income from other services includes income from transactions with companies of the Metall Zug Group. Charging in Switzerland arises in particular from the renting out of industrial properties and office premises, from compensation for additional expenses as a result of the site transformation in Zug and from compensation for certain administrative services and IT services provided to the Metall Zug Group by the V-ZUG Group or by third parties commissioned by the V-ZUG Group. Charging abroad relates to personnel services.

Expenses for goods includes deliveries of goods by an affiliated company. The properties in the southern part of the main site in Zug and further properties in Zug are held by a company of the Metall Zug Group. Rental costs, property maintenance and energy costs were charged to the V-ZUG Group and offset accordingly; these are included under Expenses for property management, building contractor services, rent and energy. Management of the two real estate companies of the V-ZUG Group is contractually delegated to a company of the Metall Zug Group. The relevant services are paid for by the V-ZUG Group. Furthermore, the Metall Zug Group charges certain IT services and licence costs which are provided by the Metall Zug Group or third parties commissioned by the Metall Zug Group. These charges are also reported under Expenses for other services.

A receivable is due from the Metall Zug Group in the amount of CHF 0.9 million (previous year: CHF 2.1 million), of which CHF 0.9 million (previous year: CHF 1.2 million) is of a short-term nature and was reported under Other receivables and, in the previous year, CHF 0.9 million under Financial assets. This is in connection with an agreement between a Metall Zug Group company and V-ZUG AG on compensation of additional expenses incurred by V-ZUG AG as a result of the site transformation in Zug. Furthermore, in connection with the site transformation, Metall Zug Group companies provided building contractor services, which are capitalised at the V-ZUG Group as an addition to Fixed assets. Capitalisation is shown in the table Balance sheet under Tangible assets.

Charging was, in principle, carried out on the basis of the costs actually incurred plus a processing fee.

Report of the statutory auditor



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To the General Meeting of
 V-ZUG Holding AG, Zug

Zug, 11 March 2024

Report of the statutory auditor

Report on the audit of the consolidated financial statements



Opinion

We have audited the consolidated financial statements of V-ZUG Holding AG (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated income statement, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 94 to 121) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements (pages 94 to 121).



Inventory valuation

Risk	<p>Gross carrying amount of inventory and the related value adjustments amount to kCHF 122'184 and kCHF 23'644 respectively. The value adjustments primarily relate to spare parts and maintenance materials which are disclosed under semifinished and finished products as well as under trade goods.</p> <p>During our audit, we focused on this position, since it is material to the consolidated financial statements and the related value adjustments are based on assumptions that have a significant impact on the consolidated financial statements. Information regarding the valuation of inventory is disclosed under '2.1 Net operating working capital' on pages 106 and 107.</p>
Our audit response	<p>Besides the assessment of the acquisition or production cost of inventory, we evaluated the calculation of the value adjustments and compared management's assumptions with past experience. We evaluated the aging analysis to identify excess inventory. Furthermore, we compared acquisition and production costs with net realizable values and thus analyzed the valuation of inventories. Our audit procedures did not lead to any reservations concerning the measurement of inventory.</p>

Completeness and measurement of provisions for guarantees

Risk	<p>The calculation of provisions for guarantees amounting to kCHF 29'678 is on one hand dependent on assumptions that are determined on the basis of past experience such as average actual costs incurred over the past years. On the other hand, costs that are expected to be incurred in the future due to new facts and circumstances are taken into account. The position is significant for our audit, because the calculation includes management's estimation. The provisions are disclosed in section '2.5 Provisions' on page 113.</p>
Our audit response	<p>We assessed the assumptions by comparing them with past experience. In addition, we considered the influence of current events, such as the launch of new products or specific warranty claims. We discussed individual cases taken into account in the provisions with local management. Furthermore, we analyzed the criteria to recognize provisions as well as the underlying assumptions that were made in determining the relevant amounts.</p> <p>Our audit procedures did not lead to any reservations concerning the completeness and measurement of provisions for guarantees.</p>



Revenue recognition

Risk Revenue from the sale of goods is recognized when the rights and obligations of ownership of the goods are transferred to the buyer. There are different contractual arrangements that determine the point in time at which the risks and rewards are transferred. Revenue from service contracts is realized over the corresponding term. Details of revenue recognition are disclosed under '1.1 Segment information' on pages 100 and 101 as well as under '1.2 Net sales and other operating revenue on page 101.

Our audit response We analyzed the revenue recognition process from order placement to billing. Among other procedures, we focused on the assessment of the recognition of sales transactions that took place close to the balance sheet date. We evaluated the transactions on the basis of the documents such as contracts and delivery notes. We compared credit notes issued in the new financial year with the respective accrual in the reporting year. Moreover, taking delivery terms (Incoterms) into account, we assessed whether the rights and obligations were transferred to the customer in the period under review. Our audit procedures did not lead to any reservations relating to the recognition of revenues.



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on other legal and regulatory requirements



In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Christoph Michel
Licensed audit expert
(Auditor in charge)

Stefan Pieren
Licensed audit expert

Income statement

in KCHF	2023	2022
Income from investments		10,000
Other operating revenue	4,720	4,660
Operating revenue	4,720	14,660
Personnel expenses	-4,950	-4,852
Other operating expenses	-1,074	-1,048
Operating expenses	-6,024	-5,900
Operating income (EBIT)	-1,304	8,760
Financial income	2,265	245
Financial expenses	-120	-25
Financial result	2,145	220
Income before taxes	841	8,980
Direct taxes	-99	
Net profit for the year	742	8,980

Balance sheet

in KCHF	2023	2022
Cash and cash equivalents	5,609	4,854
Other receivables third parties	231	33
Prepaid expenses and accrued income third parties	30	37
Prepaid expenses and accrued income subsidiaries	4,718	4,660
Current assets	10,588	9,584
Loans to subsidiaries	125,300	125,250
Investments	25,659	25,659
Fixed assets	150,959	150,909
Assets	161,547	160,493
Other current liabilities third parties	154	142
Accrued expenses and deferred income third parties	1,595	1,295
Current liabilities	1,749	1,437
Share capital	1,736	1,736
Statutory capital reserves		
Capital contribution reserves	108,384	108,384
Other capital reserves	24,444	24,444
Statutory retained earnings	348	348
Retained earnings carried forward	24,144	15,164
Net profit for the year	742	8,980
Shareholders' equity	159,798	159,056
Total liabilities and shareholders' equity	161,547	160,493

Notes to the financial statements

Principles

These financial statements have been prepared in accordance with the provisions on commercial accounting and financial reporting contained in the Swiss Code of Obligations (Articles 957-964I CO).

Loans to subsidiaries

Loans to subsidiaries are recognised at their nominal value less any impairments.

Information on income statement and balance sheet items

Operating revenue

Subsidiaries' dividends are determined in relation to retained earnings and capital requirements. Other operating revenue includes the recharging of management fees to a subsidiary company.

Operating expenses

Personnel expenses and Other operating expenses include remuneration of the Executive Committee, the fees of the Board of Directors, the costs of carrying out the Annual General Meeting and other shareholder and investor activities, the costs of preparing the Annual Report, internal and external audit fees, project costs and capital tax.

Financial result

Financial income includes interest income from receivables from investments. The financial expenses come from bank interest charges.

Current assets

Cash and cash equivalents consist of bank credit balances in Swiss francs. Prepaid expenses and accrued income relating to subsidiaries mainly comprise management fees.

Fixed assets

The subsidiaries are granted long-term loans to finance operating activities.

Liabilities

Accrued expenses and deferred income relating to third parties comprise accruals for variable compensation and services for shareholder activities.

Shareholders' equity

As at 31 December 2023, the share capital of V-ZUG Holding AG consisted of 6,428,571 (previous year: 6,428,571) registered shares with a nominal value of CHF 0.27 (previous year: CHF 0.27) each. The total value of the share capital is CHF 1.7 million (previous year: CHF 1.7 million).

CHF 108.4 million of the capital reserves can be paid out tax-free to shareholders. The Other capital reserves consist entirely of a premium from the founding of the company.

Further information

Investments

See note 4.1 to the consolidated financial statements (Group companies).

Compensation

Information about compensation of the Board of Directors and the Executive Committee is contained in the Compensation Report.

Sureties

There are sureties to secure credit lines to Group companies from banks amounting to CHF 0.7 million (previous year: CHF 5.9 million).

Number of full-time equivalents

As at 31 December 2023, V-ZUG Holding AG had six full-time positions (previous year: eight).

Release of hidden reserves

Hidden reserves of CHF 0.2 million were released during the year. No material releases from hidden reserves took place the previous year.

Events after the balance sheet date

There were no events between 31 December 2023 and 11 March 2024 that would require an adjustment to the carrying amounts of assets or liabilities of V-ZUG Holding AG or would need to be disclosed under this heading.

Proposal of the Board of Directors for the appropriation of available earnings

in CHF	Proposal of the Board of Directors 2023	Resolution of the General Meeting of Shareholders 2022
Retained earnings carried forward	24,144,285	15,164,403
Net profit for the year	742,761	8,979,882
Retained earnings / Retained earnings to be carried forward	24,887,046	24,144,285

Report of the statutory auditor



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To the General Meeting of
V-ZUG Holding AG, Zug

Zug, 11 March 2024

Report of the statutory auditor

Report on the audit of the financial statements



Opinion

We have audited the financial statements of V-ZUG Holding AG (the Company), which comprise the statement of financial position as at 31 December 2023, the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 126 to 129) comply with Swiss law and the Company's articles of incorporation.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements (pages 126 to 129).



Valuation of investments and loans

Risk	The core business of V-ZUG Holding AG is granting loans to subsidiaries (kCHF 125'300) and holding investments (kCHF 25'659). These two items make up 93% of all assets of the entity. Depending on the operational developments of the individual subsidiaries, there is a valuation risk regarding investments and loans. Disclosures are made in the notes to the financial statements under 'Fixed assets' (page 128) and 'Investments' (page 129).
Our audit response	We assessed the impairment considerations of management and tested if impairments on investments and loans were necessary. We compared the carrying amounts of the investments with the proportionate share in equity. In case net assets were insufficient, we tested the valuations prepared by management (e.g., using the discounted cash flow method) to support the carrying amount. We examined the significant assumptions made for these calculations and involved internal valuation specialists as necessary. Our audit procedures did not lead to any reservations concerning the valuation of investments and loans.



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on other legal and regulatory requirements



In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Furthermore, we confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Christoph Michel
Licensed audit expert
(Auditor in charge)

Stefan Pieren
Licensed audit expert

Appendix to the report on non-financial matters



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About non-financial reporting

This report on non-financial matters is being included as an integral part of the Annual Report of V-ZUG Holding AG for the first time. It focuses on the non-financial reporting of V-ZUG Holding AG. It is also available to download on our website as a stand-alone report. This Sustainability Report covers the significant economic, environmental and social impacts of the three production sites of V-ZUG Holding AG (V-ZUG Group): V-ZUG AG, headquartered in Zug, V-ZUG Kühltechnik AG, with registered office in Sulgen, and the foreign subsidiary V-ZUG (Changzhou) Special Components Co. AG., which is based west of Shanghai. Details which do not pertain to the organisational units above are indicated specifically (e.g. Group-wide or specific to the Swiss market).

V-ZUG Holding AG reports in line with the GRI Standards for the period from 1 January 2023 to 31 December 2023 and in accordance with the regulatory requirements for non-financial reporting in Switzerland (Article 964a et seq. CO). The full Sustainability Report, together with the Annual Report, was approved and physically signed by the Board of Directors on 11 March 2024.

The previous Sustainability Report was published in spring 2023, covering the period from 1 January 2022 to 31 December 2022.

The four sections “Products and services for a future-fit society”, “Healthy and committed employees”, “Environment and climate protection” and “Entrepreneurship for sustainable prosperity” reflect our focus topics and describe the risks and opportunities, management approaches and campaigns, strategic objectives and KPIs associated with our material topics (“Materiality matrix”). We updated our materiality matrix in 2021 following extensive dialogue with our stakeholder groups (chapter: “Strategy and sustainability”).

A total of 1,790 FTE employees (excluding temporary employees) are included within the scope of the report, including the key figures for 2021 to 2023. This equates to 85% of the total number of V-ZUG Group employees, which, on 31 December 2023, amounted to 2,108 FTEs (including temporary employees).

This report represents and addresses all genders and favours inclusive wording.

We are publishing this non-financial report for the eleventh time. We seek to depict progress and challenges regarding our commitment to sustainability in a transparent, comprehensible and verifiable manner. We will be pleased to receive any questions or feedback via marcel.niederberger@vzug.com.

Material topics: Framing and impact

Focus topic: Products and services for a future-fit society

Issue 1: Circular product design

Description:

The following aspects are considered at a very early stage of product development:

- Resource-efficient design: Energy efficiency and water efficiency of the product
- Ecological functions: Integration of functions to enable products to be used ecologically
- Materials used, for example, recycled, environmentally friendly and recoverable materials; hazardous substances
- Durability
- Ease of repair e.g. spare parts management
- Modularisation / upgradeability and retrofitting capability: This relates to standardising the parts used across different products and product variants, and the possibility of modernising products with specific components.
- Recyclability
- End of life: e.g. second life, second-hand sales, upcycling
- Primary packaging

Impact:

- Environmental impact of appliances throughout their entire lifespan: Climate change, quality of water, soil and air, biodiversity, etc.
 - Influence on material innovations for the materials used and also primary packaging (development, commercial viability, etc.)
 - Role model / innovator within the industry for championing sustainability and therefore influencing competitors / the market and other players e.g. recycling partners)
 - Maintaining the value of V-ZUG appliances throughout their lifespan, thereby influencing users' prosperity
 - Keeping resources in circulation for as long as possible in tip-top condition
-

Issue 2: Sustainable consumption and healthy eating (by users)

Description:

- Quality products that provide long-term benefits: This is about the product not only having a long lifespan, but also being very user friendly, e.g. because it can be updated and repaired.
- Sustainable use: Users are familiar with options that enable appliances to be operated resource-efficiently, and make use of these.
- Quality of life and a healthy lifestyle: V-ZUG products contribute to a high quality of life, e.g. by helping to reduce the time taken for domestic chores and by assisting users to eat healthily.
- Sustainable lifestyle: This relates to the product helping users to eat in a climate-friendly manner and minimise food waste.

Impact:

- Influence on user health, e.g. by promoting a more healthy, balanced diet
 - Ecological households: The environmental impact (influence on climate change, water quality, biodiversity, etc.) of users when they use V-ZUG appliances, e.g. by using appliances that are more resource-efficient in general, using specific ecological functions, avoiding food waste and promoting a climate-friendly diet
 - Encouraging and making it easier for users to behave sustainably
 - Environmental awareness of users and society in general
 - "Consumerism"/consumer behaviour in relation to V-ZUG appliances
 - Maintaining the value of V-ZUG appliances throughout their lifespan, thereby influencing users' prosperity
-

Focus topic: Healthy and committed employees

Issue 3: Health and safety of employees

Description:

- Mental and physical health: By this, we mean both preventative and accompanying measures that contribute towards health in the workplace (in the office or at home) and a healthy lifestyle during leisure time. We consider one important factor of this to be personal resilience and measures that promote it.
- Health and safety culture: This is about establishing and personifying a culture of health and safety within the company. Key influential methods include HR management and communication.
- Occupational safety and workplace conditions: Employees should be safe at their workplace. This is about safe workplaces in areas such as production, and suitable occupational safety measures, such as protective clothing. Healthy workplace conditions generally involve setting up all workplaces so that they are as conducive to health as possible, e.g. in terms of ergonomics, noise emissions and temperatures.

Impact:

- Short-term and long-term physical and mental health of employees, with an impact on their employability and therefore their independent economic well-being (job security and prosperity)
 - Impact on the health and social insurance system (including health costs)
 - Influence on the health-conscious and health-promoting behaviour of employees and indirectly on people with whom they come into contact
 - Perception and importance placed on health in society (indirectly)
 - Balanced, resilient employees
-

Issue 4: Developing potential and managing expertise

Description:

- Employability: By this, we mean the employability of our staff, which it makes sense to enhance and maintain. Development measures may vary depending on their age, profession and potential.
- Education and training: This concerns the technical, methodological and social development of employees, and also training positions, such as apprenticeships and internships.
- Career development: Employees should have the opportunity for advancement. Career development enables prospects to be highlighted and the associated development to be fostered.
- Successful targeted recruitment: This aspect includes the extent to which we are able to find and successfully recruit suitable employees.
- Targeted retention management: How much fluctuation of what type is desirable or harmful? Targeted retention management optimises social and corporate responsibility.
- Identifying, promoting and exploiting potential: The focus here is on successfully exploiting potential. The first step here is to identify it and then, only after that, to promote and exploit it.
- Succession planning and managing expertise: This is about how to retain employee expertise within the company and make it usable by all employees. This also includes internal succession planning for key personnel and jobs.

Impact:

- Attractiveness to the workforce on the local labour market: attractive site / innovative capacity / availability of qualified manpower
 - Employability and therefore the ability of employees to independently and sustainably secure their economic well-being (job security and prosperity)
 - Employee satisfaction
 - Employer reputation: Exemplary role and standard-setter on the labour market in terms of employer attractiveness, employee development, etc.
-

Focus topic: Healthy and committed employees

Issue 5: Diverse and inclusive working culture

Description:

- Equality: This relates here to equal opportunities and equal treatment, and covers issues such as equal pay and career opportunities.
- An integrative participatory culture that affirms diversity: The focus is on subjects such as respect, openness, tolerance and mutual appreciation.
- Ban on discrimination: This aspect of risk relates to how discrimination is prevented and how possible incidents are dealt with in the company.
- Flexible working: This means working independently of time or place, and how the company deals with the many opportunities and risks associated with flexible working.
- Forms of work: This is about forms of work that promote a diverse and inclusive work culture, such as part-time working, job sharing and interdisciplinary collaboration.

Impact:

- Attitudes and behaviour with regard to diversity and inclusion of employees, which may also influence their personal social sphere (indirect impact on inclusion in society as a whole / equal opportunities for the local community)
 - Expansion of opportunities for people who are disadvantaged and/or affected by discrimination on the labour market
 - Long-term employment for employees across various stages of their life, thereby giving them economic security (job security and prosperity)
 - Role model and influence on competitors and other companies with regard to flexible working and forms of work (perhaps also with regard to other subsidiary aspects of the issue, but these tend to be less visible)
-

Focus topic: Environment and climate protection

Issue 6: Resource-efficient sites (operations)

Description:

- Energy management: What energy mix are we using? Are we investing in renewable energy (e.g. photovoltaics)?
- Energy-efficient production: This relates to the energy consumption of machinery, plant and processes, as well as analysing and optimizing this.
- Greenhouse gas emissions: This has to do with the greenhouse gases emitted from sources within the company, such as the vehicle fleet, heating, process gas (Scope 1) and emissions from the electricity used (Scope 2).
- Water management: This has to do with the efficient use of water as a resource, and the environmental compatibility of its withdrawal, consumption and discharge.
- Resource-efficient production facilities: This concerns the lifespan and resource-efficiency of the production facilities.
- Structural ecology: This has to do with the use of building materials, such as concrete and timber, and adherence to sustainability standards for construction. It also includes the energy consumption of buildings.

Logistics and waste management are explicitly excluded, and are addressed as separate issues.

Impact:

- Climate change, local biodiversity and the quality of water, soil and air as a result of environmental pollution and resource consumption
 - The dissemination of environmentally friendly technology and solutions (through pilot projects and increasing their cost-effectiveness), e.g. in the fields of energy systems and construction methods
 - Role model/inspiration, e.g. via flagship projects, thereby influencing the behaviour/investment decisions of other stakeholders
 - Quality of life at sites (e.g. water and air quality)
-

Issue 7: Operational waste management

Description:

- This issue covers the following categories of waste:
 - Production waste (metal, plastic, special waste, etc.)
 - Operational waste (office, food, electronics, etc.)
 - Secondary packaging (wooden pallets, cardboard, film, polystyrene, etc.)
- Waste reduction: This relates to measures for reducing waste, particularly that which cannot be reused or recycled.
- Waste collection and declaration
- Reuse
- Recycling
- Proper disposal of waste that cannot be reused (oil, hazardous substances, etc.)

Impact:

- Climate change, local biodiversity and the quality of water, soil and air as a result of environmental pollution and resource consumption
 - Material innovations, e.g. for packaging (impact on development, commercial viability, etc.)
 - Consumer behaviour through the provision of new services and launch of new business models, e.g. sale of used appliances
-

Focus topic: Environment and climate protection

Issue 8: Logistics and mobility

Description:

The particular focus here is on the greenhouse gas emissions resulting from the following aspects:

- Upstream and downstream logistics: This relates to the logistics further up and further down the value chain.
- Intra-company logistics: This has to do with issues such as optimising transport between V-ZUG sites (incl. route planning).
- Warehouse management: Optimal warehouse size and efficient warehouse management are paramount here.
- Fleet management: This has to do with the type of vehicles and their powertrain technology.
- Business travel
- Commuter traffic: The focus here is on using different means of transport to and from work (employee mobility).

Impact:

- Environmental pollution and resource consumption: Climate change, the quality of water, soil and air, etc. (e.g. via emissions, microplastics, the pollution of marine ecosystems e.g. by contaminants or noise emissions)
 - Impact on behaviour/awareness of employees and logistics partners
-

Focus topic: Entrepreneurship for sustainable prosperity

Issue 9: Responsible and resilient supply chain

Description:

- Supplier management: This concerns structuring the supplier–customer relationship, building and maintaining a supplier base, appropriate risk management and security of supply.
- Stable partnerships: This relates to partnerships that are based on trust and contribute towards the resilience of the commercial chain.
- Sustainable procurement guidelines: This is about demanding, auditing and practising standards regarding ecology, social responsibility and economic efficiency in the supply chain.
- Traceability and transparency: This has to do with creating the greatest possible transparency with regard to individual supply chains, thereby ensuring that individual responsibility can be assumed.
- Capacity building: This involves helping players within the supply chain to expand and improve their skills.

Impact:

- Impact on suppliers' sustainable behaviour (employee welfare, environmental impact, etc.)
 - Creating and safeguarding jobs and thereby economic development at sites
 - Knowledge transfer and mutual learning with an impact e.g. on supplier innovation
 - Role model and standards in supply chain management
-

Issue 10: Long-term corporate success as added value for society

Description:

- Profit and productivity: This has to do with long-term corporate success, which is a fundamental prerequisite for investment in general and for the benefit of sustainability.
- Innovation: This relates to product and process innovation, as well as innovative business models.
- Doing business within planetary limits: This is about taking account of the ecological limits of our planet when using natural resources and polluting the environment.
- Investment for a future-fit society: This may involve investment in infrastructure projects or the investment philosophy of the V-ZUG pension fund.
- Site policy and its indirect economic impacts: This relates to aspects such as the impact of our commitment to Switzerland as well as developing the expertise hub and boosting innovation at the site.
- Partnerships, joint ventures and collaboration: Added value and innovation often have their roots in partnerships, and some challenges necessitate working with other organizations. Collaboration may be undertaken with a large number of players from the fields of research, academia, business networks, associations, business partners, the public sector, charitable organisations, etc.

Impact:

- Safeguarding jobs for employees (through stable profits and productivity)
 - Influencing public debate (on sustainability in general, players involved in long-term site policy, etc.), e.g. by injecting dynamism
 - Economic (and therefore social) development of sites, e.g. by creating varied jobs and training positions
 - Impact on site attractiveness
 - Impact on quality of life at sites
 - Impact on sustainable infrastructure development at sites
 - Multiplier effects in partnerships
 - Impact on the innovative capacity of partners and the site in general
-

Focus topic: Entrepreneurship for sustainable prosperity

Issue 11: Business ethics and compliance

Description:

- Corporate ethics (code of conduct): This is about how V-ZUG carries out its business activities. As well as legal compliance, there is the particularly important matter of whether business operations are commensurate with ethical and moral principles (e.g. adherence to human rights).
- Corporate governance: This has to do with binding roles, clear responsibilities and effective supervisory and oversight functions between the Executive Committee and the Board of Directors.
- Policy management (internal): This relates to whether internal guidelines and policy documents exist and how they are communicated to employees and established within the company.
- Reporting mechanisms: This concerns confidential complaints procedures that enable any misconduct or grievances relating to V-ZUG's business activities to be reported.
- Transparency and communication (with stakeholders): This is about the company's communication and information policy, which can at times influence the extent to which stakeholder groups are able to form a truthful and complete picture of the company.
- Product safety: This has to do with ensuring products can be used without danger.
- Standards: Application and compliance with mandatory and voluntary standards, e.g. relating to product quality or management systems for quality, the environment, staff, etc.
- Data management: This is about dealing with sensitive internal and external data.

Impact:

- Role model and inspiration for other players
 - Trust/mistrust in company/private business in general
 - Impact on the regulatory environment that affects the company (e.g. in the event of non-compliance, lack of transparency, etc.)
 - Safety/health of users
-

GRI index

The following GRI index is based on V-ZUG's current materiality matrix, which we drew up in 2021 with input from external and internal stakeholders. Relevant information is presented transparently in this combined 2023 Annual Report and is supplemented with additional details in the index. The following table shows the association between the relevant GRI Standards and the subjects evaluated in the materiality process, plus the top-level focus topics.

Focus topic	Subject	GRI indicators	Art. 964b OR	SDG	Page
Products and services for a future-fit society	Circular product design	GRI 301, GRI 306	Environmental concerns, Article 964b para. 1 and 2	7, 9, 12, 13	P. 33
	Sustainable consumption and healthy nutrition	GRI 416	Social concerns, Article 964b para. 1 and 2		
Healthy and committed employees	Health and safety of employees	GRI 403	Employee concerns, Article 964b para. 1 and 2	8	P. 41
	Development of potential and know-how management	GRI 401, GRI 404	Employee concerns, Article 964b para. 1 and 2		
	Diverse and inclusive working culture	GRI 405	Employee concerns, Article 964b para. 1 and 2		
Environment and climate protection	Resource-efficient operations	GRI 302, GRI 303	Environmental concerns, Article 964b para. 1 and 2	7, 9, 12, 13	P. 49
			Climate reporting pursuant to the TCFD		P. 164
	Logistics and mobility	GRI 305	Environmental concerns, Article 964b para. 1 and 2		
Entrepreneurship for sustainable prosperity	Responsible and resilient supply chain	GRI 204, GRI 308, GRI 414	Environmental concerns, Article 964b para. 1 and 2; Social concerns, Article 964b para. 1 and 2; Respect for human rights, Article 964b para. 1 and 2	8, 9, 12	P. 57
			Child labour and conflict materials (DDTrO)		P. 178
	Long-term corporate success as added value for society	GRI 201, GRI 203	Social concerns, Article 964b para. 1 and 2		
	Business ethics and compliance	GRI 2-23, GRI 419	Prevention of corruption, Article 964b para. 1 and 2		

GRI: Global Reporting Initiative

Art. 964b OR: Code of Obligations, transparency on non-financial matters

SDG: UN Sustainable Development Goals

TCFD: Taskforce for Climate-related Financial Disclosure (Climate Report)

DDTrO: Ordinance on Due Diligence and Transparency regarding Minerals and Metals from Conflict-Affected Areas and Child Labour

General details

Indicator	Description	Comment/reference
Foundation (2021)		
GRI 1	Principles	V-ZUG Holding AG has reported in accordance with the GRI Standards for the period from 1 January 2023 to 31 December 2023.
The organisation and its reporting practices (2021)		
GRI 2-1	Organisational details	V-ZUG Holding AG Company limited by shares under Swiss law; listed on the SIX Swiss Exchange stock market Headquarters: Zug, Switzerland See chapter "The V-ZUG Group in the Annual Report 2023"
GRI 2-2	Entities included in the organisation's sustainability reporting	The Annual Report covers the companies that make up V-ZUG Holding AG. Unless otherwise stated, the Sustainability Report covers the following three companies (production sites): V-ZUG AG, V-ZUG Kühltechnik AG and V-ZUG (Changzhou) Special Components Co., Ltd. (see "About this report"). The Annual Report (Financial Report) covers all the V-ZUG Group companies owned directly or indirectly by V-ZUG Holding AG. Entities are consolidated in line with the consolidation approach. See 2023 Annual Report.
GRI 2-3	Reporting period, frequency and contact point	V-ZUG reports annually for the financial year, 1 January 2023 to 31 December 2023, reporting date: 31 December 2023 The Sustainability Report is being included as an integral part of the Annual Report for the first time. The resulting Annual Report is produced annually for the previous financial year (1 January 2023 to 31 December 2023, reporting date: 31 December 2023). The previous Sustainability Report was published on 28 April 2022. The contact person for questions is Marcel Niederberger, Head of Sustainability; marcel.niederberger@vzug.com
GRI 2-4	Restatements of information	The method for collecting the operational life cycle assessment data was refined, and figures for packaging material and hazardous substances were corrected. This has been retroactively adjusted for 2021 and 2022. The method for collecting Scope 3 emissions was refined and adjusted retrospectively (purchased goods and services: change from spend-based method to detailed product life cycle assessments for each product category and amount sold). A new source with a new emissions factor (0.112 tCO ₂ /kWh) is used for Scope 2 emissions for electricity in 2023. This is applied retrospectively for previous years (previously: 0.096 tCO ₂ /kWh).
GRI 2-5	External assurance	Our Scope 1 and 2 CO ₂ emissions (including offsetting) were validated externally by Swiss Climate. The Sustainability Report has not been externally audited as a whole.

Indicator	Description	Comment/reference
Activities and employees (2021)		
GRI 2-6	Activities, value chain and other business relationships	<p>Industry: Household appliances</p> <p>Business model: Development, manufacture and sale of large household appliances (e.g. washing machines, ovens, refrigerators, etc.) Current product range at www.vzug.com/products</p> <p>Value chain: V-ZUG has its own sales companies in Australia, Austria, Belgium, China, Denmark, France, Germany, Ireland, Hong Kong, Luxembourg, the Netherlands, Norway, Singapore, Thailand, the United Kingdom and Vietnam. V-ZUG products are also available via distributors in Israel, Italy, Lebanon, Turkey, Ukraine and the USA. V-ZUG serves a total of 23 markets including Switzerland, its home market.</p> <p>Business relations with Russia have been suspended due to sanctions. Business relations still exist with Ukraine, but there was no demand for appliances due to the war.</p> <p>See chapter "Strategy and sustainability"</p> <p>Organisational supply chain: In total, we work with and maintain long-term relationships with around 1,500 Tier 1 suppliers. We also have an estimated 5,000 additional indirect suppliers (Tier 2). Around 60% of our Tier 1 suppliers are based in Switzerland, and another 30% or so are located in nearby European countries. Payments amount to approximately CHF 200 million per year.</p> <p>See chapter "Entrepreneurship for sustainable prosperity"</p> <p>Downstream activities and entities: Private customers, specialist retailers, property management companies and real estate owners.</p> <p>V-ZUG's products are sold predominantly via trade outlets. The traders sell them to installers and display them in various settings, including showrooms, where end consumers can obtain information about the products. V-ZUG also operates numerous exhibition and advisory centres as well as V-ZUG Studios worldwide. In addition to commercial firms and kitchen builders, key customer groups primarily include real estate management companies and real estate owners, as well as their agents (such as architects and general contractors). Private customers purchase V-ZUG appliances predominantly via specialist retailers, kitchen builders, general contractors and architects.</p> <p>See chapter "Company profile", "Products and services for a sustainable society"</p> <p>Other relevant business relationships:</p> <p>Strategic partnerships:</p> <ul style="list-style-type: none"> • Tech Cluster Zug AG, Zug • Universities and higher education establishments: HSLU, ZHAW, HWZ, FHNW, OST, ETH, EMPA • SENS – Foundation for recycling electrical and electronic appliances <p>Social engagement: At its production facilities in Zug, V-ZUG AG works with the "zuwebe" Foundation, enabling people with disabilities to integrate into the work process.</p> <p>V-ZUG Kühltechnik AG has for many years maintained a partnership with Obvita, which supports the integration of people with visual disabilities and mental disorders into professional and social life. Via this collaborative initiative, a working group from Obvita regularly carries out assembly tasks at V-ZUG Kühltechnik AG's refrigerator production facilities.</p>

Indicator	Description	Comment/reference
GRI 2-7	Employees	<p>Total number of employees plus breakdown by gender and region:</p> <ul style="list-style-type: none"> • Women: 500 • Men: 1,608 <ul style="list-style-type: none"> • Switzerland: 1,863 • Europe (excluding Switzerland): 81 • Asia: 140 • Australia: 24 <p>Total number of employees with permanent contracts:</p> <ul style="list-style-type: none"> • Women: 443 • Men: 1,492 <ul style="list-style-type: none"> • Switzerland: 1,764 • Europe (excluding Switzerland): 81 • Asia: 68 • Australia: 22 <p>Total number of employees with fixed-term contracts:</p> <ul style="list-style-type: none"> • Women: 57 • Men: 116 <ul style="list-style-type: none"> • Switzerland: 99 • Europe (excluding Switzerland): 0 • Asia: 72 • Australia: 2 <p>Employees with no guaranteed working hours: At V-ZUG, there are no employees without guaranteed working hours.</p> <p>Total number of full-time employees:</p> <ul style="list-style-type: none"> • Women: 335 • Men: 1,485 <ul style="list-style-type: none"> • Switzerland: 1,580 • Europe (excluding Switzerland): 79 • Asia: 140 • Australia: 21 <p>Total number of part-time employees:</p> <ul style="list-style-type: none"> • Women: 165 • Men: 123 <ul style="list-style-type: none"> • Switzerland: 281 • Europe (excluding Switzerland): 2 • Asia: 0 • Australia: 3 <p>V-ZUG's business operations do not cause any significant seasonal fluctuations in headcount.</p> <p>The 2023 figures relate to the V-ZUG Group (previous years: production sites)</p>
GRI 2-8	Workers who are not employees	<p>Temporary workers, appointed via external agencies: 11</p> <p>External contractors (support): 119</p> <p>The 2023 figures relate to the V-ZUG Group (previous years: production sites)</p>

Indicator	Description	Comment/reference
Corporate management (2021)		
GRI 2-9	Governance structure and composition	<p>V-ZUG Holding AG's Board of Directors (hereinafter "BoD") has three standing committees: the Audit Committee, the Human Resources and Compensation Committee and the Digitalisation Advisory Board.</p> <p>The Executive Committee's operational management structure is made up of the following departments (for details, see "Executive Committee" on our website):</p> <ul style="list-style-type: none"> • CEO V-ZUG Group: Digital Transformation, Sustainability • International department: Market Subsidiaries, Distributors, OEM Business, Business Development • Finance department: Group Finance and Controlling, Business Controlling, Legal and Compliance • Swiss Market department: Project Office, Controlling, Marketing, Customer Care, Field Service, Sales • Operations department: Supply Chain Management, Project Management, Global Quality Management, Industrial Engineering, Cross Product Manufacturing, Manufacturing, Procurement, Infrastructure • Engineering department: Product Segments, Quality & Cost, Mechanical Design, Software & Electronics, Competence Centre, Technology & Innovation, Corporate Design • Human Resources department: Competence Centre, Services & IT Projects, Business Partners, Vocational Training • Marketing department: Global Product Management, Global Marketing and Communications, Communications Process Centre, Global Commercial Excellence <p>Committees responsible for decision-making on environmental and social topics:</p> <ul style="list-style-type: none"> • Executive Committee (hereinafter "EC") • "V-ZUG Sustainability Workforce" working group led by the Head of Sustainability • Internal auditors for quality, environment and occupational safety <p>In June 2020, the V-ZUG Group broke away from the Metall Zug Group and was simultaneously listed on SIX Swiss Exchange. Metall Zug AG retains around 30 % of V-ZUG Holding AG shares and remains an anchor shareholder.</p> <p>See "Spin-off and listing" on our website.</p>
GRI 2-10	Nomination and selection of the highest governance body	See 2023 Annual Report.
GRI 2-11	Chair of the highest governance body	The Chair of the highest governance body is Oliver Riemenschneider. Like all members of the Board of Directors, he is non-executive. See 2023 Annual Report.
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	<p>Material topics are approved by the BoD and the EC. Building on this, medium and long-term sustainability goals are defined and approved by the BoD and the EC. Those members of the EC who are responsible for focus topics regularly evaluate the degree to which these topics have been achieved, together with the Head of Sustainability and the Sustainability Working Group.</p> <p>At the four regular BoD meetings each year, information regarding sustainability issues is regularly presented and/or proposals are submitted for decisions.</p> <p>Sustainability issues also form an integral part of the risk management process, which is overseen annually by the BoD.</p> <p>There is no structured stakeholder discussion regarding sustainability issues at board level. Issues are addressed as required.</p> <p>The Sustainability Report was integrated into the Annual Report for the reporting year and approved by the BoD.</p>

Indicator	Description	Comment/reference
GRI 2-13	Delegation of responsibility for managing impacts	<p>Overall responsibility is delegated to the CEO. Four members of the EC are each responsible for a single focus topic. The impact of measures and campaigns in terms of our focus topics is assessed three times a year.</p> <p>Annual sustainability reporting provides information about targets and the degree to which they have been met. It is made available to all stakeholders including the governance body.</p>
GRI 2-14	Role of the highest governance body in sustainability reporting	<p>The Sustainability Report was integrated into the Annual Report for the reporting year and approved by the BoD.</p> <p>See "Interview with CEO Peter Spirig".</p>
GRI 2-15	Conflicts of interest	<p>Conflicts of interest must be disclosed and are avoided where possible. Failing this, members shall abstain from voting on any matter in which they have a conflict of interest (see "Organisational regulations" at https://www.vzug.com/ch/en/corporate-governance).</p>
GRI 2-16	Communication of critical concerns	<p>Compliance-related matters must be reported to the official reporting point (compliance@vzug.com). The V-ZUG Group's Legal department is responsible for handling, documenting and finalising compliance-related cases.</p> <p>The Audit Committee is responsible for our whistle-blowing process as part of our Code of Conduct. The Legal department reports directly to the Audit Committee in such cases.</p> <p>In 2023, two cases were reported via compliance@vzug.com and dealt with by V-ZUG. No cases were reported via the external reporting point (The Swiss Crisis Intervention Foundation). Such reports are treated in confidence.</p>
GRI 2-17	Collective knowledge of the highest governance body	<p>The topic of "sustainable development" is discussed at all quarterly meetings of the BoD. In this way, the BoD is actively involved and keeps up to date with the latest information on the key sustainability issues for V-ZUG and the associated requirements, challenges, opportunities and risks.</p>
GRI 2-18	Evaluation of the performance of the highest governance body	<p>The performance of the BoD is not evaluated externally. The BoD conducts an annual self-assessment.</p>
GRI 2-19	Compensation policy	<p>See 2023 Annual Report, chapter "Compensation Report".</p>
GRI 2-20	Process to determine remuneration	<p>The process for determining remuneration (including the remuneration system) is laid down in the Compensation Report; see 2023 Annual Report, chapter "Compensation Report".</p> <p>The results of stakeholder voting regarding the compensation policies and proposals are published in the minutes of the Annual General Meeting.</p>
GRI 2-21	Annual total compensation ratio	<p>The compensation for the BoD and EC is disclosed in the Compensation Report. See 2023 Annual Report, chapter "Compensation Report".</p>

Indicator	Description	Comment/reference
Strategy, policies and practices (2021)		
GRI 2-22	Statement on sustainable development strategy	See "Interview with CEO Peter Spirig".
GRI 2-23	Policy commitments	<p>V-ZUG undertakes to trade in a responsible, entrepreneurial manner. Its operational principles are formalised in its Code of Conduct (revised in March 2023) and serve as a basis for its Code of Conduct for Suppliers (published in March 2023).</p> <p>Our Code of Conduct calls on us to treat everyone with respect and tolerance. No discrimination whatsoever will be accepted.</p> <p>The amended version contains a stronger commitment to human rights and sets out the principles of good corporate governance as part of our vision, mission and core values.</p> <p>V-ZUG does not tolerate any form of corruption or active or passive bribery. This principle is part of our Code of Conduct and is further specified in our anti-corruption regulations.</p> <p>The precautionary principle is enshrined in V-ZUG's ethical principles and management guidelines and is monitored by an integrated management system (quality, environment and occupational safety). Certifications in accordance with ISO 9001, ISO 14001 and ISO 45001 at the Zug site (incl. service centres and V-ZUG Studios in Switzerland) also contribute to the precautionary principle, in the shape of preventive measures within the company's operations.</p> <p>Published documents (accessible via website):</p> <ul style="list-style-type: none"> • ISO 9001 certificate (Zug site) • ISO 14001 certificate (Zug site) • ISO 45001 certificate (Zug site) <p>The Code of Conduct and the Code of Conduct for Suppliers contain a zero-tolerance stance towards forced labour and child labour.</p> <p>V-ZUG's key mission statements, codes of conduct and principles (see website) are:</p> <ul style="list-style-type: none"> • Code of Conduct of the V-ZUG Group (see website, "Corporate Governance"), including guidelines for ethical business decisions • Code of Conduct for Suppliers (see website, "Corporate Governance") • Anti-corruption regulations (see website, "Corporate Governance") • Vision, mission and core values • Principles of collaboration • Terms of Employment (TOE) • Annex 1 to the TOE (ethical principles) • ISO 9001, 14001 and 45001 certificates (including annexes, accessible via website) • EU General Data Protection Regulation • Swiss Data Protection Act • Internal competency model <p>The Code of Conduct is approved by the BoD.</p> <p>The Code of Conduct applies globally to all employees, including members of the BoD and other governance bodies of companies belonging to the V-ZUG Group. The Code of Conduct is available in five languages.</p> <p>New joiners are trained in the Code of Conduct, and all employees sign it as part of their employment contract. The Code of Conduct is available on our website for business partners and stakeholders to view.</p> <p>The Code of Conduct for Suppliers forms part of supplier agreements. When onboarding new suppliers, we initiate self-assessments beforehand and, where necessary, pre-audits, and we obtain financial information.</p>

Indicator	Description	Comment/reference
GRI 2-24	Embedding policy commitments	<p>It is the job of V-ZUG management to ensure that all employees are familiar with the Code of Conduct, understand it and act accordingly.</p> <p>Regular training and e-learning courses take place for all employees, and compliance audits are carried out as required.</p> <p>If the Code of Conduct for Suppliers is breached, action plans will be drawn up together with our suppliers. In the case of insufficient progress or repeated breaches of the Code of Conduct for Suppliers, the partnership will be terminated.</p> <p>See also: GRI 2-23.</p>
GRI 2-25	Processes to remediate negative impacts	<p>V-ZUG has an internal process for dealing with grievances, which are handled on a case-by-case basis.</p> <p>In the event of negative impacts, an internal team will draw up further measures (e.g. product safety, emergency and crisis management).</p>
GRI 2-26	Mechanisms for seeking advice and raising concerns	<p>Employees who believe in good faith that certain behaviour violates our Code of Conduct have a duty to report such behaviour to their manager or, ultimately, to the Legal department (compliance@vzug.com). Such reports are treated in confidence. Employees who report in good faith a potential violation of the Code of Conduct need have no fear that reporting their suspicions will have negative repercussions for their employment at the company. There is also an external reporting point for serious grievances (e.g. bullying, sexual harassment).</p>
GRI 2-27	Compliance with laws and regulations	<p>V-ZUG complies with laws and regulations worldwide.</p>
GRI 2-28	Membership associations	<p>V-ZUG AG is a member of or is represented on the board of the following associations and interest groups:</p> <ul style="list-style-type: none"> • aha! Swiss Allergy Centre (joint venture) • amk – “The Modern Kitchen” working group • Economiesuisse • Electrosuisse – Association for electrical, energy and information technology • EEBUS – Empowering the digitalisation of Energy transition • ETH Foundation • Europa Forum / Lucerne Dialogue • FEA (the Swiss association for household and commercial appliances), board member • IG exact (Excellence in Applied Electronics and Technologies) • Zug+ Climate Charter Initiative • Küche (the Swiss kitchen association), board member • PWN Professional Women’s Network • SWISSMEM, the Swiss association for mechanical and electrical engineering industries, board member • SENS eRecycling, foundation for recycling electrical and electronic appliances, board of trustees • sia – Swiss Society of Engineers and Architects • Suissetec • Switzerland Innovation Park Central (member) • tfz – Technologie Forum Zug (board) • öbu – Swiss Business Council for Sustainable Development • Association for the Decarbonization of Industry • Zug Chamber of Commerce, member (board) • Zurich Chamber of Commerce

Indicator	Description	Comment/reference
Stakeholder engagement (2021)		
GRI 2-29	Approach to stakeholder engagement	<p>Key stakeholder groups have been defined in dialogue with internal departments. To achieve broad-based support for our materiality process (last revised in 2021), 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, investors and representatives from politics and academia.</p> <p>The materiality matrix that resulted from the consultation forms an important basis for reporting.</p> <p>V-ZUG's stakeholders are engaged as follows:</p> <ul style="list-style-type: none"> • Customers: customer surveys, customer contact (around 300 service technicians in field sales and customer service), customer magazine ("ZugerRötel" in the Swiss market, "V-ZUG Inspirations" in international markets), guided tours of the Zug production site. In order to experience the wide variety of product functions, free appliance demonstrations are additionally offered by V-ZUG customer advisors. • Employees: employee survey, intranet and Yammer (internal social media platform); specialist internal communication unit and various central and local functions (including Human Resources, Legal and Compliance, and management) • Investors/shareholders: General Meetings, Annual Report, investor roadshows • Suppliers: supplier audits • Sales partners: annual product presentation and various symposiums, trade fairs and events • Trade unions: within the context of the collective employment agreement (CEA) • Media: information provided by Corporate Communications & Investor Relations • Research and education: board activities (e.g. on the board of the MINERGIE association), participation in working groups with educational institutions
GRI 2-30	Collective bargaining agreements	<p>All employees at the Zug site in Switzerland are subject to the collective employment agreement (CEA) of the Association of Swiss Engineering Employers (ASM). The current CEA for the Swiss MEM industries came into effect on 1 July 2023 and is valid until 30 June 2028. The employees' associations Angestellte Schweiz, Unia, Syna, Swiss Association of Commercial Employees, Schweizer Kader Organisation (SKO) and the employers' association ASM are involved as negotiation partners.</p> <p>It is important for V-ZUG that employees are able to represent their interests and participate in the company's development. According to the CEA, the employee representative body represents the interests of the workforce to HR and the EC and works to ensure the CEA provisions are adhered to. It also seeks to promote trusting collaboration between the EC and employees, helps to create attractive working conditions and acts as a contact and advisory point in case of differences of opinion. The members of the employee representative body are elected in predefined electoral groups by all employees.</p> <p>The Sulgen site (V-ZUG Kühltechnik) and the Changzhou site in China are not subject to a collective bargaining agreement. V-ZUG Kühltechnik is a separate legal entity, and employment contracts are subject to the individual employment contract and the Swiss Code of Obligations. Employment contracts in Changzhou are concluded in line with V-ZUG employment guidelines and in accordance with human rights conventions.</p>

Specific details

Aspect	Indicator	Description	Comment/reference
Key issues	GRI 3 (2021)		
GRI 3-1		Process to determine material topics	Our list of material topics was last revised in 2021. As a first step, the Sustainability Workforce revised the list of potentially relevant sustainability topics. We then combined these 11 topics into four priority areas and consolidated them to form groundbreaking focus topics. These provide the structure for our reporting. 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 BoD, EC, employees, customers, partners, suppliers, banks, investors and representatives from politics and academia. The results were subsequently discussed and finalised with selected members of the EC and the BoD. Here, too, we based our deliberations on the findings of our life cycle and CO ₂ assessments. We then drew up an appropriate materiality matrix. See chapter "Strategy and sustainability" and overview "Material topics: Framing and impact".
GRI 3-2		List of material topics	See chapter "Strategy and sustainability".

Products and services for a future-fit society

Circular product design

GRI 3-3		Management of material topics	See "Products and services for a future-fit society", "Environment and climate protection" and overview "Material topics: Framing and impact".																												
GRI 301 Materials (2026)	GRI 301-1	Materials used by weight or volume	<p>Materials used by type (in tonnes):</p> <table border="1"> <thead> <tr> <th>Type of material</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Iron</td> <td>7,426</td> <td>8,031</td> <td>5,651</td> </tr> <tr> <td>Stainless steel</td> <td>1,755</td> <td>1,711</td> <td>1,378</td> </tr> <tr> <td>Aluminium</td> <td>229</td> <td>148</td> <td>195</td> </tr> <tr> <td>Non-ferrous metal</td> <td>94</td> <td>80</td> <td>77</td> </tr> <tr> <td>Oils, fats, lubricants</td> <td>21</td> <td>16</td> <td>10</td> </tr> <tr> <td>Hazardous substances</td> <td>675</td> <td>640</td> <td>542</td> </tr> </tbody> </table>	Type of material	2021	2022	2023	Iron	7,426	8,031	5,651	Stainless steel	1,755	1,711	1,378	Aluminium	229	148	195	Non-ferrous metal	94	80	77	Oils, fats, lubricants	21	16	10	Hazardous substances	675	640	542
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Aspect	Indicator	Description	Comment/reference																																																											
GRI 306 Waste (2016)	GRI 306-1	Waste generation and significant waste-related impacts	<p>See chapter “Products and services for a sustainable society” and “Environment and climate protection”.</p> <p>Published documents (accessible via website):</p> <ul style="list-style-type: none"> • Environmental policy (Zug site) <p>Examples of relevant internal documents:</p> <ul style="list-style-type: none"> • Hazardous goods checklist 																																																											
	GRI 306-2	Management of significant waste-related impacts	See chapter “Products and services for a sustainable society” and “Environment and climate protection”.																																																											
	GRI 306-3	Waste generated	<p>Waste by type (in tonnes):</p> <table border="1"> <thead> <tr> <th>Type of waste</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Waste wood</td> <td>688.4</td> <td>738</td> <td>396.7</td> </tr> <tr> <td>Bulky industrial/commercial items</td> <td>236.7</td> <td>230</td> <td>284.1</td> </tr> <tr> <td>Plastics</td> <td>45.3</td> <td>166</td> <td>183.1</td> </tr> <tr> <td>Scrap metal</td> <td>1,866.6</td> <td>1,892</td> <td>1,689.1</td> </tr> <tr> <td>Paper/cardboard</td> <td>528.9</td> <td>668</td> <td>648.1</td> </tr> <tr> <td>Oils, fats, lubricants</td> <td>14.0</td> <td>3.6</td> <td>2.4</td> </tr> <tr> <td>Special waste</td> <td>28.0</td> <td>19.6</td> <td>23.1</td> </tr> <tr> <td>Returned household appliances¹⁾</td> <td>1,304.8</td> <td>923.9</td> <td>1,167.6</td> </tr> <tr> <td>Other (old tyres, electrical waste, green waste)</td> <td>26.2</td> <td>24.3</td> <td>24.7</td> </tr> </tbody> </table> <p>¹⁾ This figure corresponds to the number of household appliances that customers returned to V-ZUG via its own service organisation. In the Swiss market (in 2023, approx. 85 % of V-ZUG appliances sold were sold in the Swiss market), virtually 100 % of the household appliances in circulation are returned for professional disposal (the collection rate is almost 100 %). Details regarding the collection rate and the recycling rate are published each year in the annual report of the SENS Foundation (tasked by manufacturers to organise the return and professional recycling of electrical appliances). V-ZUG plays an active role in the SENS Foundation, and CEO Peter Spirig sits on the Foundation’s Board of Trustees.</p> <p>Waste by disposal type:</p> <table border="1"> <thead> <tr> <th>Type of disposal</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Recycled</td> <td>79.6 %</td> <td>78.6 %</td> <td>81.7 %</td> </tr> <tr> <td>Composted</td> <td>0.3 %</td> <td>0.2 %</td> <td>0.3 %</td> </tr> <tr> <td>Incinerated</td> <td>19.5 %</td> <td>20.7 %</td> <td>18.0 %</td> </tr> <tr> <td>Special waste</td> <td>0.6 %</td> <td>0.5 %</td> <td>0.6 %</td> </tr> </tbody> </table> <p>Scrap metal and returned household appliances are recycled, and waste wood is incinerated. Hazardous waste (oils, fats, lubricants and other special waste) makes up a small proportion of the waste generated and is disposed of or recycled separately.</p>	Type of waste	2021	2022	2023	Waste wood	688.4	738	396.7	Bulky industrial/commercial items	236.7	230	284.1	Plastics	45.3	166	183.1	Scrap metal	1,866.6	1,892	1,689.1	Paper/cardboard	528.9	668	648.1	Oils, fats, lubricants	14.0	3.6	2.4	Special waste	28.0	19.6	23.1	Returned household appliances ¹⁾	1,304.8	923.9	1,167.6	Other (old tyres, electrical waste, green waste)	26.2	24.3	24.7	Type of disposal	2021	2022	2023	Recycled	79.6 %	78.6 %	81.7 %	Composted	0.3 %	0.2 %	0.3 %	Incinerated	19.5 %	20.7 %	18.0 %	Special waste	0.6 %	0.5 %
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Special waste	0.6 %	0.5 %	0.6 %																																																											

Aspect	Indicator	Description	Comment/reference												
	GRI 306-4	Waste diverted from disposal	<p>Waste by disposal type in tonnes:</p> <table border="1"> <thead> <tr> <th>Type of disposal</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Recycled</td> <td>3,770.3</td> <td>3,666.8</td> <td>2,416.9</td> </tr> <tr> <td>Composted</td> <td>15.1</td> <td>11.0</td> <td>10.3</td> </tr> </tbody> </table> <p>Main recycling partner for returned appliances: Thommen Recycling, ISO 14001-certified</p> <p>We do not export any waste.</p>	Type of disposal	2021	2022	2023	Recycled	3,770.3	3,666.8	2,416.9	Composted	15.1	11.0	10.3
Type of disposal	2021	2022	2023												
Recycled	3,770.3	3,666.8	2,416.9												
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	GRI 306-5	Waste directed to disposal	<p>Waste by disposal type in tonnes</p> <table border="1"> <thead> <tr> <th>Type of disposal</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Incinerated</td> <td>925.2</td> <td>968</td> <td>680.8</td> </tr> <tr> <td>Special waste</td> <td>28.0</td> <td>19.6</td> <td>23.1</td> </tr> </tbody> </table> <p>We do not dispose of any waste in landfill sites.</p>	Type of disposal	2021	2022	2023	Incinerated	925.2	968	680.8	Special waste	28.0	19.6	23.1
Type of disposal	2021	2022	2023												
Incinerated	925.2	968	680.8												
Special waste	28.0	19.6	23.1												
Sustainable consumption and healthy nutrition															
GRI 3-3		Management of material topics	See chapter "Products and services for a future-fit society", "Entrepreneurship for sustainable prosperity" and overview "Material topics: Framing and impact".												
GRI 416 Customer health and safety (2016)	GRI 416-1	Assessment of the health and safety impacts of product and service categories	<p>All operating instructions for our appliances contain information on safe use, proper disposal of packaging materials and of the appliance, as well as tips for saving energy (and water, in the case of washing machines). Our appliances meet the IEC 60335-1 standard (Safety of electrical appliances for household use). Furthermore, our appliances satisfy the EU's RoHS and WEEE directives. For the WEEE directive, this means in particular that all V-ZUG appliances are labelled according to the standard and the operating instructions contain information about proper disposal.</p> <p>In addition, in the installation instructions for the appliances, which are aimed directly at installation professionals, we describe what needs to be taken into account when installing our appliances for them to function as well as possible, with maximum energy efficiency.</p>												
	GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No incidents.												

Aspect	Indicator	Description	Comment/reference
Healthy and committed employees			
Health and safety of employees			
GRI 3-3		Management of material topics	<p>See chapter “Healthy and committed employees” and overview “Material topics: Framing and impact”.</p> <p>The health and safety at work policy forms part of the management process and supports the V-ZUG organisation and its strategy. Numerous processes and specification documents are held in the internal management system. Safety management conforms with legal requirements and meets the guidelines published by the Federal Commission for Occupational Safety and the ISO 45001 standard (Zug site). The organisation actively seeks not only to meet the minimum legal requirements but also to get employees to participate actively by involving them in work processes and promptly implementing suggestions for improvements. Internal occupational safety experts and the in-house paramedic (at the Zug site) are available to advise employees in all matters regarding health, the prevention of occupational accidents, occupational illnesses and leisure-time accidents. Training and campaigns are intended to motivate managers and staff to incorporate occupational health and safety into their everyday activities.</p> <p>Published documents (accessible via website):</p> <ul style="list-style-type: none"> • ISO 45100 certificate (Zug site) • Policy on health and safety at work (Zug site) <p>Examples of relevant internal documents:</p> <ul style="list-style-type: none"> • Emergency response strategy • Safety patrol.AA • Procedure for determining hazards.AA

Aspect	Indicator	Description	Comment/reference																												
GRI 403 Occupational health and safety (2018)	GRI 403-9, 403-10	Work-related accidents, illnesses and lost days	<p>In the case of accidents, we make a distinction between significant occupational accidents, minor occupational accidents and non-occupational accidents (leisure-time accidents). No such distinction is made for illnesses when recording statistics.</p> <p>Lost hours by cause:</p> <table border="1"> <thead> <tr> <th>Cause</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Illness</td> <td>109,410</td> <td>138,088</td> <td>104,813</td> </tr> <tr> <td>Occupational accident</td> <td>9,619</td> <td>6,922</td> <td>7,491</td> </tr> <tr> <td>Non-occupational accident</td> <td>13,837</td> <td>13,388</td> <td>13,590</td> </tr> <tr> <td>Total</td> <td>132,866</td> <td>158,398</td> <td>125,894</td> </tr> </tbody> </table> <p>See "Targets, facts and figures", in chapter "Healthy and committed employees".</p> <p>Occupational accidents by LTIR:</p> <table border="1"> <thead> <tr> <th></th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>LTIR</td> <td>14.6</td> <td>15.2</td> <td>13.2</td> </tr> </tbody> </table> <p>Occupational fatalities in the reporting year: 0</p> <p>See "Targets, facts and figures" in chapter "Healthy and committed employees".</p> <p>Figures for 2023 refer to the V-ZUG Group, while those for 2022 and 2021 refer to our production sites.</p>	Cause	2021	2022	2023	Illness	109,410	138,088	104,813	Occupational accident	9,619	6,922	7,491	Non-occupational accident	13,837	13,388	13,590	Total	132,866	158,398	125,894		2021	2022	2023	LTIR	14.6	15.2	13.2
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Development of potential and know-how management																															
GRI 3-3		Management of material topics	See chapter "Healthy and committed employees" and overview "Material topics: Framing and impact".																												

Aspect	Indicator	Description	Comment/reference																		
GRI 401 Employment (2016)	GRI 401-1	Total number and rate of newly hired employees and staff turnover	<p>Number of newly hired employees:</p> <table border="1"> <thead> <tr> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>258</td> <td>280</td> <td>298</td> </tr> </tbody> </table> <p>Rate of newly hired employees:</p> <table border="1"> <thead> <tr> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>14.7 %</td> <td>15.1 %</td> <td>14.1 %</td> </tr> </tbody> </table> <p>Staff turnover:</p> <table border="1"> <thead> <tr> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>12.5 %</td> <td>10.9 %</td> <td>14.4 %</td> </tr> </tbody> </table>	2021	2022	2023	258	280	298	2021	2022	2023	14.7 %	15.1 %	14.1 %	2021	2022	2023	12.5 %	10.9 %	14.4 %
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12.5 %	10.9 %	14.4 %																			
GRI 404 Training and education	GRI 404-2	Programmes for upgrading employee skills and transition assistance programmes	<p>As a means of enhancing employability, professional development is in the interests, and is the responsibility, of both V-ZUG and its employees. With the three-tier competency model and "V-ZUG-connect", V-ZUG specifically supports the promotion of individual talents and a culture of lifelong learning. Employees have the right, on request, to be released from their work for professional development within or outside the company, provided certain conditions are met. V-ZUG will pay all or part of the costs of the further training on request.</p> <p>For more information, see chapter "Healthy and committed employees".</p>																		
Diverse and inclusive working culture																					
GRI 3-3		Management of material topics	<p>See chapter "Healthy and committed employees" and overview "Material topics: Framing and impact".</p> <p>V-ZUG regularly conducts an equal pay analysis with the help of external experts.</p> <p>Examples of relevant internal documents: Working time regulations</p>																		

Aspect	Indicator	Description	Comment/reference																																																												
GRI 405 Diversity and equal opportunity (2016)	GRI 405-1	Percentage of people in governance bodies and among employees, by gender and age group	<p>Employees by gender and hierarchical level (including Board of Directors)</p> <table border="1"> <thead> <tr> <th>Gender</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Women on the Board of Directors</td> <td>3</td> <td>3</td> <td>3</td> </tr> <tr> <td>Men on the Board of Directors</td> <td>3</td> <td>3</td> <td>3</td> </tr> <tr> <td>Women on the Executive Committee</td> <td>2</td> <td>2</td> <td>2</td> </tr> <tr> <td>Men on the Executive Committee</td> <td>6</td> <td>6</td> <td>4</td> </tr> <tr> <td>Female managers</td> <td>107</td> <td>111¹⁾</td> <td>110¹⁾</td> </tr> <tr> <td>Male managers</td> <td>408</td> <td>432¹⁾</td> <td>437¹⁾</td> </tr> <tr> <td>Female employees</td> <td>273</td> <td>290</td> <td>385</td> </tr> <tr> <td>Male employees</td> <td>965</td> <td>1,006</td> <td>1,164</td> </tr> <tr> <td>Total women</td> <td>385</td> <td>406</td> <td>500</td> </tr> <tr> <td>Total men</td> <td>1,382</td> <td>1,447</td> <td>1,608</td> </tr> </tbody> </table> <p>¹⁾ 2022: changes to management categorisation/employees by age (excl. BoD)</p> <p>Employees by age (excl. Board of Directors):</p> <table border="1"> <thead> <tr> <th>Age group</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Under 30</td> <td>308</td> <td>334</td> <td>354</td> </tr> <tr> <td>30–50</td> <td>907</td> <td>953</td> <td>1,091</td> </tr> <tr> <td>Over 50</td> <td>546</td> <td>560</td> <td>657</td> </tr> </tbody> </table> <p>See chapter "Healthy and committed employees" and chapter "Corporate Governance" for detailed information on members of the BoD and EC (including ages).</p> <p>Figures for 2023 refer to the V-ZUG Group, while those for 2022 and 2021 refer to our three production sites.</p>	Gender	2021	2022	2023	Women on the Board of Directors	3	3	3	Men on the Board of Directors	3	3	3	Women on the Executive Committee	2	2	2	Men on the Executive Committee	6	6	4	Female managers	107	111 ¹⁾	110 ¹⁾	Male managers	408	432 ¹⁾	437 ¹⁾	Female employees	273	290	385	Male employees	965	1,006	1,164	Total women	385	406	500	Total men	1,382	1,447	1,608	Age group	2021	2022	2023	Under 30	308	334	354	30–50	907	953	1,091	Over 50	546	560	657
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Environment and climate protection

Resource-efficient operations

GRI 3-3	Management of material topics	<p>See chapter "Products and services for a future-fit society", "Environment and climate protection" and overview "Material topics: Framing and impact".</p> <p>Published documents (accessible via website):</p> <ul style="list-style-type: none"> • ISO 14001 certificate (Zug site) • Environmental policy (Zug site) <p>Examples of relevant internal documents:</p> <ul style="list-style-type: none"> • Hazardous substances storage • Dealing with hazardous substances
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Aspect	Indicator	Description	Comment/reference																												
GRI 302 Energy (2016)	GRI 302-1	Energy consumption within the organisation	<p>Absolute energy consumption in terajoules:</p> <table border="1"> <thead> <tr> <th></th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td></td> <td>114.6</td> <td>108.7</td> <td>107.7</td> </tr> </tbody> </table> <p>See "Targets, facts and figures" in chapter "Environment and climate protection".</p>		2021	2022	2023		114.6	108.7	107.7																				
		2021	2022	2023																											
	114.6	108.7	107.7																												
GRI 302-2	Energy intensity	See "Targets, facts and figures" in chapter "Environment and climate protection".																													
GRI 303 Water and effluents (2018)	GRI 303-3	Water withdrawal	<p>Water withdrawal by site in megalitres:</p> <table border="1"> <thead> <tr> <th></th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Zug</td> <td>29.3</td> <td>29.3</td> <td>31.7</td> </tr> <tr> <td>Arbon</td> <td>19.5</td> <td>2.3</td> <td>-</td> </tr> <tr> <td>Sulgen</td> <td>0.4</td> <td>1.2</td> <td>1.2</td> </tr> <tr> <td>Changzhou</td> <td>0.4</td> <td>0.4</td> <td>0.3</td> </tr> <tr> <td>Total</td> <td>49.6</td> <td>33.2</td> <td>33.2</td> </tr> </tbody> </table> <p>The water withdrawn is equivalent to the water fed back.</p>		2021	2022	2023	Zug	29.3	29.3	31.7	Arbon	19.5	2.3	-	Sulgen	0.4	1.2	1.2	Changzhou	0.4	0.4	0.3	Total	49.6	33.2	33.2				
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Logistics and mobility																															
GRI 3-3		Management of material topics	<p>See chapter "Environmental and climate protection" and overview "Key topics: Framing and impact".</p> <p>The CO₂ assessments in Scope 1 and 2 and the statement regarding carbon neutrality at production sites were externally validated by Swiss Climate (see Assurance Statement: Carbon Footprint and Compensation Measures).</p>																												
GRI 305 Emissions (2016)	GRI 305-1	Direct GHG emissions (Scope 1)	<p>For Scope 1, the following emissions were taken into account:</p> <ul style="list-style-type: none"> Direct emissions of greenhouse gases from sources that are owned or controlled by V-ZUG. <p>Emissions in tonnes of CO₂ equivalents (Scope 1):</p> <table border="1"> <thead> <tr> <th></th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Petrol</td> <td>2</td> <td>2</td> <td>0</td> </tr> <tr> <td>Diesel</td> <td>1,770</td> <td>1,711</td> <td>1,706</td> </tr> <tr> <td>Heating oil</td> <td>560</td> <td>29</td> <td>71</td> </tr> <tr> <td>Natural gas</td> <td>1,763</td> <td>1,668</td> <td>503</td> </tr> <tr> <td>Propane</td> <td>0</td> <td>53</td> <td>1,265</td> </tr> <tr> <td>Total Scope 1</td> <td>4,096</td> <td>3,464</td> <td>3,545</td> </tr> </tbody> </table>		2021	2022	2023	Petrol	2	2	0	Diesel	1,770	1,711	1,706	Heating oil	560	29	71	Natural gas	1,763	1,668	503	Propane	0	53	1,265	Total Scope 1	4,096	3,464	3,545
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See "Goals, facts and figures" and the explanation of the scopes for CO ₂ neutrality in the chapter "Environment and climate protection".																															

Aspect	Indicator	Description	Comment/reference												
	GRI 305-2	Indirect energy-related GHG emissions (Scope 2)	<p>For Scope 2, the following emissions were taken into account:</p> <ul style="list-style-type: none"> • Indirect greenhouse gas emissions resulting from the generation of purchased electricity and district heat at the headquarters in Zug (V-ZUG AG) and the sites at Sulgen (V-ZUG Kühlttechnik AG) and Changzhou (V-ZUG (Changzhou) Special Components Co., Ltd.). This corresponds to the reported electricity consumption and energy sourced from district heating. • The district heat produced by the MEH at the Zug site generates essentially no emissions, other than peak gas that is occasionally used. • Low-emission Swiss hydroelectric power is used at Zug and Sulgen. <p>Emissions in tonnes of CO₂ equivalents (Scope 2, market-based):</p> <table border="1"> <thead> <tr> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>244</td> <td>225</td> <td>145</td> </tr> </tbody> </table> <p>Emissions in tonnes of CO₂ equivalents (Scope 2, location-based):</p> <table border="1"> <thead> <tr> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>1,754</td> <td>1,837</td> <td>1,585</td> </tr> </tbody> </table> <p>See "Targets, facts and figures" and the explanation of the Scopes for CO₂ neutrality in the chapter "Environment and climate protection".</p> <p>Supplementary note:</p> <p>For the Zug production site and, since 2022, at the Sulgen production site, 100 % hydropower has for many years been purchased (Swiss-sourced in 2023) in order to support the expansion of renewable energy. The CO₂ emissions are declared accordingly in line with the certificate of origin (market-based, as per the reporting regulations of the Greenhouse Gas Protocol).</p> <p>For reasons of comparability, the emissions of the power used (location-based) are also shown. This comparison is helpful in discussions regarding the known discrepancy between the power that is purchased and that which is actually used.</p> <p>The electricity consumption of electric vehicles is now also included in the calculation.</p>	2021	2022	2023	244	225	145	2021	2022	2023	1,754	1,837	1,585
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GRI 3-3		Management of material topics	<p>See chapter "Entrepreneurship for sustainable prosperity" and overview "Material topics: Framing and impact".</p> <p>Published documents (accessible via website):</p> <ul style="list-style-type: none"> • Environmental policy (Zug site) • Code of Conduct for Suppliers <p>Examples of relevant internal documents:</p> <ul style="list-style-type: none"> • V-ZUG Group Code of Conduct • Supplier audit questionnaire • Supplier contract 																																																								

Aspect	Indicator	Description	Comment/reference
GRI 204 Procurement practices (2016)	GRI 204-1	Proportion of spending on local suppliers	Around 60 % of our suppliers are based in Switzerland, and another 30 % or so are located in nearby European countries. We obtain most of our electronics components from highly specialised markets in Asia.
GRI 308 Supplier environmental assessment (2016)	GRI 308-2	Number of suppliers assessed for environmental impact	See "Targets, facts and figures" in chapter "Entrepreneurship for sustainable prosperity".
GRI 414 Supplier social assessment (2016)	GRI 414-2	Number of suppliers assessed for social impact	See "Targets, facts and figures" in chapter "Entrepreneurship for sustainable prosperity".
Long-term corporate success as added value for society			
GRI 3-3		Management of material topics	See chapters "Company profile", "Entrepreneurship for sustainable prosperity" and "Material topics: Framing and impact".
GRI 201 Economic performance (2016)	GRI 201-1	Direct economic value generated and distributed	See "Financial Report", 2023 Annual Report.
GRI 203 Indirect economic impacts (2016)	GRI 203-1	Infrastructure investments and services supported	V-ZUG invests via various projects and partnerships in its production sites and a sustainable, integrated infrastructure, particularly at its main site in Zug (see Tech Cluster Zug) and with the new building for V-ZUG K�hltechnik AG in Sulgen. See chapters "Environment and climate protection", "Entrepreneurship for sustainable prosperity" and the "Real Estate" segment report, 2023 Annual Report.
Business ethics and compliance			
GRI 3-3		Management of material topics	See chapters "Entrepreneurship for sustainable prosperity" and "Material topics: Framing and impact". For embedding policy commitments, see "GRI 2-23" and "GRI 2-24".
GRI 419 Socio-economic compliance (2016)	GRI 419-1	Non-compliance with laws and regulations in the social and economic area	V-ZUG complies with laws and regulations worldwide.

Climate Report (TCFD)

Introduction

For the 2023 financial year, V-ZUG is reporting in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) for the first time. Focusing on the areas of governance, strategy, risk management, metrics and targets, we highlight the potential impact that the climate-related risks and opportunities identified by V-ZUG could have in a business context and outline how we approach this issue as an organisation.

We see sustainability as a holistic concept that encompasses our entire value chain on an ecological, social and entrepreneurial level. Responsible business is not just a passing fad for us; it is something that shapes our decision-making and the work we do on a daily basis. Since 2012, V-ZUG has published a Sustainability Report in accordance with the GRI Standards, including climate matters. This TCFD Report takes a more in-depth look at these environmental aspects.

Governance

Sustainability is one of the four cornerstones of V-ZUG's corporate strategy. Our sustainability strategy addresses topics in greater depth and shines a light on future-fit, sustainable corporate governance. Giving due consideration to the potential effects of climate change on our company's durability, resilience and business activities is a key part of this reporting process.

Our Board of Directors reviews and approves our corporate strategy. Our Executive Committee develops and proposes the corporate strategy and oversees its implementation once it has been approved. The Board of Directors is also responsible for approving V-ZUG's medium- and long-term sustainability targets (focus topics for 2030) and the corresponding roadmap. It reviews these on a regular basis. Our "Environment and climate protection" focus topic outlines our Scope 1, 2 and 3 reduction targets for CO₂ emissions through to 2030 (baseline year 2020). It also describes our management approach and the measures we have taken, and discloses the relevant key figures. Three times each year, our focus topics and the current status of our activities are discussed with the responsible members of the Executive Committee.

The Board of Directors receives a detailed update on the topic once a year as part of our sustainability and risk reporting processes, ensuring all members have a clear picture of where we stand and the progress we have made in terms of climate-related issues. This also enables us to review the progress of our sustainability targets, including our climate targets.

Our Sustainability Report is drawn up by an interdisciplinary working group, led by the Head of Sustainability at V-ZUG. The CO₂ assessments in Scope 1 and 2, including offsetting measures, are also audited by an external body and confirmed in an assurance statement.

Our risk report is drawn up by the Executive Committee and reviewed and approved by the Board of Directors. The TCFD Report provides an in-depth analysis of climate change as a macro risk and is published in the Sustainability Report.

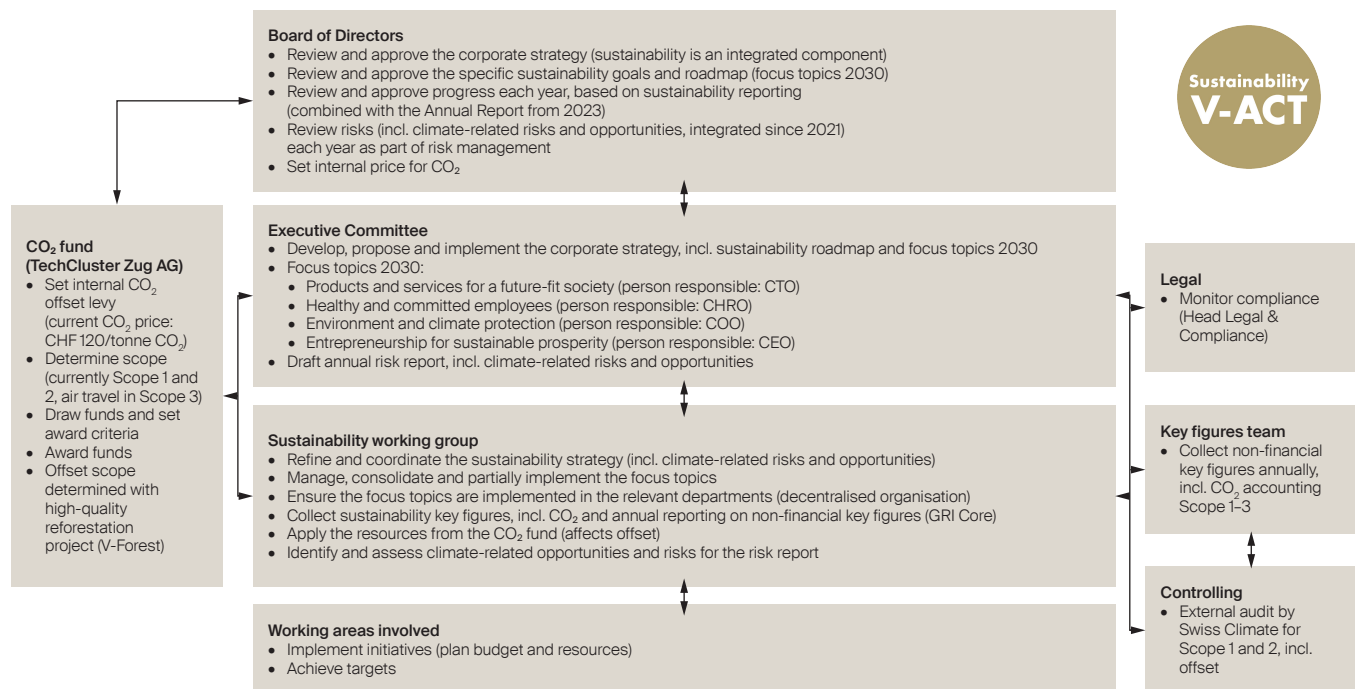
From the 2023 financial year onwards, we are integrating the Sustainability Report into the Annual Report. This not only strengthens the involvement of the entire Board, but also demonstrates the equal importance of financial and non-financial key figures. The Audit Committee of the Board of Directors reviews the Annual Report, with final approval given by the Board of Directors.

The Board of Directors is also informed about sustainability issues and any relevant decisions in the course of its ordinary meetings, which are held at least four times a year. The Executive Committee is also updated on specific points in its monthly meetings.

V-ZUG takes an interdisciplinary approach to sustainability management, with the topic implemented in various areas throughout the company, depending on the particular issues and opportunities. V-ZUG's decentralised Sustainability Workforce comprises representatives from a range of departments. Set up in 2020, the team implements our focus topics systematically in all our corporate areas. The working group is led by the Head of Sustainability, who reports directly to the CEO. The Sustainability Workforce meets once a month to work on and steer our four focus topics, coordinate our sustainability strategy (including climate-related risks and opportunities) and identify areas for further development. The collection of key sustainability figures (including CO₂) and annual reporting on non-financial key figures (in accordance with the GRI Standards) are important tools for handling and reviewing sustainability topics. Our materiality matrix is updated every three to four years (most recently in 2021).

As part of our TCFD reporting activities, the risk-analysis process used to compile our annual risk report has been expanded to include more detailed climate-related risks and opportunities. The Sustainability Workforce undertakes this more in-depth, multi-faceted risk evaluation in conjunction with experts from our Finance, Legal and Procurement departments, allowing us to assess the expected impact of different measures.

Governance – overview



Corporate governance overview in relation to sustainability, V-ZUG, source: vzug.com

Climate protection strategy

V-ZUG has identified potential climate-related risks and opportunities that could have an impact on the Group's operations, strategy and financial planning measures. In accordance with the recommendations of the TCFD, a distinction is made between physical risks, which may be acute or chronic, transition risks and climate-related opportunities.

Physical risks categorised as relevant by V-ZUG include extreme weather conditions, rising sea levels, floods and heat waves, and their potential consequences in terms of supply chains and employee productivity.

V-ZUG considers the following topics to be **relevant climate-related transition risks**: a lack of communication or exaggerated communication regarding climate protection (danger of greenwashing), the failure to meet sustainability targets or implement climate-protection measures, the introduction/extension of a carbon tax for companies or ecodesign regulations and, finally, a change in consumer behaviour.

However, V-ZUG has also identified **certain opportunities associated with climate change**, including increased construction activity due to climate-related displacement, growing demand for sustainable household appliances, changes in consumer preferences with regard to greater sustainability and opportunities for new business models ("Shared Economy", "Product as a Service", etc.).

1. Climate-related physical risks:

1. Extreme weather conditions (droughts, heavy rain, floods) and chronic changes to weather patterns (higher global temperatures, rising sea levels) have a negative impact on our supply chain.
2. Extreme weather conditions (severe heat and/or other weather events) could have an impact on employees' health and productivity levels.

2. Climate-related transition risks:

3. V-ZUG is perceived as a brand that does not take responsibility for climate protection and shows no accountability.
4. In terms of communication, our approach to climate protection is exaggerated and perceived as greenwashing.
5. We have defined ambitious climate targets and measures but are unable to implement these as planned and fall short of our targets. This could be due to unexpectedly high costs or the fact that the measures themselves are not technically feasible.
6. More stringent regulations are issued regarding ecodesign (energy efficiency, the circular economy, material impact, etc.).
7. A CO₂ levy is introduced/extended for companies (already in place in Switzerland for heating oil and gas).
8. Increased climate awareness and higher consumption costs lead to a change in consumer behaviour.

"Environment and climate protection" focus topic – CO₂ emissions under the spotlight – management approach

V-ZUG is aware of its own responsibilities when it comes to climate-related issues and distinguishes between inside-out effects (i.e. the influence V-ZUG has on climate change) and outside-in effects (i.e. the influence of climate change on V-ZUG).

Principle: prevent, reduce, offset – important tool: internal CO₂ levy

To minimise the effect our business activities have on the environment (inside-out), we adhere to the principle of "preventing, reducing and offsetting CO₂ emissions" (in order of priority). However, rather than simply targeting prevention or reduction at any cost, the goal must be to achieve progress in these areas in a way that makes good business and economic sense. V-ZUG therefore introduced an internal, voluntary CO₂ levy in 2018 in collaboration with Metall Zug AG (its former parent company prior to its public listing in the 2020 financial year). An annual offset levy of CHF 120 per tonne of CO₂ is applied to the remaining Scope 1 and 2 emissions as well as Scope 3 emissions from air travel and paid into our CO₂ fund. Money from the fund can then be put towards projects that are beneficial on an environmental level but are not yet economically attractive. The amount of the levy is determined by the Board of Directors together with Metall Zug AG and is used by the Sustainability Workforce to guide the actions taken in our various departments.

Investment in the V-Forest reforestation project in collaboration with the Ripa Gar Foundation

V-ZUG has not yet been able to completely prevent CO₂ emissions along the entire value chain. Our aim is to reduce direct emissions largely through our own efforts. As such, we have set targets to be achieved by 2030 – and identified and planned the measures needed to reach these targets. We have also been investing in a high-level climate protection project since 2020 to offset our remaining emissions (Scope 1 and 2 as well as air travel in Scope 3). This means that V-ZUG has achieved and maintained CO₂-neutral production (including offsetting) for all Swiss-made appliances since 2020. The money required to offset our emissions is also taken from the CO₂ fund. For this project, we are working with the Ripa Gar Foundation to support a reforestation project in Scotland. This enables us to obtain high-quality carbon removal certificates to compensate for our remaining emissions. Working with a non-profit foundation with a long-term horizon is important to us, as it enables us to make a credible contribution to protecting the environment by investing in reforestation.

The “V-Forest” is located in Glen Lochay in the Scottish county of Perthshire. Working in accordance with the UK Woodland Carbon Code (WCC), the Ripa Gar Foundation has already planted 800,000 trees in an area equivalent to around 700 football pitches. The WCC is a government-backed standard in the UK for reforestation projects and offers independent verification and validation of the amount of CO₂ sequestered through a sustainable forestry project. Our contributions are helping to grow a native mixed woodland (42 % birch, 21 % pine, 16 % oak and other local species). Over the next 100 years, the areas already reforested will capture and store around 210,000 tonnes of CO₂. The project is protected against forest fires, diseases and other risks. 30 % of the certificates available for all WCC projects are held in a buffer and made available to everyone as a form of insurance should a risk materialise.

As well as sequestering CO₂, the project has other positive side effects, such as increasing biodiversity, improving local water quality, restoring the moor landscape and helping to reduce the risk of flooding. This allows native flora and fauna to flourish, and nature to find its balance.

It would be difficult to realise a comparable project of this size in Switzerland. However, in addition to the space requirements, there were other reasons for choosing Scotland as a location, including its favourable climatic conditions (even with rising temperatures), good local institutions and the required expertise. It will take a little while before the CO₂ certificates from the “V-Forest” can be used directly to offset our emissions. The trees need to grow before they can capture and store the required amounts of CO₂. Until then, the Ripa Gar Foundation is supporting another reforestation project in India that captures an equivalent amount of CO₂ for each tonne of CO₂ generated. The project is certified according to the UN Framework Convention on Climate Change and is listed on the UN Carbon Offset Platform. The required amounts of CO₂ have already been captured. Our participation in this endeavour effectively offsets double the amount of our own emissions and means that V-ZUG has achieved and maintained CO₂-neutral production for all Swiss-made appliances since 2020.

Our approach to Scope 1 and 2 emissions

Our target for 2030 is to reduce the direct emissions generated at our production sites in Zug, Sulgen and Changzhou as well as those emitted by our vehicle fleets, including service vehicles and trucks (Scope 1), by 80 % compared to the baseline year of 2020. The same applies to indirect emissions from the generation of purchased electricity (market-based) and district heating (Scope 2). Our long-term ambition is to achieve a reduction of 100 %. V-ZUG thus intends to achieve a significantly greater reduction in CO₂ emissions than the recommendations of the Science Based Target initiative (SBTi). To limit the rise in global temperatures to 1.5°C, as stipulated in the Paris Agreement, an annual reduction in Scope 1 and 2 emissions of 4.2 percentage points is required over a period of five to ten years (42 % in total compared to the baseline year).

The most relevant measures we have adopted to reduce our Scope 1 and 2 emissions are as follows:

- V-ZUG Kühltechnik AG's new **production site in Sulgen**, which entered operation in 2022, boasts sustainable infrastructure (a groundwater heat pump which powers the heating system, energy-efficient building design and a photovoltaic system on the roof). This also means we no longer need the oil heating system at the old site in Arbon.
- With our **Multi Energy Hub (MEH)** progressively supplying the V-ZUG site at our headquarters in Zug with renewable energy (photovoltaic systems, waste heat from production, groundwater and lake water), we will be able to eliminate the consumption of natural gas for heating at the site almost entirely in the coming years (from 2023 to 2027).
- The **site transformation at our headquarters in Zug** (which began in 2014 and will be largely completed by 2027) will see almost all the old production and administration buildings replaced with new, energy-efficient constructions. Several new, more energy-efficient production facilities will also be put into operation. This is expected to result in significant savings in terms of our electricity consumption.

- We are gradually reducing the CO₂ emissions of the **V-ZUG vehicle fleet** by switching from diesel vehicles to electric models. Our first batch of electric service vehicles (around 300 in total) went into operation in 2023, and 2024 will see the introduction of our first electric trucks (15 vehicles in total). The conversion of the truck fleet is being partially financed by our CO₂ fund.
- To support the **decarbonisation of industrial processes**, V-ZUG plans to use hydrogen in place of natural gas for certain processes in the future (e.g. to achieve the 850°C necessary for the high-temperature enamelling process). V-ZUG is a founding member of the Association for the Decarbonization of Industry, which aims to create sustainable hydrogen using a new process (methane pyrolysis). The pilot plant is set to begin operations in 2024, with the ultimate goal being full-scale industrial production. Depending on the purity of the hydrogen produced, it may also be possible to use it to decarbonise V-ZUG's truck fleet further down the line. This project is being financed in part by the internal CO₂ fund.
- **Procuring renewable electricity:** For many years, 100 % hydropower has been purchased for the Zug production site (Swiss-sourced since 2022) to support the expansion of renewable energy. This approach has also been taken at the new production site in Sulgen since 2022. The CO₂ emissions are declared accordingly in line with the certificate of origin (market-based, as per the reporting regulations of the Greenhouse Gas Protocol). For reasons of comparability, the emissions of the power used (location-based) are also shown. This comparison is helpful in discussions regarding the known discrepancy between the power that is purchased and that which is actually used.

Thanks to the range of reduction measures we have implemented and the “V-Forest” project, which enables us to offset CO₂ emissions, production at V-ZUG has been CO₂-neutral since 2020.

Our approach to Scope 3 emissions

In the 2020 financial year, V-ZUG carried out a holistic screening of its Scope 3 emissions for the first time. The Greenhouse Gas Protocol divides Scope 3 emissions into 15 categories, 11 of which were deemed relevant to our operations. Categories 9, 10, 11 and 14 were classified as not relevant. Our indirect Scope 3 emissions levels are several times higher than our levels in Scope 1 and 2. Of the 11 relevant categories, two make up over 90 % of our Scope 3 emissions: category 1, “Purchased goods and services” (2020: 19.7 %), and category 11, “Use of sold products” (73 %). However, this does not mean that the other categories are less important, and we are actively targeting certain improvements in these other categories as well.

Based on this insight, V-ZUG developed a reduction schedule for Scope 3 emissions in 2022, with a focus on the two categories of 1 and 11. Our ambition is to reduce Scope 3 emissions by 30 % by 2030 compared to the baseline year of 2020. We use the term “ambition” quite deliberately where Scope 3 is concerned, since it relates to indirect emissions, and this is an area where V-ZUG often has only limited influence on the associated implementation (see measures below).

In SBTi terms, this ambition lies somewhere between a “1.5°C” target (– 42 %) and a “well below 2°C” target (– 25 %).

The most relevant measures we have adopted to **reduce our Scope 3 emissions** are:

- **Increasing energy efficiency** across all product categories (specific objective: increase fleet efficiency by 5 % by 2030 compared to the baseline year of 2020)
- Encouraging customers to use our appliances **in a more environmentally friendly manner** with new features and handy tips
- Applying **circular economy principles** in product development (design-to-circularity principles)
- **Reducing our environmental footprint** by 5 % for new product development projects (measured using life cycle assessments [LCAs], in ecopoints [EPs])
- **Working together with suppliers** to apply circular economy principles and select low-carbon materials (e.g. recycled materials, low-carbon steel, material reduction)
- **Requiring suppliers** to reduce their own emissions. Part of V-ZUG's Scope 3 emissions includes the Scope 1 and 2 footprint of its suppliers and subcontractors.
- **Market developments** make up a significant part of the reduction (20 %). Although these can be influenced only to a limited extent, they are still taken into account in our reduction schedule. The term “market developments” refers to the expansion of renewable energy and the associated reduction in emissions in those markets where our appliances are used, as well as the reduction in emissions from purchased goods. Estimates for both these developments have been made for the period up to 2030, based in part on commitments made by countries regarding the expansion of renewable energies.

V-ZUG is also taking additional actions that are relatively small in terms of the level of reduction achieved, but which are still considered highly important in terms of the message they send to employees and the general public.

- Introducing and enhancing our **mobility strategy** at our Zug site (approx. 1,000 employees) in 2018 to minimise motorised private transport
- Applying **sustainable construction standards** (e.g. using wood as a construction material, recycled concrete) to minimise grey energy in our new buildings (transformation of our Zug and Sulgen sites)
- Working with suppliers to minimise **transport routes**. Approximately 60 % of our suppliers are based in Switzerland, 30 % in neighbouring countries and 10 % in Asia.
- **Professional disposal of waste** and the extensive return and recycling of household appliances at the end of their life cycle
- Using our **CO₂ Webshop**, our customers can offset the emissions that result from using their appliances. These contributions are put towards the “V-Forest” reforestation project.

Risk management

The general risk management process at V-ZUG

Risk management is a key component in V-ZUG’s management system. It is used to identify risks and opportunities and initiate measures. The Board of Directors bears overall responsibility for structuring the entire risk management process and ensuring its effectiveness. The risks associated with climate change are a key component in the risk management process and are included in the risk report as a macro risk. These **macro risks** are defined as risks that pose a “fundamental threat to the continued existence of V-ZUG” over a long-term horizon (ten years or more). This is a clear sign that V-ZUG considers climate-related risks to be both urgent and significant issues. A distinction is also made from **business continuity risks**, which have a short- to medium-term horizon (one to five years).

The **risk management process** implemented at V-ZUG includes various stages and tasks:

- 1 Risk identification:** Every three years, a systematic, detailed bottom-up risk-identification process is carried out based on the previous year’s V-ZUG Group risk report. In the two years in between, a top-down process is followed. The monitoring of opportunities also forms part of the risk management process.
- 2.** In the subsequent **risk analysis** stage, the identified risks are assessed in terms of their likelihood of occurrence and impact. This information is then used to determine the risk factor.
- 3 Risk control:** This stage involves defining strategies and measures to manage the identified risks. Within the V-ZUG Group, the Board of Directors and Audit Committee are chiefly responsible for managing risks and addressing macro risks.
- 4 Risk reporting and risk monitoring:** The Executive Committee compiles an annual risk report detailing the results of the identification, assessment and control processes that have been carried out. Individual members of the Executive Committee are responsible for reviewing compliance with and implementation of the defined risk management measures. The entire Executive Committee also takes due note of these actions. In addition, a status report on measures which have already been implemented is submitted to the Audit Committee and Board of Directors.

Specific risk management process for climate-related risks

When identifying and evaluating climate-related risks as part of the TCFD Report, we proceed in accordance with our general risk process (outlined above). This report represents a more in-depth risk evaluation. It was carried out by the Corporate Sustainability team in conjunction with the Sustainability Workforce and experts from our Finance, Legal and Procurement departments. The relevant climate-related risks were identified in a series of workshops. These risks were then categorised into physical risks and transition risks. Finally, climate-related opportunities were derived. As such, the TCFD Report is an extension of our existing risk management process. Although it is included in this process, it is published separately as part of our annual Sustainability Report.

Procedure for conducting a scenario analysis of climate-related risks

V-ZUG conducted a scenario analysis to determine the resilience of its corporate strategy in the event of various climate scenarios. In a series of workshops, eight identified risks and the impact they would have on our corporate strategy were analysed and evaluated with the aid of internal experts from the departments involved. We used climate scenarios defined by the Network for Greening the Financial System (NGFS) and recommended by the TCFD. To conduct the scenario analysis as part of our TCFD reporting, we analysed the “Orderly” and “Hot House World” scenarios and assessed the separate risks identified in each scenario.

- 1 The **“Orderly” scenario** envisions a future in which climate policies are introduced early in a global context. These measures become gradually more stringent and are implemented on a systematic basis. As a result, there is a 67 % probability of global warming being kept below 2°C by 2070. Both physical and transition risks are relatively subdued.
- 2 The **“Hot house world” scenario** describes a situation in which no new climate policies are added to those that have already been adopted. This scenario assumes a global temperature rise of 3°C or more on average by 2080, in line with scientific calculations. The potential physical risks are high in this climate scenario. Owing to the lack of (additional) climate policies, low transition risks can be assumed.

By considering these different climate scenarios separately, we can identify the expected impact on the company in each case. We can also review our sustainability targets and measures in light of how quickly or slowly climate change is progressing and make adjustments as and where necessary.

The probability of each risk and its impact on the company was assessed separately on a scale of one to ten in both scenarios. We also conducted an additional assessment for each scenario before/without and after adoption of the relevant measures. Once we had these two values, we multiplied them to determine the risk factor in each case. The procedure mirrors the risk analysis process used to assess business continuity risks in V-ZUG’s annual risk report.

The following table lists the identified climate-related risks and opportunities, their impact, the measures V-ZUG has taken and the risk factors from the scenario analysis.

Physical risks:

Physical risks are the result of gradual changes in climatic conditions and extreme weather events.

Type	Risks and opportunities (impact on V-ZUG)	Measures	Risk factors Scenario analysis
Acute/chronic	<p>Risk 1: Extreme weather conditions (droughts, heavy rain, floods) and chronic changes to weather patterns (higher global temperatures, rising sea levels) could have a negative impact on our supply chain.</p> <p>Risk: Climate change causes an increase in the average global temperature, which may result in extreme (localised) weather events, such as droughts, heat waves, heavy rain, floods and rising sea levels.</p> <p>Certain essential components in V-ZUG products (e.g. electronics) are produced in distant countries, some in regions which are more at risk of experiencing extreme weather events.</p> <p>Should any of these extreme weather events occur at one of the sites in our supply chain, this could lead to regular disruptions in deliveries and a lack of components (or drive up the prices of components), which would have a negative impact on production and net sales.</p> <p>Opportunity: By identifying potential problem regions early on and making the necessary adjustments to our sources of supply, we can limit the impact of supply bottlenecks. This will also make V-ZUG more resilient to future changes to the supply situation.</p> <p>Opportunity: Climate change may require some residential areas to be relocated, leading to an increase in global construction activity. For V-ZUG, this could mean an increase in demand for its household appliances.</p> <p>Opportunity: V-ZUG could ensure ongoing future demand for its appliances by adapting its portfolio/range of products in line with the realities of climate change (e.g. producing air-conditioning appliances).</p>	<p>Minimising risk and exploiting opportunities:</p> <ul style="list-style-type: none"> • Rethink our supply chain or make it more resilient: <ul style="list-style-type: none"> • Greater focus on production in Switzerland • Shortening of our supply chain • Secondary/tertiary sources of supply, increased stockpiling (consider recent issues in the supply chain due to geopolitical challenges and effects/after-effects of COVID-19) • Make an active contribution to limiting global warming to 1.5°C (as per Paris Agreement) by doing the following: <ul style="list-style-type: none"> • Implementing our sustainability targets and ensuring regular reviews and adjustments • Reducing our Scope 1 and 2 emissions by 80% by 2030 and reducing Scope 3 emissions by 30% by 2030 • Promoting and supporting the expansion of the circular economy (taking back appliances, reusing components, etc.) will help make us more resilient to changes in the supply chain. 	<p>1.5°C–2°C scenario: Before/without measures: 12 After measures: 4</p> <p>3°C scenario: Before/without measures: 64 After measures: 8</p>

Type	Risks and opportunities (impact on V-ZUG)	Measures	Risk factors Scenario analysis
<p>Risk 2: Extreme weather conditions (<u>severe</u> heat and/or other weather events) could have a negative impact on employees' health and productivity levels.</p>	<p>Risk: If employees are less productive due to prolonged periods of heat (or other extreme weather events) or are absent more often for health reasons, this could potentially reduce our profitability (presenteeism, stress).</p> <p>V-ZUG will also have to reckon with increased adaptation costs (e.g. cooling systems, costs for absences due to illness) and higher insurance costs for assets and staff, which may drive up production costs in general.</p> <p>Opportunity: As a company that is committed to sustainability and future-focused transformation, V-ZUG could become increasingly attractive as an employer for potential employees.</p>	<p>Minimising risk and exploiting opportunities:</p> <ul style="list-style-type: none"> • Focus topic: Healthy and committed employees with clearly defined sub-targets, particularly: <ul style="list-style-type: none"> • Focusing on the long-term health of our employees (target: stabilise the absence rate by 2025 and lower it over the long term) • Occupational safety (goal: vision "zero" and 5% annual reduction in the number of accidents) • Site transformation at our headquarters in Zug and the new refrigerator factory building in Sulgen: new buildings with cooling systems have a positive impact on employee health and productivity levels. 	<p>1.5°C–2°C scenario: Before/without measures: 24 After measures: 6</p> <p>3°C scenario: Before/without measures: 64 After measures: 25</p>

Transition risks:

Transition risks arise gradually as part of the shift towards a low-carbon economy, for example through higher costs for emissions, mandatory reporting and repricing.

Type	Risks and opportunities (impact on V-ZUG)	Measures	Risk factors Scenario analysis
Aspiration/reputation			
<p>Risk 3: V-ZUG is perceived as a brand that does not take responsibility for climate protection and shows no accountability.</p>	<p>Risk: There is a lack of clear communication regarding the climate-protection measures that have already been implemented, which leads to the V-ZUG brand being criticised for not doing enough to reduce its carbon footprint. The criticism that V-ZUG is not implementing any corporate measures related to climate protection could potentially damage the company's reputation, result in less business and see consumers switch to rival brands.</p> <p>Opportunity: By ensuring transparent, thorough communication of the sustainability measures and targets already implemented or planned, V-ZUG can show accountability as a company and differentiate itself from other brands.</p>	<p>Minimising risk and exploiting opportunities:</p> <ul style="list-style-type: none"> • Greater emphasis on external communication regarding climate protection measures already implemented or planned • Particular focus on the key role that sustainability plays in our corporate strategy and production and development processes • Communicate our sustainability targets, reduction targets, Scope 1, 2 and 3 (approach: prevent, reduce, offset) • Streamline and consolidate the process for documenting all V-ZUG's efforts in the area of corporate sustainability to make transparent external communication easier • Gradually expand our sustainability communications to previously unused channels (e.g. social media, intranet, apps, employee onboarding, operating instructions, website) • Regularly review the information being communicated to ensure it is consistent and up to date with the sustainability measures actually implemented/ planned 	<p>1.5°C–2°C scenario: Before/without measures: 25 After measures: 4</p> <p>3°C scenario: Before/without measures: 49 After measures: 6</p>

Type	Risks and opportunities (impact on V-ZUG)	Measures	Risk factors Scenario analysis
<p>Risk 4: Our approach to communication on climate protection measures is exaggerated and perceived as greenwashing.</p>	<p>Risk: The criticism/public perception that V-ZUG talks a lot about climate protection but does not implement any real measures could damage the company's reputation, mean less business and see consumers switch to rival brands.</p> <p>Opportunity: By continuing to implement its current and planned sustainability measures, V-ZUG can enhance its reputation and differentiate itself from its competitors.</p>	<p>Minimising risk and exploiting opportunities:</p> <ul style="list-style-type: none"> • Transparent, serious and truthful communication regarding our projects and successes (avoid exaggeration; transparency leads to comparability among companies and increases trust) • Transparency through annual reporting on Scope 1, 2 and 3 emissions in our Sustainability Report in accordance with global standards (GRI, GHGP) • Orientation towards and alignment with relevant recommendations and requirements (e.g. SBTi, CDP) • Monitoring the regulatory environment (e.g. EU Green Claim Directive) • External validation of Scope 1 and 2 emissions and offsetting measures to achieve CO₂-neutral status at our production sites through Swiss Climate • Prioritising clear, truthful presentation and communication of the climate protection measures that V-ZUG is currently implementing and intends to implement in the future • Clear presentation and explanation of the approach taken and the significance of the targets/measures (e.g. offsetting with "V-Forest") 	<p>1.5°C–2°C scenario: Before/without measures: 63 After measures: 4</p> <p>3°C scenario: Before/without measures: 80 After measures: 9</p>

Type	Risks and opportunities (impact on V-ZUG)	Measures	Risk factors Scenario analysis
	<p>Risk 5: We have defined ambitious climate targets and measures but are unable to implement these as planned and fall short of our targets. This could be due to unexpectedly high costs or the measures not proving to be technically feasible.</p> <p>Risk: The criticism that we define climate-related targets and measures but are unable to implement them has consequences. This could damage the company's reputation, mean less business and see consumers switch to rival brands.</p> <p>Opportunity: By ensuring that the targeted implementation of climate-related measures remains a priority and an important point of reference in the corporate strategy, we can expect to stay one step ahead of the competition.</p>	<p>Minimising risk and exploiting opportunities:</p> <ul style="list-style-type: none"> Having the clear target of reducing Scope 1, 2 and 3 emissions ensures a focused approach. Annual reporting on this area in our Sustainability Report (included in the Annual Report as of 2023) enables us to review our progress towards: <ul style="list-style-type: none"> Reducing our Scope 1 and 2 emissions by 80 % by 2030 Reducing Scope 3 emissions by 30 % by 2030 Our voluntary, internal CO₂ fund enables us to make eco-friendly investments (e.g. e-trucks to reduce our CO₂ emissions). Regularly reviewing/monitoring our climate-protection measures and sustainability targets to ensure they are both relevant and feasible. This means making adjustments where necessary to maintain/achieve feasibility as far as possible. Prioritising the clear, truthful representation and communication of climate protection measures. 	<p>1.5°C–2°C scenario: Before/without measures: 30 After measures: 2</p> <p>3°C scenario: Before/without measures: 42 After measures: 6</p>
Regulatory/statutory			
	<p>Risk 6: More stringent regulations are issued regarding ecodesign (energy efficiency, the circular economy, material impact).</p> <p>Risk: New or additional guidelines on ecodesign could be issued in the following areas: energy efficiency, circular product design, material impact, return and recycling obligations, material declarations and the proportion of recycled materials.</p> <p>The compliance with and implementation of these guidelines leads to higher product development costs.</p> <p>Opportunity: By continuing to make increased investments in developing and producing ever more energy-efficient appliances, we are able to maintain a high-quality product range and ensure compliance with ecodesign guidelines without sudden cost increases.</p>	<p>Minimising risk and exploiting opportunities:</p> <ul style="list-style-type: none"> Conduct regular reviews to assess which new/more stringent ecodesign guidelines are likely to be issued in the near future and affect us. The focus must always be on developing sustainable products, regardless of any new regulations entering into force: <ul style="list-style-type: none"> Pursuing a systematic investment strategy that enables future-fit innovations and efficiency gains Using innovations and targeted guiding principles (energy efficiency, circular economy principles in product development, etc.) Research and development costs amounted to roughly 10 % of net sales in 2022. Thanks to these investments in innovation, we are well positioned to accommodate more stringent ecodesign guidelines. 	<p>1.5°C–2°C scenario: Before/without measures: 54 After measures: 36</p> <p>3°C scenario: Before/without measures: 72 After measures: 54</p>

Type	Risks and opportunities (impact on V-ZUG)	Measures	Risk factors Scenario analysis
<p>Risk 7: A CO₂ levy for companies is introduced/expanded (already in place in Switzerland for heating oil and gas, potential extension).</p>	<p>Risk: Higher or expanded carbon taxes could lead to additional costs for the company. The introduction/increase of carbon taxes would also lead to large-scale rises in the prices of goods and services and, by the same token, reduce consumer (future) purchasing power.</p> <p>Opportunity: V-ZUG could be seen as something of a pioneer (voluntary internal CO₂ levy introduced in 2018), which has a positive impact on the company's reputation and generates additional business.</p>	<p>Minimising risk and exploiting opportunities:</p> <ul style="list-style-type: none"> Monitoring upcoming ESG regulations and requirements on an ongoing basis Adjusting our corporate strategy accordingly Voluntary internal CO₂ levy introduced in 2018 (Scope 1 and 2 plus air travel) (rate: CHF 120/tCO₂). As such, part of the potential tax is already reflected in our budget and financial planning measures. 	<p>1.5°C–2°C scenario: Before/without measures: 42 After measures: 28</p> <p>3°C scenario: Before/without measures: 64 After measures: 48</p>
Market:			
<p>Risk 8: Increased climate awareness and higher consumption costs lead to a change in consumer behaviour.</p>	<p>Risk: This may lead to a drop in consumer purchasing power or see consumers buying fewer, cheaper or smaller products, leading to a slump in sales. There is also the danger of stigmatisation, meaning that consumers steer clear of certain types of products (e.g. tumble dryers, wine coolers).</p> <p>Opportunity: Our “Shared Economy” and “Product as a Service” models or “Second Life/Refurbishment” could provide alternatives for consumers who do not want to purchase their own appliance or cannot afford to do so. By offering these types of business models, V-ZUG can be confident of gaining an advantage in the market.</p> <p>Opportunity: If energy prices increase, household appliances with sustainable features will likely have a (competitive) advantage over less energy-efficient models.</p>	<p>Minimising risk and exploiting opportunities:</p> <ul style="list-style-type: none"> By conducting regular reviews, we can ensure that V-ZUG's range of products matches the interests and requirements of our target groups. We can also make adjustments if necessary to ensure products remain competitive over the long term. Early promotion and further development of new business models such as “Shared Economy”, “Product as a Service” and “Second Life”. By pursuing a systematic investment strategy, we can ensure future-fit innovations and efficiency gains. 	<p>1.5°C–2°C scenario: Before/without measures: 16 After measures: 4</p> <p>3°C scenario: Before/without measures: 35 After measures: 10</p>

Overview of climate-related risks, opportunities, the impact on V-ZUG, associated measures and the results of our scenario analysis

Implications:

If measures are not implemented, V-ZUG sees the greatest risk potential in the 1.5°C–2°C scenario for the transition risks of greenwashing, more stringent ecodesign guidelines and the extension of a carbon tax. In the 3°C scenario without measures, delivery disruptions due to extreme weather conditions and health-related decreases in the productivity of employees are also seen as considerable risks. However, it is also clear that the impact of these risks can be significantly reduced by the measures currently in place at V-ZUG and the further measures that the company plans to implement. In terms of the 1.5°C–2°C scenario, we believe that V-ZUG's measures can reduce the risks of more stringent ecodesign guidelines and carbon taxes to a moderate level, while all other risks can be reduced to a low level. Even in the 3°C scenario, we would expect the measures we have outlined to achieve a clear reduction in the level of risk, albeit not to the same extent.

Financial impact:

Given the high level of uncertainty regarding the progression of climate change and lack of previous experience, while we can provide a scaled estimate as to the extent of the impact on our business, we cannot quantify the financial effects in any meaningful way.

The investments required to minimise risks and exploit opportunities are either realised in our current budget (e.g. increasing efficiency in our appliances, existing R&D budget and correct focus) or co-financed through the CO₂ fund (e.g. decarbonisation of our truck fleet, hydrogen production).

Metrics and targets

The targets we have identified, the progress made towards achieving them and information on our emissions are outlined in the “Environment and climate protection” focus topic (p. 49). Details can also be found in the appendix (p. 184) and the GRI index (p. 144).

Due diligence obligations in the supply chain (DDTrO)

Information on due diligence obligations and transparency in relation to minerals and metals from conflict-affected areas and child labour (DDTrO), based on Article 964j et seq. of the Swiss Code of Obligations (CO)

With our long-standing commitment to responsible procurement practices, we welcome the introduction of Switzerland's new Supply Chain Act (DDTrO), which set out the due diligence and transparency requirements in relation to minerals and metals from conflict-affected areas and child labour.

In light of the DDTrO, we are providing the following additional information:

Concerning conflict materials

The V-ZUG Group does not procure any minerals or metals with the specified characteristics that would be subject to reporting requirements under the DDTrO. This is reviewed by our Procurement department on an annual basis using the tariff numbers for the specific materials, which are listed in Annex 1 to the DDTrO.

We are therefore not subject to any due diligence or reporting obligations in this regard in accordance with the CO.

Our suppliers are also required to disclose any relevant information on this topic to us using our Code of Conduct for Suppliers and the IntegrityNext self-declaration platform.

Concerning child labour

Due diligence obligations concerning human rights, and child labour in particular, have always been part of supplier management at V-ZUG. Our management approach includes our Code of Conduct for Suppliers (including a reporting point), which forms an integral part of all agreements with our suppliers. We also require our suppliers to complete a self-declaration using the IntegrityNext platform and conduct regular supplier audits on site. These supplier audits are carried out by V-ZUG employees or one of our partner companies. Further information is provided in our "Entrepreneurship for sustainable prosperity" focus topic, including key figures and targets related to audits.

Having completed a risk assessment using UNICEF's Children's Rights in the Workplace Index, we can confirm the following results:

According to the information provided by our suppliers on the country of origin, we do not work with any suppliers from critical countries and do not source any materials/modules from critical countries (classification: "Heightened"). In total, 83 % of our materials/modules come from countries with only a low level of risk exposure to child labour ("Basic"). The remaining 17 % come from countries where there is an increased risk of child labour ("Enhanced"). This information is reviewed and updated on an annual basis.

The reviews carried out as part of the regular on-site audits ("Supplier audit questionnaire" appendix) and the self-declarations (using the IntegrityNext platform) gave us no reason to suspect the use of child labour. We also received no reports via the reporting point during the reporting period (integral part of the Code of Conduct for Suppliers, section 6: Reporting point).

Targets and status

Focus topic: Products and services for a future-fit society

Targets	Baseline and target years	2023 results	Status	Metrics
Efficiency				
One appliance per product category in top 3 for efficiency (comparison site TopTen.ch)	Annual review	Washing machines: Energy: 1 /Water: 7 Tumble dryers: Energy: 1 Ovens: Energy: 2 Steamers: Energy: 1 Dishwashers: Energy: 1 /Water: 1 Fridge freezers: Energy: 2 Fridges with freezer compartment: not ranked Range hoods/island: Energy: 3 Range hoods/downdraft: not ranked Range hoods/flat: Energy: 4 In top 3 in 8 out of a total of 12 categories – 67% attainment	Not achieved	Ranking from comparison site TopTen.ch – in November 2023
Increase fleet efficiency of all appliances (energy and water) by 5%	2021; 2030	Newly introduced appliances (washing machines) and a shift in the mix of steamers lead to greater energy efficiency. Slight regression in water efficiency due to shift of product mix towards shared washing machines for apartment buildings. More “Shared Economy” is positive for the environment but has a negative impact on fleet efficiency. Fleet efficiency/energy 2021: 231 kWh/year 2022: 229 kWh/year 2023: 219 kWh/year (5.2% increase in efficiency vs baseline year) Fleet efficiency/water 2021: 6,830 l/year 2022: 6,477 l/year 2023: 6,836 l/year (No change in efficiency vs baseline year) Based on projections and planned innovations, the target was revised upwards to an increase of 10%.	On track	Fleet efficiency: all appliances purchased multiplied by the respective annual water and energy consumption (acc. to energy label or, if not available, own calculation), divided by the number of appliances The indicator is a calculated average of V-ZUG appliances across all product categories.
All our current network-enabled appliances have extensive integrated eco-functions/services	n.a.; 2025	Current functions in 2023 (selection, not exhaustive): <ul style="list-style-type: none"> EcoManagement: usage data displayed, predicted and actual values (multiple categories) – now also with list view in the V-ZUG-Home app OptiDos washing machines: optimised, economical detergent dosage OptiTime: if speed is not important. Long running time with maximum energy and water efficiency. SmartStart: Use of self-generated solar power Wide-ranging electricity saving campaign run via V-ZUG-Home app Eco-functions available – upgradable, with focus on digital technology	On track	Cannot be quantified – will continue to be stated qualitatively for time being

Targets	Baseline and target years	2023 results	Status	Metrics
Circularity				
Life cycle assessments for all appliances (one reference model per category)	n.a.; 2023	Method established at company, additional resources created in Development (Sustainability Expert Engineering) 11 of 11 categories done Target achieved and exceeded. Total of 32 LCAs created (multiple appliances per category). Basis for product development and now also for Scope 3 recording in the "Purchased goods and services" category	Achieved (since 2023)	No. of appliances (reference model) per category Total categories: 11 (steamers, ovens, drawers, microwaves, CoffeeCenters, hobs, range hoods, dishwashers, refrigerators, washing machines, tumble dryers)
Achieve 90% recyclability of appliances	Development projects; 2025	No project completed yet Method worked out in theory and validated with recycling companies (washing machines and refrigerators) Status quo across all categories with LCA recording carried out in 2023. Recycling rate between 77% (hob) and 97% (refrigerator). Background: The recycling rate depends on the method of recycling used. The more circular economy principles we introduce, the higher the rate will be. First major project using the method Implemented in product requirements and development process for all projects	On track	Recycling and reuse rate per product (anchor product)
Reduce ecopoints (EPs) by 5%	Development projects; 2030	Refrigerator project completed: The new model has a larger footprint in terms of materials (consideration: assembled, especially insulation), but this reduces energy consumption substantially during use and achieves the target (consideration: end-of-life, EoL). EP EoL reduced by 17%. Further major project using the method; initial projection at milestone 30 (completion of concept phase) is promising. Implemented in product requirements and development process for all projects.	On track	When developing new products compared with predecessor model
All appliances developed according to circular design principles	Development projects; 2030	No project completed yet Core element: design-to-circularity principles Method worked out and introduced, being applied in first major project. Included in milestone analysis. Implemented in product requirements and development process for all projects	On track	Application of principles, success measurable as fewer EPs in LCA

Targets, results and status in relation to the focus topic "Products and services for a future-fit society"
Possible statuses: Achieved, On track, Delayed, Not achieved (if new target: Initiated)

Targets, facts and figures

Focus topic: Healthy and committed employees

Targets	Baseline and target years	2023 results	Status	Metrics
Occupational safety: vision "zero" and 5% annual reduction in the number of accidents	Annually	<p>Workplace accidents 2021: 89 Workplace accidents 2022: 88 Workplace accidents 2023: 75</p> <p>13 fewer workplace accident than 2022 – 15% reduction. Accidents were also recorded on a global basis for the first time in the reporting year and can only be compared with the previous years to a limited degree.</p> <p>The various campaigns are having an effect (2021: Tripping & Falling, 2022: Cuts and Bruises, 2023: Lifting & Carrying). Monthly occupational safety training also held for all new employees. Be Aware Month with focus on occupational safety in January 2023 and introduction of occupational safety contacts (KoPAS).</p>	Achieved	No. of occupational accidents (both minor and significant accidents)
Long-term health: we will stabilise the absence rate by 2025 and lower it long-term	2020; 2025	<p>Absence rate 2021: 3.80 % Absence rate 2022: 4.42 % Absence rate 2023: 4.02 %</p> <p>Absence rate reduced by 0.4 percentage points in 2023. Down almost 4 percentage points during the reporting year; at 80 %, illness was the most frequent cause for absence. The number of occupational accidents fell, while the number of hours lost as a result increased.</p> <p>Internal health-promotion programmes: Work/life balance; Healthy eating; Balancing work with a new baby; Flexible working; Ergonomic working; Avoiding home and leisure injuries; Getting healthy; Accepting help; Achieving a balanced lifestyle; Nurturing yourself; Maintaining good mental health</p>	On track	Absence rate, in % of contracted hours
Investment in education & training: 0.65 % of payroll spend	Annually	<p>Investment 2021: 0.67 % (CHF 899,000) Investment 2022: 0.67 % (CHF 925,000) Investment 2023: 0.62 % (CHF 857,000)</p> <p>V-ZUGacademy offering: Internal and external training courses on a wide variety of subjects</p>	Not achieved	Investment as % of AHV insured salary total

Targets, results and status in relation to the focus topic "Healthy and committed employees"
Possible statuses: Achieved, On track, Delayed, Not achieved (if new target: Initiated)

Targets	Baseline and target years	2023 results	Status	Metrics
Investment in vocational training: 1.35% of payroll spend	Annually	Investment 2021: 1.46% (CHF 1,965,000) Investment 2022: 1.37% (CHF 1,900,000) Investment 2023: 1.39% (CHF 1,937,000) Occupations (Zug only): automation engineer, automation technician, IT specialist, media and technology specialist, commercial employee, chef, design engineer, logistics specialist, general mechanic, mechanical technician, road transport specialist Total of 89 apprenticeships in 11 skilled trades	Achieved	Investment as % of AHV insured salary total
Diversity: we will increase the proportion of women across the Group as follows: 1) in leadership team, incl. Board, to >25% 2) same proportion in management team as across the entire company (see 3) 3) and proportion of women generally across the entire company	n.a.; 2025 (new 2030)	1) Leadership team: 2021: 23.6% / 2022: 20.0% / 2023: 20.8% 2) Management team: 2021: 20.8% / 2022: 22.4% / 2023: 20.6% 3) Proportion of women generally: 2021: 23.2% / 2022: 24.4% / 2023: 23.6% Measures to support combining work and family: part-time models, annual working time accounts, flexible working models, smart work, working from home, diversity recruitment guidelines, provision of neutral information about occupations on Future Day, "Trau Dich" ("dare to lead") campaign The definition of senior management levels – lead- ership team and management team – was revised, expanded and rolled out across the Group during 2022. As a result, the figures since 2022 are not directly comparable with those from previous years. Despite our considerable efforts, it is proving a challenge to increase the proportion of women at the company in the short term. We have therefore decided to maintain the level of ambition behind our targets, but to change the target year to 2030.	1) Delayed 2) Delayed 3) Delayed	HR metrics
Inclusion: employees feel included and show commitment, and work satisfaction is high: target >80%	Survey every 2-3 years	2018 employee survey: 74 points 2021 employee survey: 79 points 2023 employee survey: 79 points 2018 survey within V-ZUG Ltd (approx. 80% of employees), extended to whole Group in 2021 and 2023 (100% of employees). The survey is carried out across the Group every two years.	On track	Employee survey: Indicator "Goal-driven attitude" – 2021 Swiss benchmark: 80 points

Targets, facts and figures

Focus topic: Environment and climate protection

Targets	Baseline and target years	2023 results	Status	Metrics
CO₂ emissions				
To be carbon-neutral at all production sites within Scope 1 and 2 (incl. offsetting)	Annually	The remaining emissions in the 2023 reporting year will once again be offset in collaboration with the Ripa Gar Foundation with high-quality reforestation in the "V-Forest" (removal certificates). For details, see the TCFD Report.	Achieved (since 2020)	Scope 1 and 2 emissions as per Greenhouse Gas Protocol (market-based)
To reduce the remaining Scope 1 & 2 emissions by 80 % (long-term ambition: 100 %)	2020; 2030	2021: 4,340 tCO ₂ 2022: 3,689 tCO ₂ 2023: 3,690 tCO ₂ Transformation delayed; emissions remain unchanged at 0.02%; On track cumulatively for the base year 2020 (- 17.1%) Market-based figures; for details, see GRI index. With the heat pump in our new refrigerator factory building in Sulgen, we have completely eliminated emissions caused by heating oil at the old site (Arbon). The expansion of our Multi Energy Hub (MEH) at our Zug site to other buildings was delayed in 2023 due to construction issues. As a result, temporary measures were put into operation using heating oil, with propane used to power boilers. The significant effect of the MEH on the reduction of natural gas and propane will only materialise in 2024.	On track	Scope 1 and 2 emissions as per Greenhouse Gas Protocol
To have transparency regarding our Scope 3 emissions	n.a.; 2021	Has been recorded annually since 2021: 11 out of 15 categories are relevant for V-ZUG - two categories together account for around 90 % of emissions: 3.11: Use of Sold Products/ 3.1: Purchased Goods and Services - for details, see GRI index. Target finally achieved: Scope 3 recording is included as standard in reporting.	Achieved (since 2021)	Scope 3 emissions as per Greenhouse Gas Protocol
To reduce Scope 3 emissions by 30 %	2020; 2030	The focus is on the two categories that together account for approx. 90 % of emissions: 3.11: Use of Sold Products/3.1: Purchased Goods and Services Scope 3 emissions 2021: 432,057 tCO ₂ (- 6.1% based on 2020) 2022: 417,617 tCO ₂ (- 9.21% based on 2020) 2023: 338,078 tCO ₂ (- 26.5% based on 2020) The main reason for the absolute reduction is the decrease in the number of units in the reporting year, resulting in less material and electricity consumption. In addition, there was a 5% increase in fleet efficiency in electricity consumption. In relative terms (emissions per appliance sold), the reduction compared to the baseline is also a gratifying - 16.1%.	On track	Scope 3 emissions as per Greenhouse Gas Protocol, annual survey of main categories (11 out of 15)

Targets	Baseline and target years	2023 results	Status	Metrics
<p>We have already been reducing indirect emissions for years through constant increases in the energy efficiency of our products, a mobility strategy at our Zug headquarters, our geographical proximity to suppliers, the use of wood as a construction material for buildings, the professional disposal of waste, and the extensive return and recycling of household appliances at the end of their life cycle.</p>				
<p>Environment and waste</p>				
<p>To continuously reduce the amount of waste through targeted initiatives and by optimising disposal methods.</p> <p>For years, we have not disposed of any waste in landfill sites, and we are maintaining this approach.</p>	2020; 2030	<p>Survey of waste and disposal methods: 2023: recycling: 81.7%/composting: 0.3%/incineration: 18.0%/special waste: 0.6%/landfill: 0% (see GRI index for details)</p> <p>Focus in 2023: packaging and paper Reduction projects achieved by digitising payslips, order forms, invoices, logistics, spare parts inventory, production orders, etc.</p>	On track	Waste amount in tonnes and by waste type
<p>To reduce the relative impact on the environment continuously and increase ecological efficiency by at least 40 % by 2030</p> <p>(ecological efficiency: environmental impact, relative to net sales)</p>	2020; 2030	<p>Although the environmental measures we had planned for 2023 were implemented, net sales were lower than expected due to the challenging market environment. As such, only a slight increase in ecological efficiency was achieved in 2023. However, we are on track overall.</p> <p>2021: environmental footprint: 19,639 million EPs Net sales: CHF 631.3 million Increase in ecological efficiency: 7%</p> <p>2022: environmental footprint: 16,902 million EPs Net sales: CHF 636.3 million Increase in ecological efficiency: 14%</p> <p>2023: environmental footprint: 15,134 million EPs Net sales: CHF 585.4 million Increase in ecological efficiency: 2%</p> <p>Cumulative since 2020: increase in ecological efficiency of 23%</p>	On track	EPs (in accordance with the Swiss ecological scarcity method of life cycle assessment, version 2021), indexed net sales adjusted for currency effects, environmental impact relative to net sales

Targets, results and status in relation to the focus topic "Environment and climate protection"
Possible statuses: Achieved, On track, Delayed, Not achieved (if new target: Initiated)

Targets, facts and figures

Focus topic: Entrepreneurship for sustainable prosperity

Targets	Baseline and target years	2023 results	Status	Metrics
To generate a significant two-digit EBIT margin in the medium term (10–13%), in order to be able to invest sustainably and thereby maintain our future viability	Annually	EBIT margin 2021: 9.9% EBIT margin 2022: 1.6% EBIT margin 2023: 2.9% See Financial Report for background and details.	Not achieved	EBIT margin as per Annual Report
To achieve organic sales growth of 3%	Annually	Sales growth 2021: + 9.5% Sales growth 2022: + 0.8% Sales growth 2023: – 8.0% See Financial Report for background and details.	Not achieved	Sales growth as a percentage as per Annual Report
To have audited all our key suppliers (covering at least 80% of our purchasing volume) in line with sustainability criteria	n.a.; 2025	Tools and processes introduced and being established (IntegrityNext, Sphera, Supplier Code of Conduct, training, etc.) Using the IntegrityNext self-declaration platform, we covered 73% of our purchasing volume by the end 2023. Regular supplier audits also conducted on site, including sustainability aspects. Audits were stepped up again following a pandemic-related reduction.	On track	Purchasing volumes and number of suppliers
To account for one core element per product category, with a transparent supply chain down to the lowest possible level	n.a.; 2025	Initial core elements considered in detail with the Procurement department: <ul style="list-style-type: none"> • Washing machine plinth (plastic) • Washing machine drawer (plastic) • Interior of dishwasher and “CombiSteamer” (stainless steel) Internal transparency established. External communication in the pipeline. Additional elements to follow in 2024.	On track	Core element per product category

Targets, results and status in relation to the focus topic “Entrepreneurship for sustainable prosperity”
Possible statuses: Achieved, On track, Delayed, Not achieved (if new target: Initiated)

5-year overview of the Group

in CHF million	2023	2022	2021	2020	2019 ¹⁾
Consolidated income statement					
Net sales	585.4	636.3	631.3	569.4	543.6
Change in net sales compared with previous year in %	-8.0	0.8	10.9	4.7	0.9
EBITDA	48.6	42.7	94.7	79.6	56.9
- Depreciation, amortisation and impairment	-31.8	-32.4	-32.0	-30.5	-27.3
Operating result (EBIT)	16.8	10.3	62.7	49.2	29.6
- Financial result	-3.2	-0.3	-0.6	-0.4	-0.7
- Taxes	-1.9	-2.1	-6.6	-5.5	-1.6
Group net result	11.7	7.9	55.4	43.2	27.3
Consolidated balance sheet					
Total assets	619.5	606.8	616.1	554.7	471.7
Current assets	237.8	255.2	284.1	245.5	188.7
in % of total assets	38.4	42.0	46.1	44.3	40.0
Net cash and cash equivalents	80.9	64.4	117.2	107.7	36.2
in % of total assets	13.1	10.6	19.0	19.4	7.7
Fixed assets	381.7	351.7	332.0	309.2	283.0
in % of total assets	61.6	58.0	53.9	55.7	60.0
Total liabilities	155.6	153.0	167.3	161.5	230.0
in % of total assets	25.1	25.2	27.1	29.1	48.8
Shareholders' equity	463.9	453.8	448.9	393.2	241.6
in % of total assets	74.9	74.8	72.9	70.9	51.2
Cash flow / capital expenditure / employees					
Cash flow from operating activities	80.5	1.0	63.5	99.4	37.7
Capital expenditure	68.4	50.2	53.1	55.8	74.3
Employees as per 31.12. (FTE)	2,066	2,193	2,080	1,999	1,940
Household Appliances segment					
Net sales	585.4	636.3	631.3	569.4	543.6
Operating result (EBIT)	12.3	5.6	58.1	46.2	28.3
in % of net sales	2.1	0.9	9.2	8.1	5.2
Real Estate segment					
Operating result (EBIT)	5.9	5.9	5.4	3.7	1.3

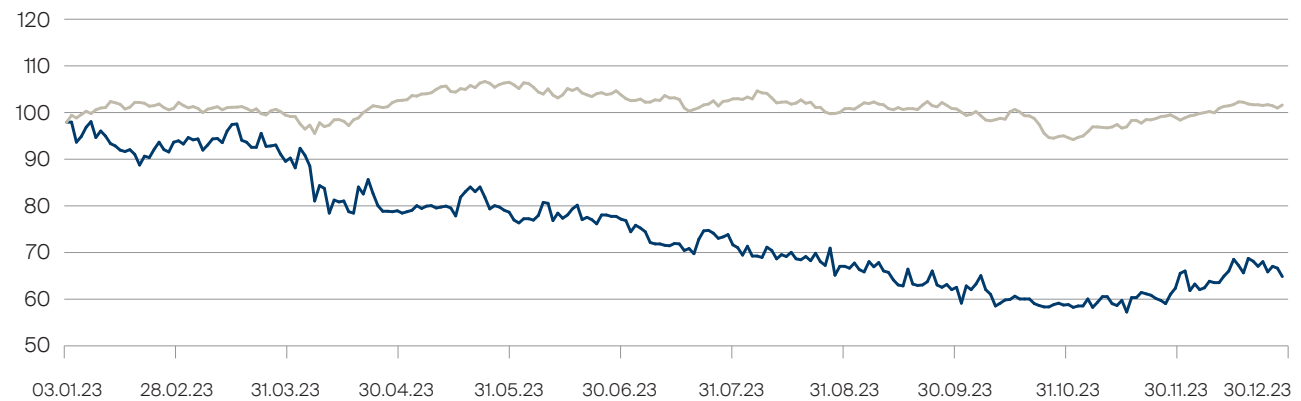
¹⁾ Combined historical financial statements.

Share information

Price performance of registered shares of V-ZUG Holding AG

(2023 financial year)

CHF



— SXGE – Swiss Performance Index, SPI (rebased)

Source: www.six-group.com (daily closing prices for V-ZUG)

— V-ZUG N – Registered shares of V-ZUG Holding AG

in CHF		2023	2022
Number of shares in units	year end	6,428,571	6,428,571
Stock market capitalization	year end	416,571,401	584,999,961
Data per share			
Group net result ¹⁾		1.82	1.23
Cash flow from operating activities ¹⁾		12.51	0.16
Shareholder's equity ¹⁾		72.17	70.59
Dividend		– ²⁾	– ²⁾
Stock market price	high	98.50	126.00
	low	55.00	68.20
	year end	64.80	91.00

¹⁾ Based on weighted average of outstanding shares during the reporting period, see p. 104.

²⁾ According to proposal of the Board of Directors.

Listing

The registered shares of V-ZUG Holding AG, domiciled in Zug, Switzerland (registered in the commercial register of the Canton of Zug under CHE-352.183.990), have been listed in the Swiss Reporting Standard of the SIX Swiss Exchange, Zurich, Switzerland, since 25 June 2020 and are included in the SPI (ticker symbol VZUG; security number 54 248 374, ISIN CH0542483745).

Important dates

23 April 2024	Annual General Meeting
19 July 2024	Publication of half-year results

Dividend policy

V-ZUG Holding AG pursues a dividend policy that is primarily based on the distributable profit level. Mid- and long-term, the pay-out ratio is expected to be between 20% and 40% of the Group net result. The Board of Directors will propose to the Annual General Meeting not to pay out any dividend for the 2023 financial year. This is the result of an in-depth review of the situation, which is characterised by persisting market challenges and continued high investments in the site transformation in Zug.

Legal information

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Disclaimer

All statements in this Annual Report that do not relate to historical facts are forward-looking statements that express intentions, beliefs, expectations and projections about future financial, operational and other developments and results. These statements and the underlying assumptions are subject to numerous risks, uncertainties and other factors that could cause actual developments to differ materially. Market data and valuations as well as past trends and valuations described in this Annual Report are no guarantee of the future development and future value of the company or the V-ZUG Group.

The Annual Report is published in German and English. In the event of any discrepancies between the two versions, the German version is binding.

Gender notice

For the sake of readability, and in the interest of inclusion and equality, the singular they is used to refer to persons of all genders.

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Photos

Philippe Hubler, Cham (p. 18, 21, 54)
Jonas Weibel, Zürich (p. 4, 12, 22, 25, 51, 56, 80)
Other photos provided by V-ZUG



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V-ZUG Holding AG

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