



V-ZUG

2020 Sustainability Report

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Interview with Peter Spirig, V-ZUG CEO



Peter Spirig, CEO V-ZUG AG

COVID has had a huge impact on all our lives, obliterating many things we took for granted. But has it also displaced V-ZUG's sustainability efforts?

Absolutely not. Sustainability is and will remain part of our DNA. And compared with 2008, when the financial crisis overwhelmed us, society is significantly more aware of the issue and is no longer prepared to take a retrograde step. The COVID pandemic came as a shock to us all, and has been a personal tragedy for many people. But we can see light at the end of the tunnel and can hope that we will get the pandemic under control within the next few months. However, sustainability is an issue that constantly challenges us; to put it simply, we have neglected the related context for too many years. For too long now, we have not respected the fact that we must deal with natural resources – and therefore our livelihoods – mindfully. This principle existed in mankind's historical past, and will continue to exist in the future. And, unlike the financial crisis, COVID has not usurped the issue of sustainability. Here at V-ZUG, we are not deviating from our chosen path. Quite the opposite: we are increasing our efforts even further, because a society that is fit for the future is only possible if we reconcile the environment, society and economic efficiency in our day-to-day work.

How has COVID impacted on our business?

The crisis has had a severe impact on our employees – as is probably the case with most companies. However, we were able to develop suitable precautionary measures rapidly and effectively. Many people worked from home. Organizational measures radically changed our day-to-day work in some instances. From a business point of view, the COVID crisis has had less of a negative impact than we originally feared. In fact, we even succeeded in significantly increasing our sales in 2020. Our supply chains remained intact, and we were able to complete construction projects in Switzerland and those countries that did not opt for a hard lockdown.

Of course, V-ZUG also benefited from the fact that many people attached greater importance to their home lives. Enjoying time spent within their own four walls – including cooking – became more of a priority. This certainly motivated many customers to invest in kitchen equipment.

So was it a stroke of luck that V-ZUG generates almost 90 percent of its sales in Switzerland, despite its plans to expand abroad?

The luck was due more to the fact that we have relatively local and straightforward supply chains that largely operate within a 500-kilometre radius of German-speaking Switzerland. This meant that most of our primary materials still reached Switzerland, despite the pandemic. We only experienced a few bottlenecks, and were able to largely maintain our production. Our global competitors had to cope with significantly more difficult circumstances than us. We were also fortunate that our main international markets in China, Australia, Germany and the Benelux were not excessively affected by the pandemic – at least not economically. So although many people weren't able to travel, they invested in their quality of life at home instead, and we benefited from that fact.

V-ZUG has been publishing a sustainability report for eight years now. To what extent does sustainability form part of your vision for the company?

The way I see things, it's not a vision for sustainability that we need, but a sustainable vision. Sustainability isn't a buzzword for us, but an integral part of our identity and our corporate strategy. I personally believe that our only way forward into the future is a path that combines all three dimensions of sustainability – society, the environment and economic efficiency – and that does not neglect any of these aspects in favour of the others. My vision of a sustainable V-ZUG is that, whatever we do and however we do it, it happens in harmony with the environment and society, and that we generate a decent rate of return.

What influence has the stock market listing had on V-ZUG's commitment to sustainability?

In principle, it has not had much impact, at least not until now. Sustainability has been part of our self-image for years now, and the spin-off has neither accelerated nor slowed down these efforts. However, what we hope is that investors and shareholders see us as a company that's committed to sustainability, and that they recognize our achievements in this field. For this reason, we are making our sustainability achievements visible, positioning ourselves accordingly and approving certain ratings. We would, of course, wish that the "Commitment towards the environment and society" dimensions were factored into the evaluation of companies on the stock market even more prominently.

In your opinion, what are the key milestones that V-ZUG has achieved over the last two years with regard to sustainability?

We have achieved an important milestone in the way we deal with data. For many years we have communicated this data transparently, but over the last two years we have made great efforts to enable us to understand and interpret our environmental data in particular in a more nuanced manner. For example, we now know exactly where we consume energy and why. And we are also in a position to collect data not only retrospectively, but also to use it to make predictions about the future, identify points of leverage and draw up strategic, measurable targets.



V-ZUG Kühntechnik AG, Sulgen

We already have a clear timetable for how we can reduce our remaining CO₂ emissions by another 30 percent. The structural measures at Sulgen (see “Buran: New-build for V-ZUG Kühntechnik in Sulgen” on page 31 of the 2020 Annual Report) and the Multi Energy Hub in Zug will contribute significantly towards this.

As a next step, we are going to focus our attention on indirect emissions (scope 3) and attempt to root out their causes, so that we can plan and implement effective measures in this area too. Supplier management, the CO₂ emissions of products while they are in use, and our employees’ awareness of their commuting habits are particularly important here. In discussions with our suppliers, we are clearly addressing our expectations with regard to environmental management and social responsibility. With V-Forest (see page 48) we have launched a reforestation project that will in future also enable users of our products to offset their carbon footprints. The mobility strategy introduced in 2020 (see “Mobility for employees and the environment”, page 38) is contributing significantly to raising our employees’ awareness of their own mobility habits. Together with the new post of “Head of Sustainability”, which reports directly to me, this initiative reinforces the seriousness with which we are committed to sustainability internally as well. The targeted development of our staff is also of great importance to us. With V-ZUGconnect (see “Employees”, page 30) we have established an appropriate tool with which we can identify and promote development needs promptly in a continuing dialogue with employees. I also think it is very important that Sandra Forster, Director of Human Resources, has since last year been a member of the Executive Committee. This has enabled us to reinforce the connection between corporate strategy and HR strategy, and address the needs of employees more effectively and rapidly. Last but not least, we are sending a clear signal that our employees are very important to us.

V-ZUG is not an international heavyweight. What can the company achieve in terms of global issues such as sustainability?

We have around 2,000 employees, but we embody a single standard, irrespective of where we work and with whom. Sharing clear values is central. It allows us, even as just a medium-sized company, to purposefully contribute to a society that is fit for the future. This could be through specific environment-related requirements for our suppliers, raising the awareness of our customers at home and abroad, through the high quality and long lifespan of our products, or the way in which we enter into a dialogue with our stakeholders. Let me give you two examples of this. In order for us to have an effect on the upstream value chain, it is vital that we establish contact with supplier management and, as a customer, set clear requirements – not just with regard to quality and reliability of supply, but also with regard to social and environmental responsibility. Then there's project Pi: with this project, we want to create affordable rental apartments for our employees and other users in the vicinity of our company as part of the Tech Cluster Zug. This project is of international significance, and boosts the perception of V-ZUG as a company that is looking beyond the end of its own nose to make a contribution to a society that is fit for the future. Our sustainability compass guides all our actions and is thus always visible to all our partners, customers, end consumers and suppliers.

Thinking about the teenagers and young adults of today: what does it take to get "Generation Greta" to choose V-ZUG appliances as well?

Transparency, consistency and honesty. The young generation don't want to have to look for sustainability efforts; they demand them as a prerequisite. But if they come up against contradictions, a company's credibility will soon be called into question. We are seeing a generation of young people for whom using digital media is intuitive, and who can get all the information they want extremely rapidly. For our appliances and services this means that the whole package has to be consistent. The product, the service and the communication must support each other. At the same time, the key to success lies in simplicity of use and maintenance. Consumers don't want to actively grapple with appliances. Instead, appliances should handle complex tasks in a way that is as self-explanatory as possible. What's more, we need to have a certain openness in order to develop new models, discuss them with customers and fine-tune them with their assistance. We should never have the feeling that we know everything best. Instead, we want to listen even more closely to users and learn how to deal with the fact that their needs will change more rapidly in the future.

Company profile



V-ZUG at a glance

Financial (V-ZUG Holding AG)

Net sales (CHF million)		Operating profit (EBIT) (CHF million)	
2019:	543.6	2019:	29.6
Change:	+4.7%	Change:	+66.2%
2020:	569.4	2020:	49.2

EBIT
as a % of net sales

2019:	5.4 %
Change:	+3.2%p.
2020:	8.6 %

Employees

Number of employees excl. temporary employees*		Share of women in executive roles	
2019:	1,709	2019:	18.6 %
Change:	+1.3%	Change:	+1.7%p.
2020:	1,732	2020:	20.3 %

Time lost due to occupational
accidents

2019:	0.21 %
Change:	-0.01%p.
2020:	0.20 %

* As at 31/12/2020, V-ZUG Holding AG had 1,999 FTEs (incl. temporary employees). The number of employees relates to the scope of the sustainability report (see explanation for Table 1).

Society and sustainable growth

Number of supplier audits (quality,
environmental and social standards)

2019:	104
Change:	-36%
2020:	67

Circular products and services

Appliance faults, under warranty 2015/2016 = 100%		First-time fix rate for faults	
2019:	77.7 %	2019:	90.8 %
Change:	+10.8%p.	Change:	+0.6%p.
2020:	88.5 %	2020:	91.4 %

Appliances supplied with energy
efficiency label A or better

2019:	96.8 %
Change:	0.0%
2020:	96.8 %

Environment, energy and climate

Energy consumption within V-ZUG per appliance produced, 2016/2017 = 100%		CO ₂ emissions, direct and indirect, energy-related (in tonnes of CO ₂)	
2019:	99 %	2019:	4,709
Change:	+1.0%p.	Change:	-4.1%
2020:	100 %	2020:	4,518

Table 1 Key figures

Unless otherwise stated, this report and the figures it contains relate to the three companies V-ZUG AG, V-ZUG Kühltechnik AG, and V-ZUG (Changzhou) Special Components Co. Ltd. (referred to below as V-ZUG).

The company

V-ZUG Holding AG, with its 2,000 or so employees, has been developing, producing and distributing high-quality and resource-efficient kitchen and laundry appliances for over a century. As the Swiss market leader for household appliances, we have built our reputation on outstanding service and support as well as our pioneering innovations, thanks to which we have repeatedly demonstrated our technological leadership. With our premium range, we are targeting growth in 16 selected countries on four continents. Our company was founded in 1913 as Verzinkerei Zug. With the spin-off from the Metall Zug Group in April 2020, we embarked upon a journey towards autonomy. On 25 June 2020, the shares of V-ZUG Holding AG were traded on SIX Swiss Exchange for the first time. Metall Zug AG retains around 30 percent of V-ZUG Holding AG shares as a strategic shareholding. Together with its foreign subsidiaries, V-ZUG Kühltechnik AG and the operationally independent SIBIRGroup AG, V-ZUG AG forms the Household Appliances segment of V-ZUG Holding AG (see Figure 1).

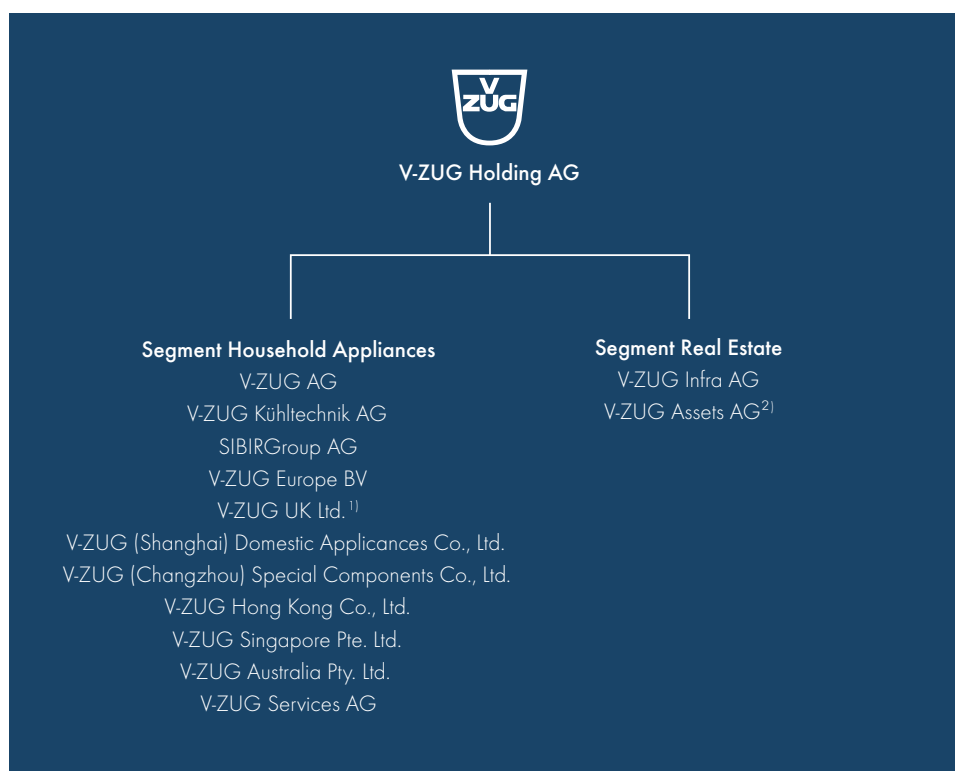


Fig. 1 Operational organization of V-ZUG Holding AG

¹⁾ Established on 11 January 2021.

²⁾ Renamed in December 2020.

Corporate governance

The management organization of the V-ZUG Group is based on the principle of the central responsibility of the Board of Directors and the Executive Committee of V-ZUG Holding AG. With its head office in Zug, the company is the only part of the V-ZUG Group that is listed on the stock exchange. The V-ZUG Group fulfils all the legal and regulatory requirements for corporate governance in Switzerland to which the group is subject, including the principles laid down in the *économiesuisse* "Swiss Code of Best Practice for Corporate Governance" dated 29 September 2014 (see "Corporate Governance" on page 47 of the 2020 Annual Report).

Areas of responsibility

The V-ZUG Group is managed as a group, with the CEO and the Executive Committee being operationally responsible for management and target attainment. According to the law, the Board of Directors holds the highest decision-making power and specifies, amongst other things, the organizational, financial-planning-related and accounting-related directives that the V-ZUG Group undertakes to comply with. Decisions are made by the entire Board of Directors with the assistance of two committees: the Audit Committee and the Human Resources and Compensation Committee. The Board of Directors generally meets every two to three months (see "Corporate Governance" on page 47 of the 2020 Annual Report). It has delegated the management of day-to-day business for the V-ZUG Group to the Executive Committee. In order to define the areas of responsibility between the Board of Directors and the Executive Committee, the Board of Directors has issued *organizational regulations*. These regulations contain fundamental compliance principles that are valid for the entire V-ZUG Group. The Executive Committee of V-ZUG Holding AG currently consists of eight members. At the end of 2020, it was extended to include Sandra Forster-Bernacchia, Director of Human Resources (HR). This emphasizes how important employees are for the company, and reinforces the connection between overall strategy and personnel management.



Products and services



On average, one appliance made by our traditional company can be found in every Swiss home – either a refrigerator, oven, steam cooker, hob, washing machine, tumble dryer or dishwasher. Our premium Swiss quality is synonymous with durable, innovative products and exceptional service throughout the appliance lifespan. We are responsible for our products throughout their entire life cycle, so even at the development stage, we ensure that they are as circular as possible. The aim is for them to have as little negative impact on people and the environment as possible throughout their entire life cycle, from the procurement of individual components through to disposal and recycling. On the contrary, the intention is that they should contribute to a society that is fit for the future (see section “Circular products and services”, page 20). For example, we audit our suppliers regularly, even assessing them against selected sustainability criteria (see “Responsibility along the entire value chain”, page 53). We seek to use resource-efficient manufacturing processes and optimize our use of materials. We also take responsibility for ensuring that our appliances are disposed of and recycled in an optimal, environmentally-appropriate manner. Another key aspect is that products are as environmentally-friendly as possible when they are being used. This has led to our premium appliances regularly achieving minimum consumption values, as the following article on our dishwasher with integral heat pump illustrates. But you can only minimize your domestic energy consumption if you know how to use your own products. We want to help our appliance users here: with our EcoManagement function, we are raising their awareness and motivating them to adopt environmentally-friendly habits around the home on a daily basis. The EcoManagement function enables them to check how much water and electricity their V-ZUG appliances are using, and to consciously select energy-saving programmes.

An efficient all-rounder in the kitchen

Our AdoraDish V6000 with heat pump is currently one of the fastest, most economical, flexible and convenient dishwashers for private households. If you select the Eco programme, the water is heated exclusively by the heat pump. This appliance has achieved an A rating based on the new, more stringent energy labelling system that came into force in March 2021 – and may be unique in this respect. With the Eco programme, the AdoraDish V6000 cleans normally dirty dishes using the absolute minimum amount of water and energy, consuming just 0.49 kWh. If all Swiss households were to use the Adora’s Eco programme, it would be possible to save more than twice the annual energy consumption of the town of Zug. What’s more, the Adora knows when the dishes are clean, so its automatic programme only washes them until the desired result has been achieved – ideally with a very low water consumption of just five litres. This represents a 30 percent water saving, as well as using less energy and dishwasher salt.



The world of ideal fabric care

Because people like to wear clean clothes, they tend to use too much detergent. This is not great for the environment, since the washing machine has to deal with the excess foam in the drum and therefore uses far more water than is actually necessary. With OptiDos, we are providing a user-friendly tool with which every household can save resources quickly and easily. OptiDos, a product function that was launched at the start of 2019, makes the decision about the correct amount of detergent for you: the user sets the water hardness just once, enters the degree of soiling if necessary and selects the programme, then the washing machine does the rest. Using this information and sophisticated sensors, the machine independently determines the optimum detergent dose.

Services

We personally advise our customers on their purchase and on the use of our appliances. Due to the COVID-19 pandemic, we expanded our online advisory service and were available for customers to contact even during lockdown, when our exhibition and advisory centres (ZUGORAMAs) were closed. With online consultations lasting 90 minutes, we were able to maintain the quality of our customer care. Even after purchase our experts offer hints and tips to help customers explore the full range of features the appliances provide. Anyone who wants to get to know their own V-ZUG appliance even better would benefit from a free demonstration in one of our ZUGORAMAs, or from a personal consultation at home. Depending on the choice of appliance, a contribution towards expenses would be charged for home visits.

We are particularly proud of our service technicians, who respond rapidly to faults, repairs and other service requirements. They too have been and continue to be faced with unusual situations due to the pandemic. With suitable protective measures and a good feel for customers' sensibilities, they were able to maintain their high standard of service (see section "Circular products and services", page 20).



Markets

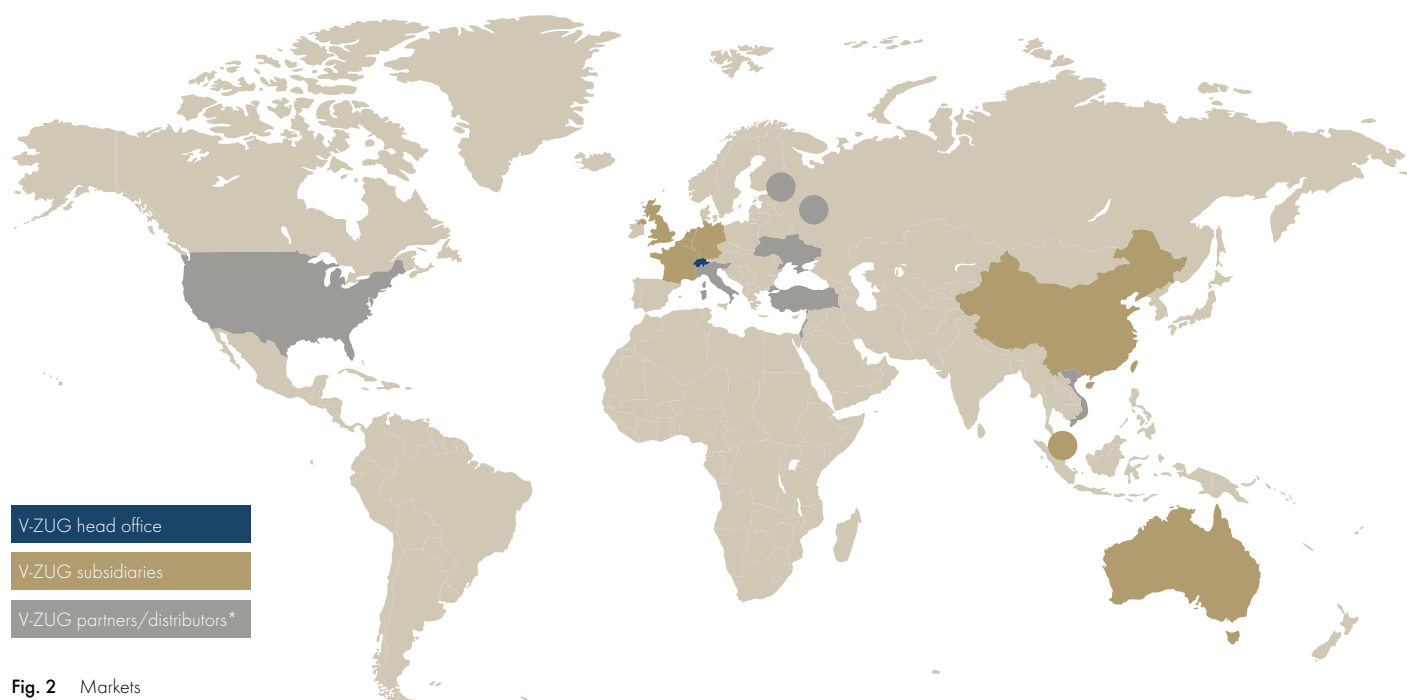


Fig. 2 Markets

Global presence

In Switzerland, V-ZUG has its head office in Zug, which is home to its administration, development, production and logistics departments as well as a ZUGORAMA. Across Switzerland, we support our commercial partners and customers with nine further ZUGORAMAs. Abroad, the V-ZUG Group operates in 16 countries. Its key foreign markets are Germany, the Benelux, France, United Kingdom, Australia, China and Hong Kong, Singapore and the USA. We provide discerning customers with premium appliances and outstanding service. We also operate a production facility for subassemblies such as heat pumps and ventilators in Changzhou, China. Comprehensive service and support are provided for all products and brands. In the domestic Swiss market, more than 300 service technicians from 24 service centres work for V-ZUG AG and SIBIRGroup AG. In the international arena, V-ZUG has continued to build up the services on offer in the markets it serves, in order to actively support the brand (see "Market environment" on page 14 of the 2020 Annual Report).

* In Russia, primarily the metropolitan areas of Moscow and St. Petersburg.

Strategy and sustainability

Mega-trends such as globalization, digitalization and renewed environmentalism have gained additional traction against the backdrop of the COVID-19 pandemic, and will in future greatly influence the way our business develops. We are strategically aligning ourselves towards these trends and strengthening our resilience in these turbulent times by operating with agility, boosting our core skills and cultivating our partnerships.

Despite fiercer competition in Switzerland, we want to maintain our leadership position in our home market and gradually and sustainably expand our market share. We will achieve this through our offering: innovative technology, products and services - but also via our brands and our strong positioning vis-à-vis our end customers. However, we believe in Switzerland not just as a sales market, but also as a place to work. We are securing our future in Switzerland by helping to shape the future of our industry with high expectations in terms of quality and, as a reliable partner, jointly enhancing the attractiveness of our local communities. At the same time, we are exploiting the opportunities presented by a globalized world, and continuing to internationalize our business. We are doing this by focusing on the premium segment and letting our qualities shine: our customer proximity, the durability and sustainability of our household appliances, and our first-class service.

Digitalization is changing all of our lives - and V-ZUG's range of solutions - at an astonishing pace. We see this as an opportunity and are taking advantage of technological opportunities for digital solutions, products and business models. With digital applications such as V-ZUG Home and EcoManagement (see section "Circular products and services", page 20), our appliances offer customers greater convenience and also transparency with regard to the resource consumption of individual programmes. Digitalization is also opening up new ways for us to cooperate faster and more efficiently in our production and development activities and to develop and manufacture new products and solutions (see section "Circular products and services", page 20). At the same time, we are focusing on digital sales channels (particularly in the B2B market but also B2C) for greater efficiency and convenience. Automated processes will make it even easier for customers to place orders with the V-ZUG Group in the future. Many aspects of digitalization recognize the sustained change in values of our society, which is even more conscious than ever of the finite nature of our planet's natural resources. Future generations of customers will have a great need for honest and transparent product information so that they can make informed purchasing decisions. This is in line with the standards we are setting ourselves. So we will continue to work towards informing our customers clearly, comprehensibly and rapidly, and helping them to use our products according to their needs.

Sustainability – a long-established part of our DNA

At V-ZUG, we don't just think sustainability, we live it. For many years now, we have been committed to a society that is fit for the future. With around 4.5 million of our appliances in active use, a V-ZUG appliance can be found on average in every Swiss home. We are conscious that we have a considerable impact on the environmental footprint of these households. Our manufacturing operations have been climate neutral since 2020, and we produce environmentally friendly and durable appliances that are as low in emissions and as resource-efficient as possible. But sustainability means more to us than just our environmental footprint: we want to contribute to a society that is fit for the future, and see sustainability as a holistic concept that includes our entire value chain – social, environmental and entrepreneurial. In specific terms, we are committed to the wellbeing of all the people with whom we work, but particularly the wellbeing of our employees. We subscribe clearly and consistently to an investment strategy that enables innovation and energy gains. For example, with the site transformation that forms part of the major *Tech Cluster Zug* project and the new-build project for V-ZUG Kühltechnik in Sulgen, V-ZUG is investing not only in the sustainable expansion of its production facilities, but also in the competitiveness of the two economic regions. Despite the high labour costs, being based in Switzerland is a crucial factor for our success: innovative strength, expertise, a deeply rooted awareness of quality and a great sensitivity for sustainability issues make the ideal foundations for our company. In our sustainability report, which we have published annually since 2012, we provide information on our commitment and the progress we have achieved.

The Sustainability Workforce – an effective tool

To use sustainability as the driving force for our future viability, we appointed Marcel Niederberger as dedicated Head of Sustainability in June 2020. He reports directly to the CEO and heads up an interdisciplinary working group called the V-ZUG Sustainability Workforce. This motivated team of representatives from various departments (see interview with Marcel Niederberger "Eight questions for the Head of Sustainability", page 40) is pushing ahead with the strategic groundwork, defining focal points and identifying possible projects that will have a particularly strong impact on society and the environment. Since 2020, the team has continued to forge ahead with reviewing sustainability at V-ZUG and has examined areas for action in greater detail.



Strategically embedded – effectively implemented

In 2018 and 2019, we revised our materiality matrix. We discussed the issues and assessed their relevance during in-depth interviews with external and internal stakeholders. The resulting materiality matrix forms the basis for our activities. In 2021, we will be reviewing our materiality matrix and then refining and agreeing our strategic goals.

We have consolidated the themes in the materiality matrix into four thematic target visions: “Circular products and services”, “Employees”, “Environment, energy and climate” and “Society and sustainable growth”. These target visions, which have been agreed by the Executive Committee, describe V-ZUG’s long-term sustainability vision. Assessing the relevance of themes from V-ZUG’s point of view factors in how strongly they are already being tackled internally and the fact that good progress has already been made. For example, this explains why the subject of greenhouse gases is rated lower from V-ZUG’s point of view (meaning that a lot is already being done in this area) than from an external point of view.

We also take account of non-prioritized themes in our activities, and these are already considered highly important within V-ZUG. For instance, the Adora dishwasher is one of the most economical in terms of water consumption, and the V-ZUG Women’s Network is involved in the theme of diversity.

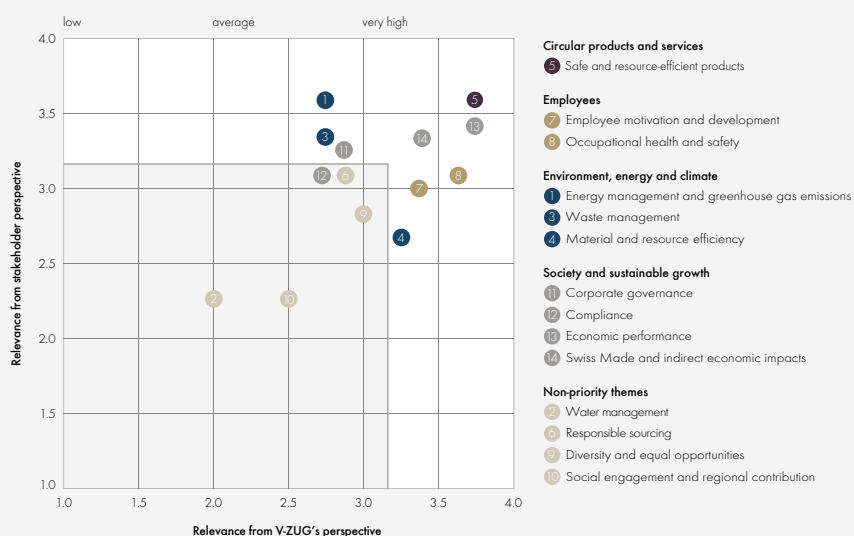


Fig. 3 Materiality matrix

We assess the relevance of a theme to V-ZUG as very high (white zone) if the internal or external rating is at least 3.25 (> 80% of the maximum rating) on a scale of 1 to 4.



Fig. 4 V-ZUG's sphere of action in relation to the SDGs

Influence on the UN sustainable development goals

We are increasingly focusing on international standards, and in 2020 we were therefore one of the first companies in Switzerland to join the Swiss Triple Impact (STI) programme. This is committed to implementing the United Nations' agenda for sustainable development and Switzerland's Agenda 2030 (with the 17 sustainable development goals, referred to below as SDGs).

This national programme helps businesses of all sizes and from all sectors to boost their fitness for the future by integrating the SDGs into their operational processes.

In workshops and via questionnaires, we grappled with the question of which of the 17 SDGs V-ZUG has the most impact on. Let there be no doubt - 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 greatest influence, we can have the greatest impact.



“V-ZUG was one of the first companies that took part in the Swiss Triple Impact programme. Its commitment is genuine and profound. I would encourage V-ZUG to be less modest and publicly commit to a clear sustainability vision.”

Chantal Calame, STI Engagement Lead, B Lab Switzerland

In 2021, in connection with the defined target visions of the materiality matrix, we will be addressing those SDGs that are most important for us: 7 (affordable and clean energy), 8 (decent work and economic growth), 9 (industry, innovation and infrastructure), 12 (responsible consumption and production) and 13 (climate action). We will be briefly outlining our impact on each of these SDGs in subject-specific sections.

The following table shows the impact we have on SDGs 7, 8, 9, 12 and 13:

SDG	V-ZUG's influence
	<ul style="list-style-type: none"> ▪ Resource-saving and energy-efficient products being used ▪ The use and expansion of renewable energy at our production sites, e.g. the construction of the Multi Energy Hub as part of the major Tech Cluster Zug project which, when it is completed and commissioned, will supply site users with local renewable energy. ▪ Energy efficiency in our processes and in facilities management, e.g. through the use of energy from waste heat
	<ul style="list-style-type: none"> ▪ Investment in development and training, and also the employability of our staff across all generations ▪ Varied, interesting careers and employee advancement ▪ A high degree of job security and a positive influence on employee health ▪ Promoting equal opportunities and diversity ▪ Contributing to the attractiveness of the sites at Zug and Sulgen, and creating attractive and varied jobs for the local workforce ▪ Setting high labour standards in the supply chain ▪ Focusing on healthy economic growth, taking into account people and the environment
	<ul style="list-style-type: none"> ▪ Developing circular products ▪ Internal and external innovative strength ▪ Modern, resource-saving industry and infrastructure, in particular at the site development in Zug and the new build in Sulgen ▪ The use of high environmental construction standards and innovative, sustainable construction methods at the site development in Zug
	<ul style="list-style-type: none"> ▪ High-quality, durable and serviceable products with guaranteed spare parts for up to 15 years ▪ Transparent product information for knowledgeable purchasing decisions ▪ Raising the awareness of end customers for environmental protection ▪ Environmentally-friendly housekeeping "at the push of a button" ▪ Supporting healthy, balanced nutrition and avoiding food waste ▪ Energy-efficient, resource-efficient production ▪ The use of recyclable materials
	<ul style="list-style-type: none"> ▪ Preventing, reducing and offsetting emissions that are harmful to the climate and the environment ▪ CO₂-neutral production since 2020, including offsetting ▪ Offsetting via an internal CO₂ levy of CHF 120 per tonne of CO₂ ▪ Offsetting via the "V-Forest" reforestation project ▪ Establishing environmental standards within the supply chain ▪ Raising employee awareness, e.g. via the new mobility strategy

Table 2 V-ZUG's impact on SDGs 7, 8, 9, 12 and 13

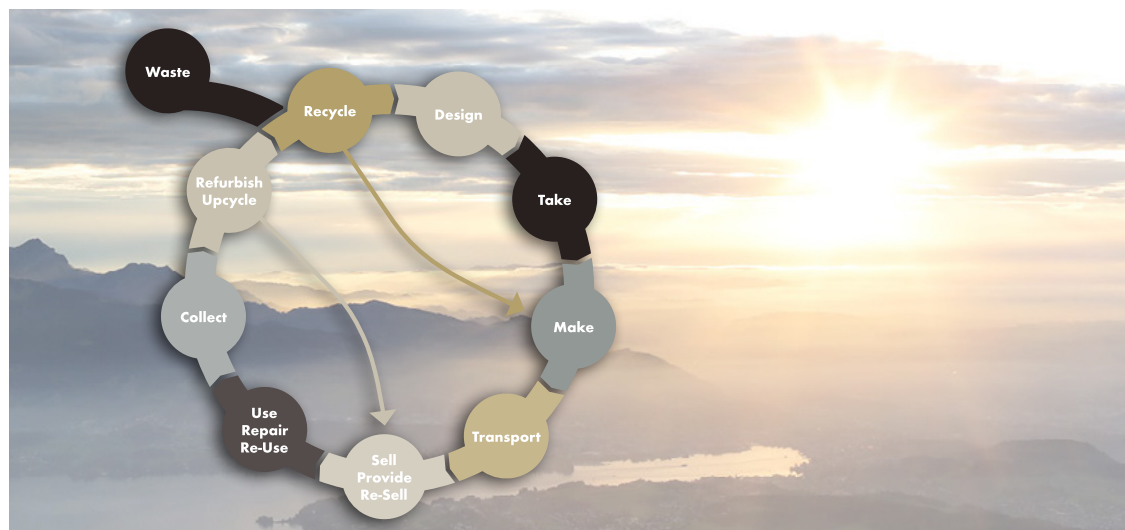
Circular products and services



Responsibility for our products doesn't end at the time of delivery. Quite the opposite: our continual efforts to create more innovative, sustainable and future-proof solutions are focused on their entire lifespan. These high quality standards shape our work in purchasing (see "Society and sustainable growth", page 51), development, production and customer care, right through to disposal. Before they are delivered, V-ZUG appliances undergo an average of 600 functional and safety tests. They are part of our universal quality management system in accordance with ISO 9001.

Closing the loop

Our durable household appliances are designed to give pleasure for years after they are purchased. Guaranteed spare parts for up to 15 years lay the foundations for this. Our appliances can also be retrospectively upgraded to become smart and fitted with additional product functions. This protects the customer's investment and contributes to the sustainable use of resources. To make production and storage as efficient as possible, we are increasingly modularizing our appliances and models using platform technology (see "Greater selection with fewer parts", page 26).



The circular economy - considering the entire life cycle

One key way in which we are working towards a sustainable future is the circularity of our products. We want to keep the materials we use in circulation for as long as possible, and are currently focusing on recycling. That means we recycle the materials we use, such as steel and aluminium, with the aim of reusing the recycled material in new products. Although our average recycling rate in Switzerland is already over 80 percent (see "At the end of the life cycle", page 27), we have ambitious plans to increase the circularity of our products.

But there are also entire appliances that still work perfectly well, yet are nevertheless replaced by their users. We can see potential in trading used appliances, and we want to increasingly exploit this potential for V-ZUG over the coming years.

In order to achieve this, we are already factoring aspects of circularity into the development process from the very start. To make further progress, we are initially creating transparency and identifying where the greatest leverage lies. For this purpose, we carried out a detailed life cycle assessment for some initial appliances during the reporting year. This is enabling us to compare the environmental impact of different materials and incorporate our findings into product design. In this regard, we are also seeking a dialogue with experts, for example, via the Swiss Network for Resource Efficiency (Reffnet).

But for us, the circular economy also means critically examining our business model: might it be possible to rent or lease washing machines, like cars? With concepts such as the sharing economy, we are questioning how we can provide customers with our goods and offer them the best service (see "Renting top quality instead of buying", page 28).



A dismantled Adora washing machine lays the foundations for a life cycle assessment



Quality products for greater sustainability at home

The energy and water consumption of our appliances is far greater when they are being used than when they are being manufactured. We are using this leverage for a sustainable future by producing resource-efficient appliances – with no compromises in terms of the finished product or ease of use. We are encouraging our end customers to use their appliances in an environmentally friendly manner: the integral EcoManagement function tells them what the predicted and actual energy and water consumption are, and the Eco option enables them to quickly and easily reduce the environmental footprint of the standard programme. Using the OptiDos function, V-ZUG washing machines add only as much detergent as necessary to the laundry, thereby helping to save water and detergent.

Many of our appliances can be connected via Wi-Fi. Networking them in this way offers numerous opportunities for innovative services. During the year under review, for example, we started to design a gamification app. Customers can compare their results with others and compete to see who can consume the least electricity and water. Networking also enables service staff to remotely access appliances and carry out an initial diagnosis of faults. Customers benefit from speedy, straightforward service. We also give preference to electricity from renewable sources. Using SmartStart, our customers can programme their dishwashers so that they don't start until renewable energy – such as that from domestic solar panels – is available.

Increased energy efficiency calls for new labels

After 25 years of using the tried and tested energy labels for domestic appliances, Switzerland adopted new, more stringent EU regulations for energy labelling in March 2021. This initially affects our washing machines, tumble dryers, dishwashers, refrigerators and freezers. They were re-rated during the course of the reporting year. Because appliances were becoming more and more efficient, the original scale of A to G no longer sufficed, and was gradually extended to include A+, A++ and A+++.

The new rating system increases economy requirements and sees a return to classes A to G. This avoids congestion in the top classes, and makes it easier for customers to compare energy efficiency once more. This means there is room at the top – quite literally. Our premium appliances are rated A on the new scale. The reason for this is the heat pump that V-ZUG has developed. We are demonstrating what is technically possible, and optimizing not just within the official declaration programmes, so our customers are helping to protect the environment, regardless of which programme they select.

Facts and figures

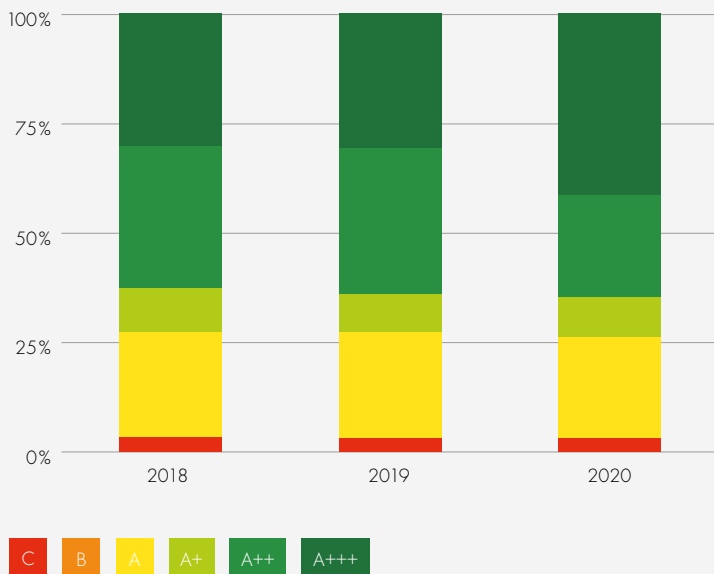


Fig. 5 Appliances supplied with label, by energy class

V-ZUG appliances are energy-efficient

The share of V-ZUG appliances supplied with European energy class A or higher has hovered around the 97% mark for years. With the introduction of our new dishwashers, the percentage of A+++ appliances rose markedly in 2020.

There are also some categories of appliance that do not have an energy classification. At V-ZUG, these categories are hobs, warming drawers and microwaves. The proportion of these products has remained constant, at around 18% of all appliances supplied.

We are addressing the causes of faults

The fault rate rose by 13.8% in 2020 compared with the previous year. In comparison with the baseline year of 2015/2016, this rate has fallen overall by 11.5%. The increase compared with 2019 was due to faults in built-in electronics components and problems with dishwasher tubs. If these sort of fault clusters build up, we get to the bottom of them and take rapid action. We are continuously investing in the quality of our products and manufacturing processes.

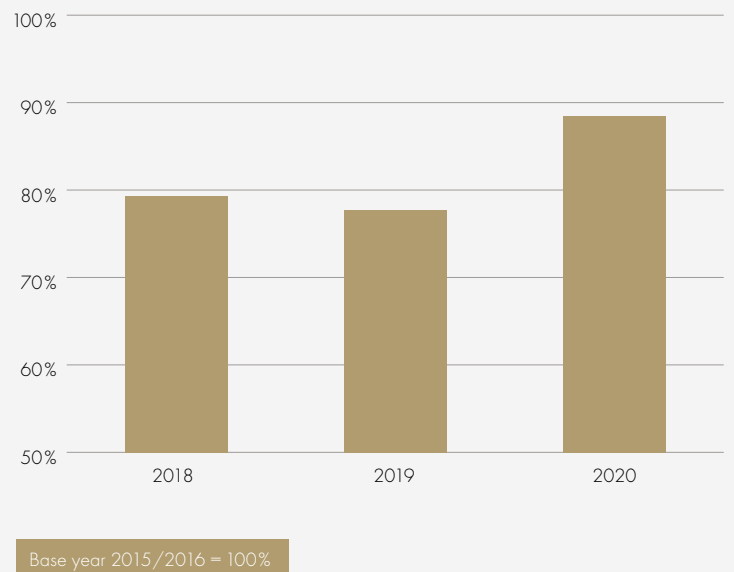


Fig. 6 Fault rate for Switzerland (2015/2016 baseline = 100%)

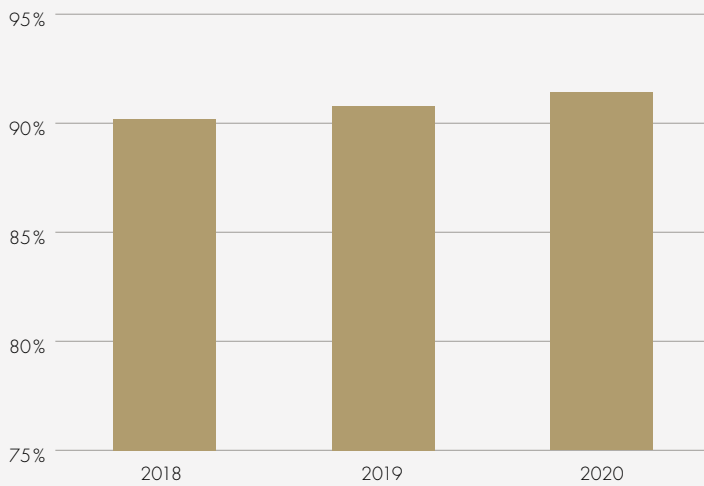


Fig. 7 First-time fix rate (Switzerland)

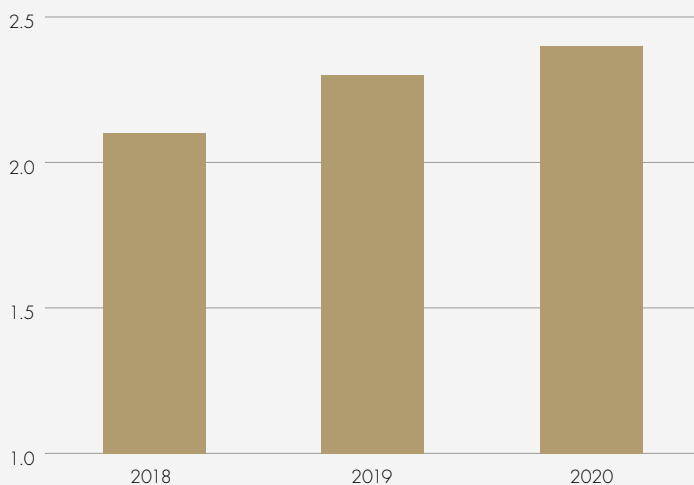


Fig. 8 Average response time in days (Switzerland)

Response times rose – first-time fix rates increased

If a fault occurs, our aim is to respond swiftly and, if at all possible, resolve the issue on our first visit. Speed of response and successful repair on the first visit are therefore crucial statistics for our service and support.

The first-time fix rate has continued to show a gratifying increase, reaching a new high of 91.4% in 2020 as the result of systematic training and the optimization of individual process steps.

The average response time has risen since 2018, due to the SAP upgrade in 2018 and 2019. However, the system issues that arose have now been rectified and stabilized.

The pandemic and resulting steps taken to protect employees and customers were challenging, particularly when carrying out servicing work. There were frequent staff shortages due to preventive measures such as quarantine and the shielding of particularly vulnerable people. This resulted in response times above the long-term average. However, the results of direct customer satisfaction surveys were encouragingly positive, showing that over 95% of customers were either delighted or very satisfied.

Greater selection with fewer parts

After six years in development, our Excellence Line was launched in March 2021. It is based on a set of newly designed modules, as is the Advanced Line, which came onto the market in 2020. Ovens and steam cookers may vary in terms of function, but up to 90% of the components used to make them are now identical. "That wasn't always the case," recalls Roy Keller, overall project manager for the Excellence Line. "Whenever we enhanced one of our models, we had to design new parts for every other model too in order to benefit from the same innovation." Customers did not notice that, because it was only when you took a closer look at the insides of these ovens and steam cookers that you could see the large differences in the way they were built. That is now a thing of the past. Thanks to platform technology we are using 400 fewer parts, while at the same time being able to cater for customer preferences more precisely, in line with the adage: create variety on the outside, but keep the inside the same. "Our production processes became far more efficient," adds Roy Keller proudly. "By standardizing the manufacturing steps, we are using fewer assembly lines and speeding up development." It was not just in the production process that we were able to increase efficiency, but also along the entire value chain – by using fewer parts, we are cutting down on the number of suppliers, reducing our transport operations and requiring less storage space. This technical reboot also gave us the opportunity to review the materials we use and to exclude certain harmful additives. This restructuring required development, manufacturing, assembly and servicing to work closely together, and our physical proximity to Zug was beneficial in that respect. The modular system may be expanded to include even more product categories in the future.



At the end of the life cycle

“No customer has ever asked for this before,” says Adrian Scheiber, Managing Director of Immark AG Schattdorf, in amazement a couple of months later. In autumn 2020, V-ZUG got in touch, asking him to find out in more detail what the recycling rate for its Adora washing machines looked like. “To do this, we recycled ten tonnes of Adoras in a separate batch and looked for opportunities to optimize,” he explains. The fact that the washing machines are over 90% recyclable delights Marcel Niederberger, Head of Sustainability at V-ZUG. “But it was far more exciting to see that we have significant scope to improve the circularity of our products even further, particularly in terms of the mix of materials.” Alongside steel, aluminium and copper, the appliances contain various types of plastic.

By minimizing the number of different types of plastic, and by only using plastic where necessary, we can increase our recycling rate. There is further potential in the fact that motors, capacitors, cables and circuit boards can be removed intact. Staff at Immark AG Schattdorf remove these components before the washing machines are mechanically shredded in the cross-flow shredder – a large vessel with huge rotating chains at its base. Exploded-view drawings of Adora machines may in future help staff to find the sought-after parts more rapidly. Considerations like these emerged from a joint workshop between the recycling professionals and the V-ZUG development team. Together, we want to identify additional opportunities in order to develop optimally recyclable household appliances of the future.



Recycling test for
Adora washing machines

Renting top quality instead of buying

The age of digitalization and the sharing economy is causing us to question existing business models. These trends are pointing away from “ownership” and towards “usage” – flexible, individual and seamless. During the reporting year, we responded to this in the B2B business with our “Clean and simple” market trial. Instead of purchasing domestic appliances, the customer takes out a rental agreement with V-ZUG. This covers not only commissioning and installation, but also servicing and the replacement of faulty appliances. The washing machine or tumble dryer remains the property of V-ZUG. We are then able to maximize their added value throughout the entire life cycle, and extend their lifespan by guaranteeing full maintenance and upgrading the appliances as required. But in particular, this business model allows us to close the loop. We already ensure clean disposal and recycling via our waste disposal partner and the Swiss waste disposal network. However, we expect to see a higher degree of reuse if V-ZUG controls the process and findings from it are incorporated into the development process. And since V-ZUG relieves the customer of the appliance when they no longer need it or want a different product, we can prevent it being scrapped prematurely. We are continuing the trial in 2021 and, with the findings and customer feedback obtained, will decide in what form and for what products we subsequently proceed.



“Our resources are finite. Together with V-ZUG, we are seeking environmentally friendly solutions and considering what a recyclable washing machine of the future might look like. This friendly, exciting collaboration with a pioneering partner is advantageous for our company and for me personally.”

Adrian Scheiber, Managing Director, Immark AG Schattdorf



Impact on SDGs 7, 9, 12 and 13

V-ZUG offers consumers durable, resource-efficient appliances for the modern home. We are raising user awareness of environmental protection with specific functions, and making ecological housekeeping straightforward. At present, our key focus is on the circularity of our products. Our aim is to manufacture products from materials and components that can be upgraded, repaired, reused, refurbished or recycled. That way, our high-quality appliances will remain in circulation for longer and create long-term added value.

Such circular approaches are necessary in order to make our economic system more resource-efficient and decouple wealth from environmental pollution. V-ZUG is able to take a proactive approach and lead the way here, and intends to do so.

Employees



The fact that V-ZUG has existed for over a hundred years and has had a successful history can be attributed to the commitment of its employees. They are committed to the strategy and provide our customers with first-class products and services. So we want the about 2,000 employees of V-ZUG and its subsidiaries at home and abroad to be satisfied, feel good and have the opportunity to develop. Our newly launched collaborative principles lay the foundations for this: "We", "Responsibility", "Respect", "Trust", "Appreciation" and "Enthusiasm".

We

- Together we are stronger.
- I promote a "we" mindset.
- I approach conflicts of interest in a transparent manner.

Responsibility

- I lead by example, make the first step and take the initiative.
- I contribute actively towards finding solutions and achieving results.
- I take responsibility for my mistakes.
- I act in an entrepreneurial, sustainable manner.
- I delegate responsibility.

Trust

- I trust in myself and my capabilities.
- I show integrity and act in a confident, decisive manner.
- I value the trust that others place in me.

Respect

- We treat each other with decency and openness.
- I consider other people's expertise.
- I respect those around me and their opinions, and take advantage of this diversity.

Appreciation

- I take my time.
- I listen actively.
- I give praise and point out areas for development.

Enthusiasm

- I adopt a positive attitude.
- I act out of conviction.
- I pursue the overall goals with enthusiasm and commitment.

Fig. 9 Principles of collaboration

The priorities in personnel management are derived from the overall corporate strategy. To reinforce this connection, the Human Resources (HR) department has since November 2020 been directly represented on the Executive Committee. HR provides all the services involved in the HR life cycle, and draws up the personnel strategy. This strategy is implemented in close consultation between HR business partners, management and specialist internal groups. Significant key figures act as important metrics and indicators, and are regularly collected (see "Facts and figures", page 34).



Communicating and contributing – our most important tools

Eye-to-eye dialogues, timely feedback across all hierarchy levels and an appreciative management culture are of great importance to us. Key to this is V-ZUGconnect, which provides a framework for dialogues on wellbeing, performance, skills and perspectives (see page 34 of the 2018/2019 Sustainability Report). We also regularly sound out employees via wide-ranging questionnaires, and obtain specific feedback from subject-related opinion surveys (see “Balancing life”, page 39). Since October 2020, a specialist has also enhanced internal communication in a newly created role.

We want our employees to have their say when it comes to strategic issues. For example, various specialists are pushing ahead with our commitment to sustainability in the Sustainability Workforce, and encouraging employees to act sustainability both at work and at home, thereby supporting V-ZUG’s convictions. A voluntary initiative has led to the formation of the V-ZUG Women’s Network, which is championing gender equality.

Diversity as a success factor

Our company is home to people with a wide range of qualifications, cultural backgrounds and life situations. As a driver for innovation and motivation, a mix of generations is just as important to us as a mix of expertise, cultures and genders. Diversity is therefore not only a question of values, but rather a success factor that we consciously cultivate. The fact that we treat each other with respect, show consideration to one another and do not tolerate any type of discrimination is part of our self-image and is enshrined in our [Code of Conduct](#).

We cater for individual needs with flexible working models such as part-time working, job sharing and mobile working. Employees define the specific details of their work patterns jointly with their line manager. Basic parameters are laid down in the internal directive for mobile working. V-ZUG also encourages a work-life balance. Employees benefit from an external family service, and young parents benefit from the parents@work peer coaching initiative (see “Balancing life”, page 39).

Future-proofing for our employees and V-ZUG

We want to establish and safeguard the future-oriented skills and employability of our workforce through our own efforts, thereby also counteracting any skills shortages. With the V-ZUGacademy, we offer internal courses, trainee and talent development programmes and management training. We also make use of external training and, for promising young employees, we offer a mentoring service with an external partner.

Our training strategy focuses on an internal competence model, which is based on individual evaluations of skills and performance. Lifelong learning – particularly in the context of digitalization – plays an important role, as does rigorous succession planning and the promotion of young talent. To specifically strengthen the employability of our workforce, we have carried out a pilot project called “Career check” (see “50 years old and 20 years with the company – what next?”, page 37). And the V-ZUGtalents development programme helps to plan project, specialist and management career paths. We discuss cross-team HR issues and succession plans in detail at annual development round tables.

Health and safety – with or without a crisis

The COVID-19 pandemic threw a spotlight on health matters. V-ZUG set up an internal task force in order to implement precautionary measures and regulations effectively. It makes decisions promptly and straightforwardly, takes action and ensures that internal communication happens. In addition to weekly e-mail updates, relevant information can be accessed on the intranet, and a reporting and information desk is available to receive queries. A survey carried out in early 2020 also provided information on how our employees were coping with the situation. With this type of dialogue and the key pandemic statistics that are regularly being recorded, we are identifying action areas quickly and are able to respond promptly via the task force.

During the crisis, V-ZUG benefited from an established and ISO 45001 certified occupational health and safety management system. With V-ZUGvitality, we are regularly focusing on physical and mental health, because health, wellbeing in the workplace and productivity are interrelated. In difficult life situations, employees can contact an external counselling centre. In cases of long-term health-related absence, occupational case management helps those affected get back to work (see page 35 of the 2018/2019 Sustainability Report).



“V-ZUG is synonymous with reliability, high quality standards and credibility – also as an employer. An inspirational, innovative corporate culture and satisfied employees do not come about by chance – together with my team and management, we work day in, day out to achieve this.”

Sandra Forster-Bernacchia, Director of Human Resources at V-ZUG

Facts and figures

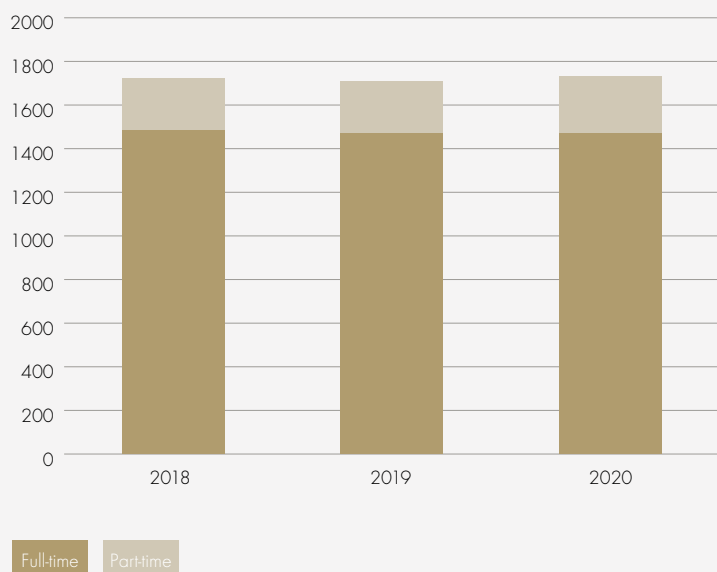


Fig. 10 Employees by working hours

Part time – an increasingly popular working model

85% of V-ZUG employees work full time. In 2020, the percentage of those working part time rose to 15% (2019: 14%). The issue of part-time working is often raised in the recruitment process, and we also regularly receive queries about it internally. V-ZUG does its best to accommodate such wishes, which vary depending on personal circumstances and stages of life. This also encourages a healthy mix of generations: 18% of our employees are under 30 years of age, 50% are aged between 30 and 50, and 32% are over 50. We consciously make use of the full range of ages, and purposefully invest in training and development, as well as the employability of our workforce (see "50 years old and 20 years with the company – what next?", page 37).



More women in top management

The proportion of women at top management levels in V-ZUG has risen continuously over the last few years. The percentages relate to the total number of women on the Board of Directors and Executive Committee and in management level 1. V-ZUG is therefore above the Swiss average (according to the 2020 Schilling Report, top management: 18% women). Over the last three years, the proportion of women at V-ZUG (including the Board of Directors) was between 20.5% and 22.0%. In the last two years, we have succeeded in matching the share of women in management with that of women in the workforce overall. While the proportion of women in management positions – i.e. the Board of Directors, the Executive Committee and level 1 to 3 specialist, project and management positions – was 17.1% in 2018, it had grown to 20.3% by the end of 2020. As well as a healthy gender mix and a balanced distribution across all levels, V-ZUG is committed to equal pay for equal work. For this reason, we arrange regular external audits of equal pay. Our L&M-Aba-24[®] certificate, which is valid for four years, confirms the non-discriminatory remuneration of our employees.

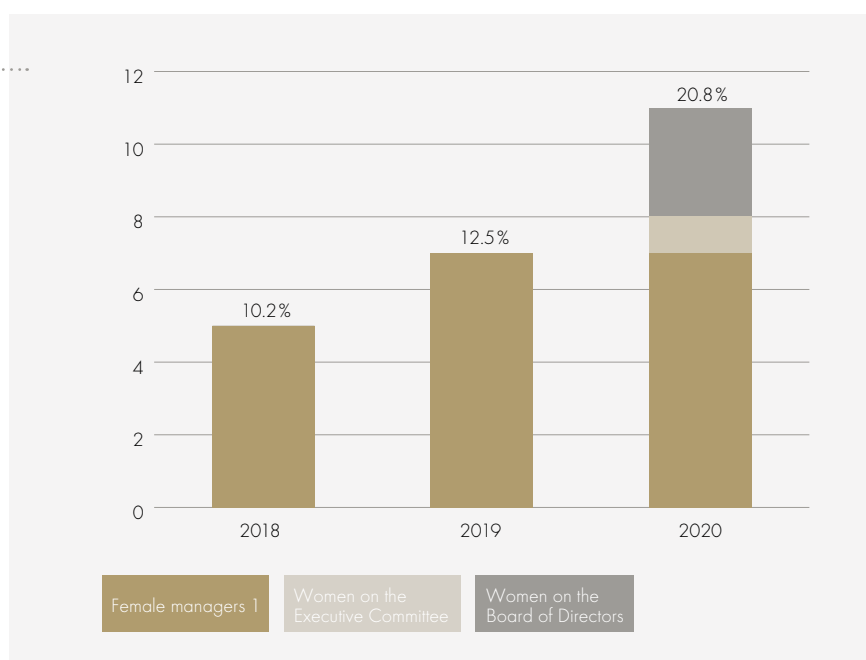


Fig. 11 Women in management roles

Certification is next due for renewal in 2021. With regard to the figures for the Board of Directors, it should be noted that V-ZUG Holding AG was founded on 28 November 2019, when it was entered in the commercial register. Gender representation for the Board of Directors is therefore only shown for the end of 2019 and 2020.

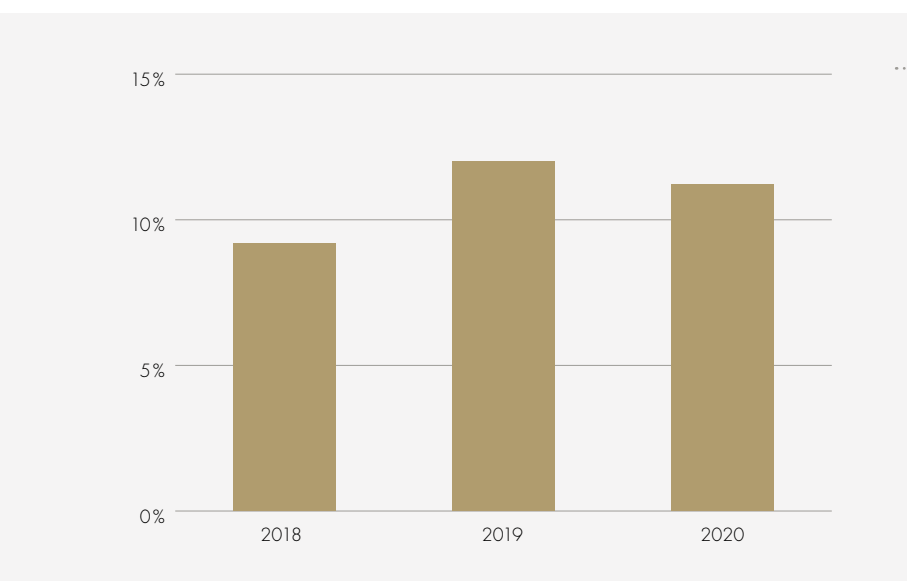


Fig. 12 Turnover rate

Turnover rate falls slightly

In 2020, we welcomed 246 new employees to V-ZUG. During the same period, 194 people left our company. This equates to a turnover rate (excluding retirements and trainees) of 11.2% – a fall of 0.8%p. compared with 2019. We see the continuing slight increase in the long-term turnover figures as being connected with the ongoing transformation process. This is having an impact on the corporate organization and process flows as well as work areas and content.

Occupational accidents – an infrequent reason for absence

V-ZUG recorded 75 occupational accidents during the year under review. These resulted in around 7,000 hours of absence, accounting for around 5-6% of all lost hours – no change compared with 2019. Around half of those accidents were classed as minor, for instance bruises and cuts, which entailed absences of less than three days. They occurred most frequently in production and service, often as a result of inattention or stress. Occupational safety therefore remains one of our key quality concerns. We introduce targeted measures, and inform and train our employees to make them aware of workplace hazards and help them take responsibility for themselves.

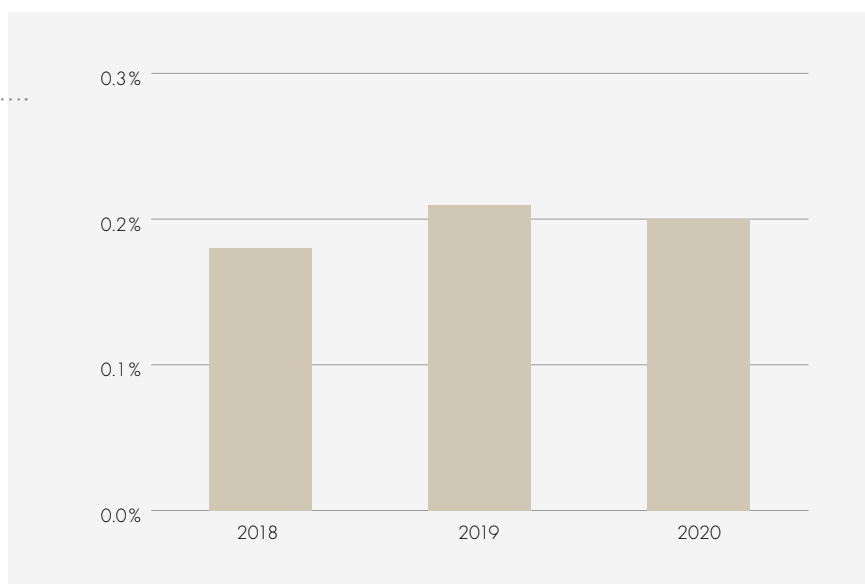


Fig. 13 Hours lost due to occupational accidents

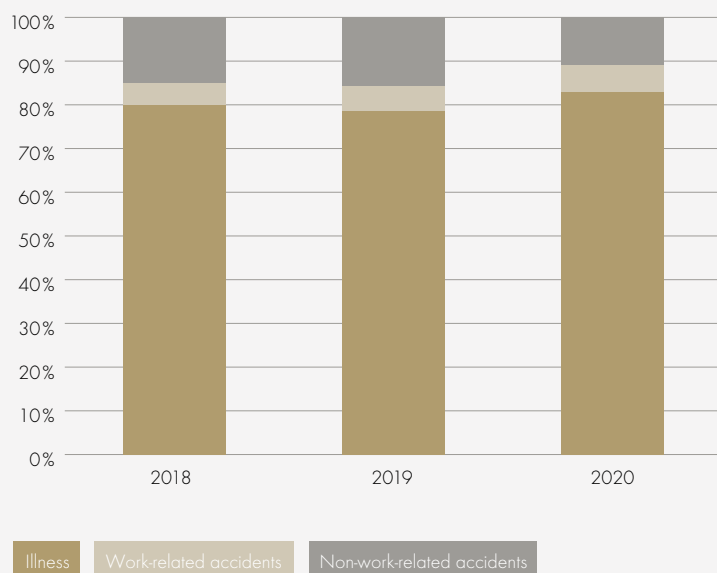


Fig. 14 Absence rate by cause

Lower absence rate due to fewer leisure accidents

The lost hours rate for 2020 was 3.5% – a reduction of 0.2% compared with the previous year. This figure fell despite employee numbers having risen during the same period because lost hours were unusually low due to non-occupational accidents. In 2020, leisure-time accidents accounted for 11% of accidents, compared to around 15% in 2018 and 2019. We believe this change is a result of fewer sporting activities during the COVID-19 lockdown. The most frequent cause for absence is sickness, at 83%. This figure rose by 4.5% p. in 2020. However, this rise is relative, given that employment numbers at V-ZUG rose by around 3% over the same period.

50 years old and 20 years with the company – what next?

In careers, one apparently logical step often follows on from another. Many people enjoy their work and do it well. But who decides what direction you should follow? And does that path correspond with your own wishes? Here at V-ZUG, we want to motivate employees, give them a helping hand with their professional development and jointly shape their career path with them. In the wake of digital transformation and globalization, we are systematically promoting the employability of our workforce, because employable staff mean V-ZUG will be fit for the future. In a pilot project called "Career check", run jointly with the Zug careers information centre (BIZ Zug), 38 employees from the service department for German-speaking Switzerland took part in a review, updated their CVs and evaluated their careers. At a meeting with experts from BIZ Zug, they then discussed interesting findings and development paths. "The career check gave me a welcome nudge to analyse my professional situation and make a conscious decision for the future – in my case, confirming my chosen path at V-ZUG," explains Albert Sutter, fabric care team leader and head technician, who has worked at V-ZUG for 21 years. His comments aptly outline the aims of the project: a professional about-turn is entirely conceivable. But the focus is on raising our employees' awareness of their professional situation and highlighting possible forks in the road so that they can consciously choose their route. The final evaluation by the University of Bern came to a positive conclusion. The project will now be rolled out more widely, and from 2021 onwards will be available for personal career planning at V-ZUG.

Mobility for employees and the environment



Motorized mobility is one of the major causes of environmentally-harmful emissions. To make our employees aware of this issue, an internal project group has drawn up a progressive and flexible mobility strategy. By providing financial incentives and additional environmental offerings, we are encouraging head-office staff to rethink their mobility habits. Our aim is to reduce the use of private motor vehicles to less than 40 percent by 2022 at the latest.

Since July 2020, all employees who do not have a company car have received a mobility contribution. And anyone whose door-to-door commute takes more than 25 minutes and who does not use a car or motorbike gets an additional eco-bonus, which is variable and based on their daily commuting choices. "Before, I used to take the car. Now I cycle in to work whatever the weather, doing something for my health and arriving much more relaxed," says Fabian Langenegger, Head of Electronic and Control Maintenance at V-ZUG. Hybrid solutions are supported too. For example, a joint venture with nextbike means that bicycles can be hired free of charge in Zug and other towns and cities in central Switzerland. And thanks to a partnership with Mobility, employees have access to our pool cars on preferential terms for private use as well. "This flexibility is a critical success factor that would otherwise often mean people opting to use their private cars," explains Christian Roth, Personnel Development Manager at V-ZUG and member of the project group.

The introduction of the mobility strategy ran smoothly. Whether we achieve the intended goal – even when people aren't advised to work from home – remains to be seen. Regardless of that, we are enhancing the guidelines and the initiative in the interests of a sustainable future.

Balancing life

There is always a balance that needs to be maintained between work, family and leisure – physically, mentally, emotionally, socially and materially. Since our employees spend a lot of time at work, we can help to make sure they don't lose their equilibrium. According to the results of the most recent life balance survey, around 76 percent of them agree that they are succeeding in reconciling their professional and personal lives. It has become apparent that childcare is a significant challenge for parents, and more employees than expected care for and support relatives. And many offerings such as social counselling, the family service and flexible working models are clearly not sufficiently well known amongst the workforce. In order to reach employees and improve "life balance" even more, we have designed and distributed to all employees a flyer about V-ZUG's employer services, positioned this information prominently on the intranet and included the key points in internal induction training for staff and management. We are also enabling employees in comparable life situations to learn from each other. For example, V-ZUG has joined the parents@work initiative in order to facilitate peer coaching amongst young parents within the company. On this subject, Fabian Britschgi, Head of Health Management at V-ZUG, says: "Where it makes sense to do so, we lend a hand. But whenever possible, we pursue empowerment strategies. This means that we strengthen the capacity of employees to find ways and means of achieving a personal balance by themselves."



Impact on 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 safe, attractive jobs, as well as in the skills and employability of all our staff. In so doing, we want 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.

Eight questions for the Head of Sustainability

Marcel Niederberger has been Head of Sustainability at V-ZUG since June 2020. He reports directly to the CEO and drives sustainability forward at V-ZUG with the help of the internal Sustainability Workforce.



Marcel Niederberger,
Head of Sustainability

You have been in charge of sustainability at V-ZUG since June 2020.

What is your vision?

I have two visions, which touch on various different levels. Gandhi once said: "There is a sufficiency in the world for man's need, but not for man's greed." This quotation chimes with my deepest convictions and my personal vision of a sustainable future for our planet. I want to make a contribution towards this with my work at V-ZUG, too. At a business level, my vision involves a rule of three: growing sustainably, increasing resource efficiency and making a positive contribution. Growing sustainably means that we grow within our planetary boundaries; for example, investing in sustainable technologies and buildings. If we want to use resources sparingly, we will have to use them more efficiently, both during the production process and when V-ZUG appliances are in use. Making a positive contribution is very much about what we can give back to society and what we can give to employees. Although we already do quite a lot in this respect by purposefully investing in their development and providing apprenticeships, I believe that we can effectively expand our commitment even further in this area.

How are things looking with your work so far?

I am rarely completely satisfied. But I think my newly created post and the way in which we have organized ourselves with the Sustainability Workforce have been received very positively within the company. Our long-term goal is to enshrine sustainability in the thoughts and actions of employees, because the three spheres of "people", "planet" and "profit" need to be incorporated into all decisions. When we want to or have to use a new technology, for instance, we should not make this choice based on functionality and cost alone, but also should factor the environment and society into the decision-making process on an equal footing. This calls for a change in culture, which will undoubtedly take several years. When we have achieved that, we will have reached a milestone. Until then, I see it as my job to rework the evidence base in such a way that the three spheres can be taken into account in the decision-making process.

And what were your highlights of 2020?

For me personally, that would be the fact that I have been able to deal on a daily basis with issues that are extremely meaningful. This motivates me greatly. From a professional point of view, one of the highlights was that I was able to assemble a Sustainability Workforce consisting of people who are intrinsically highly motivated, and are able to make a huge and important contribution within their departments. I am also delighted that Human Resources is now represented on the Executive Committee in the form of Sandra Forster. This is entirely proper, and sends a strong message regarding how important our employees are. Last but not least, the fact that we are able to implement the V-Forest is also a highlight for me. This carbon offsetting project has great communication potential, and is helping us to address the climate issue appropriately and broadly. We have launched the mobility strategy – an exciting awareness-raising project that is motivating employees to reflect on their own mobility habits. And it fills me with pride and joy to see how V-ZUG is forging ahead with the sustainable transformation of its production facilities in Zug, and also the new refrigerator factory in Sulgen. That is very forward-looking and motivating.

What are the greatest challenges?

With certain issues, creating transparency is challenging – if you think about our upstream supply chains and circularity, for instance. We've still got to find the right tools and metrics here. Since the Sustainability Workforce is organized decentrally and its members spend most of their time on their main activities, staff resources are limited. This means we cannot always push forward with our commitment to sustainability in quite the way we imagined. I am therefore reliant on departments to share the personnel and financial costs of our work. Another challenge is that there are always many conflicting interests within companies. In 2021, we will be further honing our profile and consolidating our strengths.

What changes do you expect to see in your sector in terms of sustainability?

Conventional areas of sustainability such as eco design have been important for a long time and will remain important in the future. But efficiency issues have been superseded to a certain extent due to the immense progress that has been made over recent years. In future, the issues of “smart networking” and “sustainable business models” will become central, and we will be dealing more with trends such as the “product as a service” and the “second life market”. The younger generation no longer want to own things, but instead they want to make use of services. And we can already see today that consumers are demanding greater transparency with regard to their products. Customers are prepared to pay extra for sustainable products. But they can only make knowledgeable purchasing decisions with the appropriate information base. We want to increasingly meet this demand.

What is the biggest sustainability trend on the horizon for household appliances?

Understanding the impact of the utilization phase. At the moment, it's still all about which appliances we are selling. The next step will involve helping customers to use their appliances as ecologically as possible. With the aid of digitalization, we can make the wide range of functions accessible in a more goal-oriented manner. In future it will no longer be a matter of providing as many features as possible, but instead providing the right ones.

What goals do you wish to achieve in 2021?

I want to firm up on the content of the sustainability target visions, develop strategic goals and clarify responsibilities. By the end of the year, this will enable us to have a vision, a revised strategy and an effective sustainability road map with allocated resources. The Workforce gives us a good means of orchestrating this.

And if you could make three wishes, what would they be?

I am allowed to make idealistic wishes, aren't I? As a society, we have made an immense amount of progress over the last 200 years – just think about education, life expectancy and industrialization. And when you're sitting at the top of the pyramid, that's fine. But what we have not managed is to achieve this within planetary boundaries. We are living on credit. So my first wish would be to have all of these achievements – but within planetary boundaries. My second wish is equitable distribution. This progress is only sustainable if we can all benefit from it, and if it does not come at a cost to others. My third wish is that we should have as many positive and good people as possible on the planet.

Environment, energy and climate



We enamel our ovens at 800 °C, need energy to power our automated systems, use all kinds of different materials and generate waste in our value-added processes. With an effective environmental management system – certified in accordance with ISO 14001 at the Zug site – we are constantly working to reduce our footprint. At the same time, the important question remains of what the environmental impact of our products looks like after they have left the factory (see section “Circular products and services”, page 20).

Since 2020: Swiss-made appliances produced carbon-neutrally

Our business activities continue to generate greenhouse gas emissions. In particular, this includes the energy consumed by our production processes, heating and logistics (see “Facts and figures”, page 47). V-ZUG is therefore taking steps to prevent, reduce and offset these emissions. Wherever possible, the electricity we use comes from renewable sources. We are investing in intelligent and efficient energy technology systems (see “Heat when it’s needed”, page 50), optimizing our transportation flows (see 2018/2019 Sustainability Report, page 44) and switching over almost exclusively to renewable energy.

We are supporting sustainable business decisions with a voluntary internal CO₂ levy, which we introduced in collaboration with the Metall Zug Group in 2018. Group companies pay CHF 120 into a fund for each tonne of CO₂ they emit. This money goes to fund sustainable V-ZUG projects and measures, such as expanding the use of waste heat, investing in photovoltaic systems and a possible future switch to electromobility. V-ZUG has also signed a target agreement with the Swiss Confederation on reducing CO₂, which includes a fixed reduction schedule. We are not expecting to meet the reduction schedule at Zug before 2022. We are focusing on investing in a pioneering sustainable energy supply system instead of short-term measures in existing buildings.

The V-ZUG Group is not yet emission-free. However, we are steadily reducing our emissions and have since 2020 been offsetting our remaining emissions. The scope of this offsetting includes direct emissions such as the fuel consumption of our vehicles and the natural gas and oil heating in the buildings in which we work. These fall under Scope 1 of the Greenhouse Gas Protocol. We are also offsetting indirect emissions that arise during the production of the energy we use (Scope 2) as well as the emissions we cause due to our business flights (Scope 3). This has already partially been the case at Zug since 2018 and at Arbon since 2019. Sub-assembly production in Changzhou has been carbon-neutral since 2020, meaning that all V-ZUG’s Swiss-made appliances were manufactured carbon-neutrally for the first time in 2020.



The offsetting contributions are being donated to a reforestation project run by the Ripa Gar Foundation (see “Carbon-neutral with V-Forest”, page 48). This organization has already planted 800,000 trees in Scotland in line with the UK Woodland Carbon Code standard. V-ZUG’s donations will allow the native mixed forest to continue to flourish, storing CO₂ on a long-term basis. Internally, we are already examining whether and how we can offset additional indirect emissions (Scope 3) in the future, such as the emissions generated when our appliances are in use, by enabling V-ZUG customers to get involved in the project as well, thereby making an active contribution towards protecting the climate.

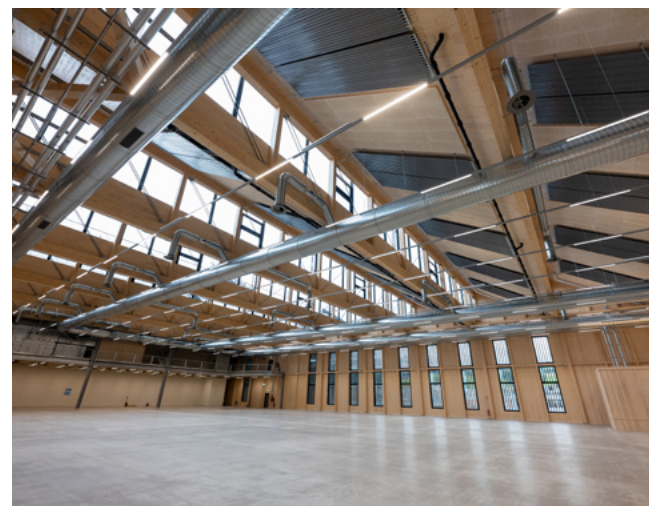
An ecological infrastructure for a successful future

V-ZUG is investing in socially, economically and also environmentally sustainable sites (see section “Environment, energy and climate”, page 43, and Real estate projects”, 2020 Annual Report, page 30). We are building ecologically and using innovative methods. By developing V-ZUG’s main site into Tech Cluster Zug, we want to lead the way and set new standards. We are consciously following our own principles for the ecological construction of new buildings, focusing on wooden structures, reducing and optimizing the use of concrete, and favouring compact buildings.

The top floor of our new production building in Zug is a fine example of this. We were able to create the frame out of timber (see “Building, but sustainably”, page 49). Construction was completed in 2020, and our employees will commence production in these bright and airy premises in June 2021. We are thereby achieving another important step towards verticalizing our production. Productivity per square metre is increasing and space for new activities is being created (see section “Society and sustainable growth”, page 51).



Top floor of the new Zephyr Hangar production building



The Multi Energy Hub, a key element of sustainability at Tech Cluster Zug, will supply the site and neighbouring area with renewable energy from photovoltaic cells, groundwater and lake water. We will be able to install the heating and cooling centre in our high-bay warehouse since we optimized our storage capacity during the year under review. In the new building for V-ZUG Kühltechnik AG (see *Real Estate Segment Report, 2020 Annual Report, page 29*) we have also established the preconditions for an environmentally friendly energy supply. The solar panels on the roof produce renewable electricity, and thanks to the possibility of using groundwater, the inbuilt heat pump will cover up to 80 percent of the annual heating requirements carbon-neutrally.

Low-emission transportation

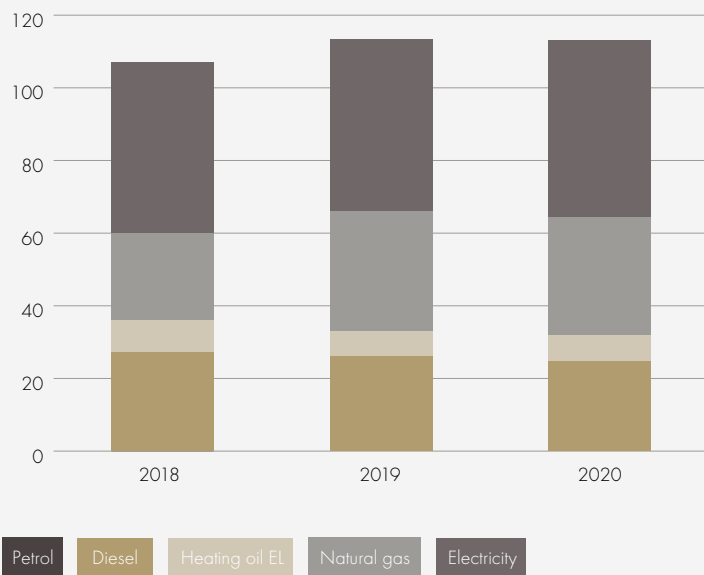
V-ZUG is the source of transportation flows that generate emissions, both between our production sites and our suppliers, and during the delivery and maintenance of our appliances. We are decreasing distances and thereby transport routes by ensuring that the majority of our suppliers are located in Switzerland or nearby Europe (see section “Society and sustainable growth”, page 51). We are currently focusing on improving the logistics processes that we are able to directly control. With our “milkrun” approach, for instance, we are optimizing the route planning for our own trucks by intelligently combining deliveries and collections (see *2018/2019 Sustainability Report, page 44*). We also want to gradually electrify our vehicle fleet.

Our waste: up to 80 percent recyclable

We make sure that our work processes generate as little waste as possible, and that we reuse most of our materials. Single-origin punching waste from manufacturing processes is automatically sorted into containers intended for this purpose, and then sent to be recycled. As well as metal, our production, development and administrative processes produce waste cardboard, paper and wood. Materials that we cannot recycle are disposed of appropriately. Including returned appliances, we feed around 80 percent of our waste into recycling processes. We are continuously optimizing our waste management processes. For internal goods flows, for example, we are looking at using reusable packaging.



Facts and figures



No change in absolute energy consumption

In 2020, V-ZUG's absolute energy consumption was 113.2 terajoules. This included electricity (43.1%), natural gas (28.8%) and heating oil (6.3%), plus the diesel (21.7%) and petrol (0.03%) used by our vehicles. There was very little change in energy consumption compared with 2019 (-0.3%). Fuel consumption fell due to fewer service trips, better vehicle technology and optimized route planning. However, we used more natural gas in 2019 and 2020 because we had to increase the temperature of the enamelling oven in our coating technology system by 20 °C for quality reasons.

Fig. 15 Energy consumption at V-ZUG by energy source (in terajoules)

Reduced CO₂ emissions

V-ZUG's direct and indirect CO₂ emissions amounted to around 4,500 tonnes in 2020. The reason for the 4% reduction compared with 2019 was that less diesel was used and V-ZUG employees travelled by air infrequently due to COVID-19. CO₂ emissions therefore fell back to 2018 levels, although we had to increase the temperature of the enamelling oven by 20 °C to improve quality, thereby increasing the amount of natural gas used.

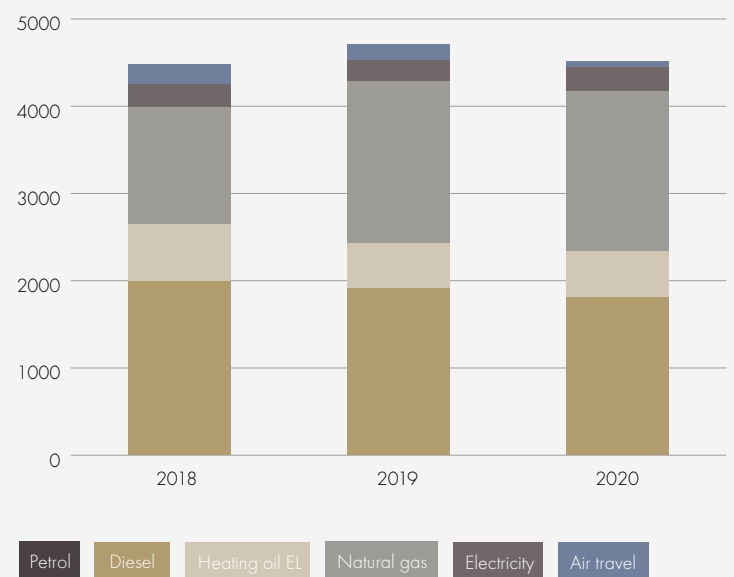


Fig. 16 CO₂ emissions (in tonnes of CO₂)

Direct site emissions (Scope 1) due to the use of diesel, natural gas, heating oil and petrol (minimal proportion) and indirect emissions due to electricity (Scope 2) and air travel (Scope 3).

Carbon-neutral with V-Forest



V-Forest, Scotland

We are constantly improving, but have not yet succeeded in eliminating all our CO₂ emissions. So as to be climate-neutral nevertheless, we have since 2020 been fully offsetting our direct emissions and also some of our indirect emissions in collaboration with the Ripa Gar Foundation, by means of our very own forest, the "V-Forest". V-ZUG opted for this project because reforestation is currently one of the most effective methods of removing CO₂ from the atmosphere and sequestering it in the long term, irrespective of where emissions are generated. The V-Forest is growing in Glen Lochay in Perthshire, Scotland, and is making climate protection real and tangible. But why choose a project that is almost 1,800 km north-west of Zug? "Of course we would have liked to have the trees planted in Switzerland, but with projects of this size, it's not just geographical proximity that matters," explains Marcel Niederberger, Head of Sustainability at V-ZUG. Scotland has the necessary surface area, good institutions and specific expertise. After all, a lot needs to be done: 80 percent of the land below 600 metres was once completely covered in trees. Industrialization and intensive agriculture mean that this figure has now shrunk to five percent. Another crucial advantage is that this area in the Scottish Highlands is located in a cool, damp region.

This fact extends the planning horizon to between 80 and 100 years, even taking account of climate change. But what we particularly like about the Ripa Gar Foundation project is that the valley is going to be restored to its original wild state. Native flora and fauna will be able to flourish in this Scottish mixed woodland and nature will find its equilibrium.

Building, but sustainably

For the Zephyr Hangar, which is the size of a football pitch, we have opted for an old industrial classic – the sawtooth roof. Apart from that, very little is reminiscent of a conventional production building. The slanting roof surfaces not only let in natural light, but also provide space for our biggest photovoltaic system yet. But what is holding up the roof? “Mainly local timber – spruce and pine,” explains Julia Häcki, project manager at Tech Cluster Zug AG. Using wood as the main construction material for the second floor is reducing greenhouse gas emissions by around two thirds compared with a steel structure. Not only is it less CO₂-intensive to manufacture, but carbon is also captured long-term due to the timber construction. Another advantage of wooden buildings is that they are lighter and therefore do not require such strong concrete foundations. Although concrete has a poor carbon footprint, we are not dispensing with it altogether, but instead using where it is beneficial to us. “It is important that we find sustainable, innovative solutions. To do this, we are not following conventional standards, but looking at specific opportunities on site and opting for flagship projects,” adds Julia Häcki. Our collaboration with the ETH spin-off Neustark illustrates our approach, for instance. Instead of using gravel and sand to make the concrete, we are using recycled granules from the demolished building. These granules are additionally treated with CO₂, making them more porous and reducing the need for cement as a bonding agent. And because the CO₂ binds to the granules permanently, they become a reservoir for the gas, which is harmful to the climate and would otherwise escape into the atmosphere.



“V-ZUG isn’t just doing ‘business as usual’. The rigorous requirements for ecological construction are shaping our work in the site development for the future Tech Cluster. Independent thinking is the order of the day, and new paths are being explored. The fact that we are pursuing and trying out new sustainable solutions is uniquely motivating and enriching.”

Julia Häcki, Project Manager, Tech Cluster Zug AG

Heat when it's needed

Manufacturing our appliances not only uses energy – it also generates waste heat. To manufacture them as energy-efficiently and emission-free as possible, we are opting to use locally available, renewable energy with the help of our Multi Energy Hub. “For these large investments, we consciously chose a sustainable solution,” explains Carina Heuberger, Coordinator, Lean & Operations Development. We want to incorporate the waste heat from our production processes into the supply system. In the summer, we will store process heat in the groundwater, then remove it again to heat buildings in the winter, for example. “So as not to disrupt the ecosystem, we cannot heat up the ground water limitlessly,” adds Heuberger, making reference to the Federal Waters Protection Ordinance. Two 140-metre-deep groundwater wells have been dug. District heating and cooling from the Circulago lake water connection will also be available. But we are not planning to connect all our production processes to the MEH waste heat network. It is not worth installing the pipework for machinery that is only used occasionally. And part of the solution lies much closer at hand – heat is energy that is quickly lost. The closer and the sooner we use it, the better. The new coating technology system will be commissioned in 2021. We can then immediately reuse the waste heat from the enamelling process in the upstream processes without having to transfer it temporarily to the Multi Energy Hub.

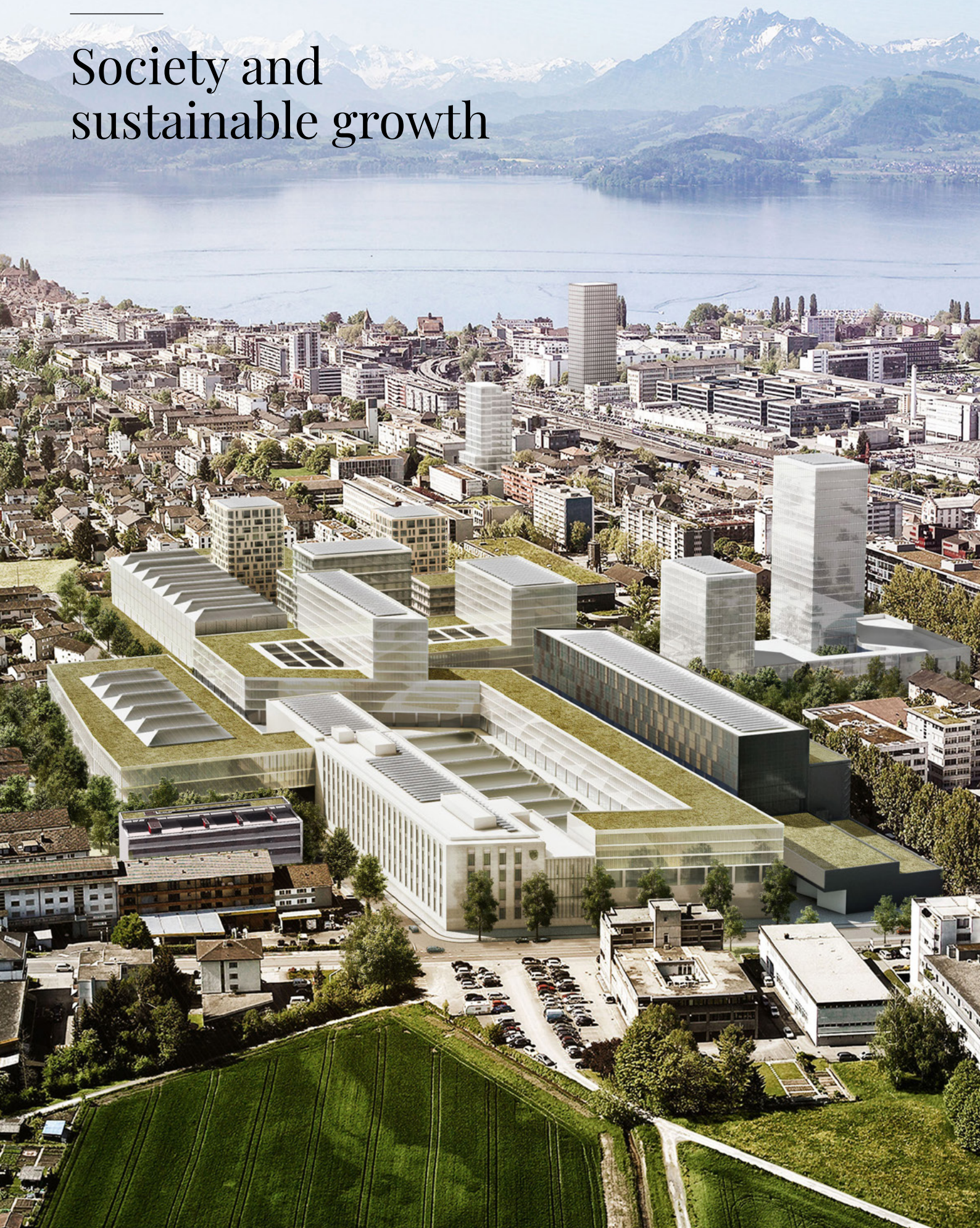


Impact on SDGs 7, 9, 12 and 13

Climate change, environmental pollution and loss of biodiversity are global problems that affect us all. For 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 strong signal and make an impact. In Zug and in Sulgen, we are increasingly using renewable energy. At the same time, we are optimizing our processes and machinery, in order to manufacture V-ZUG appliances energy- and resource-efficiently.

An internal CO₂ levy provides specific incentives for this. We are offsetting our remaining CO₂ emissions, and the offsetting contributions are helping to plant trees as part of V-Forest, our own forestry project. This growing forest is removing CO₂ from the atmosphere and sequestering it long term. At the same time, it is helping to restore and boost biodiversity in the long term in a region that has been badly affected by deforestation.

Society and sustainable growth



Since Verzinkerei Zug was founded in 1913, our company has formed an integral part of Zug society. Our adopted home has moulded our identity. We embody Swiss values such as innovation, quality, reliability and sustainability and, with our name, our products and our service concept, take those values into households in Switzerland and abroad. Over our company's long history, spanning more than a century, we have formed sustainable relationships with our neighbours, business partners, civil society organizations and public authorities. Via sponsorship, we support sporting activities, cultural life and social institutions (see "Our commitments" on the V-ZUG website). Our terms of employment also make it easier for employees to get involved socially and politically. With guided visits and plant tours, we give school groups, students, customers and business partners an insight into our work. The resulting network of contacts lays the foundations for a business-friendly climate and sustainable growth.

Investing in our home advantage

High educational standards, innovative strength, a progressive infrastructure, a good quality of life and the Swiss brand boost our competitiveness and enable us, now and in the future, to take the "Swiss Made" label out into the world. In order to ensure the continued success of our research, development and production at the Zug site, we are making our workplace and scientific hub fit for the future. The development of Tech Cluster Zug in close collaboration with other partners is creating an integrated innovation hub on our main site for V-ZUG, the economic area of Zug, and Switzerland as a place to work. We made significant progress during the reporting period, such as completing the "Zephyr Hangar" building (see "Building, but sustainably", page 49), which will house part of our vertical factory from mid-2021. This is creating space to locate additional companies, start-ups or universities on the existing production site. We have also built a new refrigerator factory at the Sulgen site in the canton of Thurgau (see "Quality sites for quality products", page 56).

The home advantages in Switzerland stem from a wide variety of locational factors relating to work, life and leisure. So we always consider our sites in an overall context. It is for this reason that we are also getting involved in visionary projects such as project Pi: An eighty-metre-high timber tower block which is going to house affordable, attractive and sustainable homes for our employees and other users in the town of Zug (see 2018/2019 Sustainability Report, page 48).

Responsibility along the entire value chain

How and with whom we work is of strategic importance. The suppliers whose products we use in our household appliances play a particularly important role here. Around sixty percent of them are located in Switzerland, and approximately thirty percent are located in nearby Europe. We obtain most of our electronics components from highly specialized markets in Asia. Our IPO office in Shanghai gives us proximity to these relevant suppliers.

Supplier management is based on our procurement strategy, which follows clear quality and sustainability standards. Each supplier relationship starts with choice, qualification and integration. Self-assessments, confidentiality agreements, obtaining financial information and, if applicable, conducting pre-audits all form part of the on-boarding process. Only once all these steps have been completed will a company be added to our supplier portfolio. Procurement always takes place through official channels, and we ensure that we buy as directly as possible from the manufacturer or via official distributors.

Site visits and regular communication reinforce collaboration and mutual understanding. And with a reliable forecast for sales volumes, we create a sound basis of trust. We conduct most of our audits ourselves (see "Facts and figures", page 55). They include environmental and social issues in particular, as well as aspects of ethical management. If our specifications are not adhered to, we draw up action plans together with our partners, thereby creating viable long-term partnerships.

Integrating a new supplier is an investment, so we maintain a comprehensive overview of costs and benefits. Social and ecological viewpoints such as working conditions and the use of reusable packaging are also considered, as are geographical distance and delivery frequency. We are currently drawing up a supplier code based on our internal Code of Conduct. We also want to deepen our relationships with a smaller number of suppliers. This project goes hand in hand with the modularization of our products (see section "Circular products and services", page 20).

Strong fundamental values

Ethical business practices form the basis of social responsibility. We act in accordance with our fundamental values: sustainable and long-term value creation, excellence and integrity in our business operations. These are laid down in our [Code of Conduct](#), and we bear witness to them internally and externally through our actions. The Code is binding for all employees, including members of the Board of Directors. It states that they must communicate potential contraventions to their line manager or the internal legal department. Crucially, any such notifications are treated in confidence. Employees who make a report in good faith need not fear that this will have any negative repercussions for their employment at the company.

Our world of work is becoming noticeably more digital, and we process large quantities of data. This presents many opportunities, and the networking and networking capability of V-ZUG appliances is being scaled up. These appliances are integrated into our customers' private living spaces, and obtain data regarding people's individual behaviour. We take the need for integrity and privacy and the attendant responsibility in regard to data protection and security very seriously. V-ZUG processes personal data in accordance with the applicable data protection legislation, in particular the Swiss Data Protection Act and the EU General Data Protection Regulation.



Facts and figures

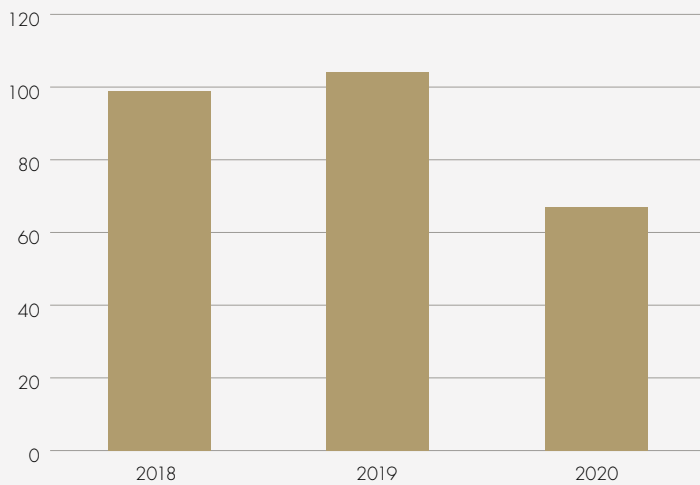


Fig. 17 Number of supplier audits involving social and environmental criteria

Supplier audits

V-ZUG audits its suppliers on a regular basis. Due to our suppliers' more stringent access regulations and restricted travel during the COVID-19 pandemic, significantly fewer audits took place in 2020.

Quality sites for quality products

“Choosing a location in our home region was by no means a foregone conclusion – but it was a logical consequence of our strategy and our convictions,” recalls Andreas Albrecht, Managing Director of V-ZUG Kühltechnik AG. When it took over Forster Kühltechnik AG in Arbon in the canton of Thurgau almost eight years ago, V-ZUG started to manufacture refrigerators itself and expand the development unit. To further exploit our innovative strength and also comply with environmental standards, we wanted to modernize production. But it was not possible to purchase the rented site, thus restricting our options. So right from the start, we planned to relocate the company’s headquarters and build a new factory. In October 2020, we held the topping out ceremony for the new building in Sulgen, which is 20 kilometres from Arbon.

The choice of site was based on a carefully considered decision. The employees and their expertise were a crucial factor. In Switzerland, we also enjoy generally high standards of education, a shared culture and language, and reduced logistical risks. “Over the years, we have professionalized the refrigerator division and positioned it within V-ZUG. In order to pursue this path and manufacture impressive products, we rely on outstanding processes and the best employees,” adds Andreas Albrecht. With its new, environmentally friendly building complex (see section “Environment, energy and climate”, page 43) V-ZUG is investing in Switzerland as a workplace and preserving jobs within the region.



“It is no longer a foregone conclusion that a company will choose Switzerland as its workplace. With its commitment to the region, V-ZUG is securing attractive, varied and innovative jobs in the canton of Thurgau. The relocation to Sulgen is a milestone on the road towards a successful future – for V-ZUG and our economic region.”

Daniel Wessner, Head of the Thurgau Office for Commerce and Employment

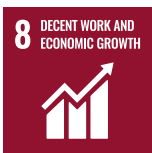
A unique ensemble of classical music and industrial architecture



Summer sounds in the Zephyr Hangar
(photo: Adi Hadodo)

Completely new sounds could be heard on our factory site in summer 2020, when artists from the Summer Sounds Festival unpacked their instruments in the newly completed Zephyr Hangar. Bach, Mendelssohn and Schubert filled the still empty timber hall in our new factory building (see “Building, but sustainably”, page 49). “We feared it would not be possible to hold our chamber music festival due to COVID. Fortunately, V-ZUG provided us with the Zephyr Hangar, a space that was not only big enough to implement protective safety measures, but that also offered a unique atmosphere and wonderful acoustics,” enthuses Madeleine Nussbaumer, the festival’s artistic director.

Such interim use is also an asset for V-ZUG. We want to make our company accessible – physically as well – and convey who we are, what we represent and what is being accomplished here. Informal encounters such as this are important, and supplement the formal dialogue with our stakeholder groups. During the site transformation, V-ZUG and its implementation partners (see Tech Cluster Zug) are attaching great importance to the needs of the population. This transformation will enhance the district, reinforce neighbourly ties, build an intelligent infrastructure for everyone and facilitate urban consolidation. This creates room for public spaces and other interaction zones, and purposefully boosts industry’s good relations in terms of the coexistence of work, life and leisure.



Impact on 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 in 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.

With our cooperative relations, we are promoting environmental and social standards along the entire length of the supply chain. We are also committed to a sustainable business model. Via transparent product information, we are facilitating sustainable consumption, raising user awareness of environmental protection via our appliances (see section “Circular products and services”, page 20), helping to reduce food waste and promoting healthy eating.

About this report

This sustainability report covers V-ZUG's significant economic, environmental and social impacts and explains our commitment to a sustainable future. It was last published in autumn 2019, covering the period from 1 July 2018 to 30 June 2019. Following on from the stock market listing in 2020, we decided to bring the reporting period for the sustainability report in line with that of the annual report. For this reason, the content of this report exceptionally covers the eighteen-month period from 1 July 2019 to 31 December 2020 (reporting date: 31 December 2020).

Unless otherwise specified, the four sections of this report include the management approaches of V-ZUG AG, headquartered in Zug, V-ZUG K hltechnik AG, headquartered in Arbon, and the foreign subsidiary V-ZUG (Changzhou) Special Components Co. Ltd., which is based west of Shanghai. This scope also applies to the key figures shown for the period 2018 to 2020 (three years) and includes 1,732 employees, excluding temporary employees. For the purposes of comparison, V-ZUG Holding AG had 1,999 FTEs including temporary employees as at 31 December 2020. Details that relate to the Swiss market, irrespective of the organizational units, are indicated as such. This report has been prepared in accordance with the GRI Standards, "Core" option. The selection of key figures, activities and impacts portrayed has its roots in the materiality matrix (see Fig. 3, page 17), an analysis based on the Sustainable Development Goals (see Fig. 4, page 18) and in a series of interviews with internal managers and experts conducted during the period from December 2020 to February 2021.

The information of course applies to members of both genders.

We are publishing this report for the eighth time because we see it as an important prerequisite for the ongoing systematic dialogue with our stakeholder groups. We seek to depict progress and challenges in a transparent, comprehensible and verifiable manner. We will be pleased to receive any questions or feedback via marcel.niederberger@vzug.com.

GRI index

The following GRI index is based on V-ZUG's current materiality matrix (see Fig. 3, page 17), which it drew up in 2018 with input from external and internal stakeholders. Relevant information is presented transparently in this sustainability report and in the 2020 Annual Report, and is supplemented with additional details in the index. The table below shows the association between the relevant GRI Standards and the subjects evaluated in the materiality process, plus the top-level target visions.

Target vision	Subject	GRI indicator
Circular products and services	Safe and resource-efficient products	GRI 301, GRI 306, GRI 416
Employees	Employee motivation and development	GRI 401, GRI 404
	Occupational health and safety	GRI 403
Environment, energy and climate	Energy management and greenhouse gas emissions	GRI 302, GRI 305
	Waste management	GRI 306
	Material and resource efficiency	GRI 301
Society and sustainable growth	Corporate governance	GRI 102-18
	Compliance	GRI 102-16, GRI 419
	Economic performance	GRI 201
	Swiss Made and indirect economic impacts	GRI 203

Supplementary indicators on additional subjects included in the report are as follows:

Target vision	Subject	GRI indicator
Society and sustainable growth	Responsible sourcing	GRI 308, GRI 414
Employees	Diversity and equal opportunities	GRI 405

General details

Indicator	Description	Comment/reference
Organizational profile (2016)		
GRI 102-1	Name of the company	V-ZUG Holding AG
GRI 102-2	Key brands, products and services	See "Company profile", page 8, "Circular products and services", page 20.
GRI 102-3	Company's headquarters	Zug, Switzerland
GRI 102-4	Name and number of countries in which V-ZUG operates or has significant operations	See "Company profile", page 8.
GRI 102-5	Ownership and legal form	Company limited by shares under Swiss law; listed on the SIX Swiss Exchange stock market
GRI 102-6	Markets supplied	<p>V-ZUG has its own sales companies or branches in Australia, Belgium, China, France, Germany, Hong Kong, Luxembourg, the Netherlands, Singapore and the United Kingdom. V-ZUG products are also available via distributors in Israel, Italy, Lebanon, Russia, Turkey, Ukraine, the USA and Vietnam. V-ZUG serves a total of 19 markets including Switzerland, its home market.</p> <p>Sectors supplied: private customers, specialist retailers, property management companies and real estate owners.</p> <p>Types of customers and beneficiaries: V-ZUG's products are sold on the one hand through the trade. The trade sells them to installers and presents them in various settings including showrooms, where end consumers can obtain information about the products. V-ZUG also operates 16 exhibition and advisory centres (known as ZUGORAMAs) worldwide. In addition to commercial firms and kitchen designers, key customer groups primarily include property management companies and real estate owners, as well as their agents (such as architects and general contractors). Private customers purchase V-ZUG appliances via specialist retailers, kitchen designers, general contractors and architects.</p>
GRI 102-7	Size of the business	<p>Number of employees (incl. temporary employees): 1,811 (reporting date: 31 December 2020 for V-ZUG AG, V-ZUG Kühltechnik AG and V-ZUG (Changzhou) Special Components Co. Ltd.)</p> <p>Organizational structure and number of companies: see "Organization" on website</p> <p>Net sales: see 2020 Annual Report, page 69</p> <p>Products and services: see "Company profile", page 8, and "Products" on the website</p>

Indicator	Description	Comment/reference
GRI 102-8	Information about employees	<p>Number of employees by type of employment contract</p> <ul style="list-style-type: none"> ▪ Permanent employees: 1,732 ▪ Temporary employees: 79 <p>Number of permanent employees by employment type</p> <ul style="list-style-type: none"> ▪ Full-time employees: 1,469 ▪ Part-time employees: 263 <p>Number of employees by gender:</p> <ul style="list-style-type: none"> ▪ Number of female employees: 379 ▪ Number of male employees: 1,353 <p>Number of employees by region:</p> <p>V-ZUG AG:</p> <ul style="list-style-type: none"> ▪ Employees from Switzerland: 1,212 ▪ Employees from abroad (EU): 142 ▪ Employees from non-EU countries: 213 <p>V-ZUG Kühltechnik AG:</p> <ul style="list-style-type: none"> ▪ Employees from Switzerland: 39 ▪ Employees from abroad (EU): 70 ▪ Employees from non-EU countries: 20 <p>V-ZUG (Changzhou) Special Components Co. Ltd.:</p> <ul style="list-style-type: none"> ▪ Employees from Switzerland: 0 ▪ Employees from abroad (EU): 0 ▪ Employees from non-EU countries: 36 <p>These key figures relate to employees at V-ZUG AG, V-ZUG Kühltechnik AG and V-ZUG (Changzhou) Special Components Co. Ltd. as at the reporting date: 31 December 2020. A second-level categorization by gender is not currently carried out.</p> <p>See "Employees", page 30.</p>
GRI 102-9	Description of supply chain	See "Society and sustainable growth", page 51, and GRI 102-6 on distribution channels.
GRI 102-10	Significant changes to the size, structure or ownership of the company	<p>In June 2020, the V-ZUG Group broke away from the Metall Zug Group, and was simultaneously listed on the 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 the website.</p>
GRI 102-11	Precautionary approach and precautionary principle	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 also contribute to the precautionary principle, in the shape of preventive measures within the company's operations.

Indicator	Description	Comment/reference
GRI 102-12	External initiatives	<p>V-ZUG is involved in the following partnerships:</p> <ul style="list-style-type: none"> ▪ ActionJam ▪ aha! Swiss Allergy Centre (joint venture) ▪ amk – Arbeitsgemeinschaft Die moderne Küche ▪ EEBUS ▪ Electrosuisse – Association for electrical, energy and information technology ▪ ETH Foundation ▪ Europa Forum ▪ HSLU – University of Applied Sciences Council ▪ Innovationspark Zentralschweiz ▪ Swiss Kitchen Association ▪ LACE – Laboratory for a Circular Economy, National Science Foundation Project 73 (project partner) ▪ MINERGIE® Switzerland (Executive Committee and Leading Partner) ▪ PWN Professional Women’s Network ▪ öbu – Verband für nachhaltiges Wirtschaften ▪ Reffnet (Swiss Resource Efficiency Network) ▪ SENS eRecycling ▪ Suissetec ▪ Swiss Triple Impact programme (STI programme) ▪ tfz – Technologie Forum Zug (Executive Committee) ▪ WERZ Institute for Knowledge, Energy and Raw Materials Zug (Advisory Board) ▪ Zug Chamber of Commerce, member of the Executive Board and Chair of the “Industry & Technology” committee ▪ Zurich Chamber of Commerce <p>At its production facilities in Zug, V-ZUG AG works with the zuwebe Foundation, enabling people with disabilities to integrate into the work process. V-ZUG Kühltechnik AG in Arbon 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’s refrigerator production facilities.</p>
GRI 102-13	Membership of associations and advocacy organizations	<p>V-ZUG is a member of, among others, SWISSMEM, the Swiss association of the mechanical and engineering industries, and the FEA (the Swiss association for household and commercial appliances). V-ZUG is represented on the executive committees of both these organizations. The company is also a member of the IG exact (Excellence in Applied Electronics and Technologies) association and economiesuisse.</p>
Strategy (2016)		
GRI 102-14	Statement from the company’s senior decision-maker on the importance of sustainability for strategy and the organization.	See “Interview with Peter Spirig, V-ZUG CEO”, page 4.

Indicator	Description	Comment/reference
Ethics and integrity (2016)		
GRI 102-16	The organization's values, principles and conduct standards	<p>V-ZUG's key mission statements, codes of conduct and principles are:</p> <ul style="list-style-type: none"> ▪ The Code of Conduct of the V-ZUG Group (accessible via website), including guidelines for ethical business decisions ▪ Terms of Employment ▪ Annex 1 of the Terms of Employment (ethical principles) ▪ ISO 9001, 14001 and 45001 certificates (including annexes) ▪ EU General Data Protection Regulation ▪ Swiss Data Protection Act ▪ Internal competency model
Corporate management (2016)		
GRI 102-18	Management structure	<p>The Board of Directors of V-ZUG Holding AG has an audit committee and a human resources and compensation committee (details under "Corporate Governance" on the website).</p> <p>The Executive Committee's operational management structure is made up of the following departments (details under "Executive Committee" on the website):</p> <ul style="list-style-type: none"> ▪ CEO: Global Marketing Services, Sustainability (since 01/02/2021) ▪ International Division: Market Subsidiaries, Distributors, OEM Business ▪ Finance Division: Group Finance and Controlling ▪ Market Division: Market Switzerland, Global Service and Support, Market Project Management Office ▪ Operation Division: Supply Chain Management, Project Management, Global Quality Management, Industrial Engineering, Cross Product Manufacturing, Manufacturing, Procurement ▪ Engineering Division: Innovation / Services and Technology, Engineering Appliances, Engineering Electronics / SW and Shared Services, Strategic Industrial Engineering, Corporate Design ▪ Business Development Division: Digital Products & Services, IT, Product Management, Innovation LAB, Sustainability (until 31/01/2021) ▪ Human Resources Division <p>Committees responsible for decision-making on environmental and social topics:</p> <ul style="list-style-type: none"> ▪ Committee of Internal Auditors for Quality, Environment and Occupational Safety ▪ Legal Compliance Committee ▪ Executive Committee's Strategy Meeting (twice a year) ▪ "V-ZUG Sustainability Workforce" working group led by the Head of Sustainability
Stakeholder engagement (2016)		
GRI 102-40	List of stakeholder groups	<p>The stakeholder groups engaged in the 2018/2019 sustainability strategy process were: employees, customers, retailers, investors and stakeholders from the research and education sphere. The materiality matrix that resulted from the consultation (see Fig. 3, page 17) forms an important basis for reporting.</p> <p>See also GRI 102-43.</p>

Indicator	Description	Comment/reference
GRI 102-41	Collective bargaining	<p>All employees in Switzerland are subject to the collective employment agreement (CEA) of the Association of Swiss Engineering Employers (ASM). The current CEA was revised as scheduled on 1 July 2018 and is valid for five years, until 30 June 2023. The employers' associations Angestellte Schweiz, Unia, Syna, Swiss Association of Commercial Employees, Schweizer Kader Organisation (SKO) and the ASM are involved as negotiation partners.</p> <p>It is important for V-ZUG that employees represent their interests and can participate in the company's development. According to the CEA, the employee representative body represents the interests of the workforce to HR and the Executive Committee, and works to ensure the CEA provisions are adhered to. It also wants to promote trusting collaboration between the Executive Committee and employees, helps to create attractive working conditions and acts as a contact and advisory point for differences of opinion. The members of the employee representative body are elected in predefined electoral groups by all employees up to management level 2.</p>
GRI 102-42	Identifying and selecting stakeholders	<p>The key stakeholder groups were defined in dialogue with internal departments, with a focus being placed on market proximity. Therefore, the external relationships maintained by sales, purchasing and product development played a particularly important role in identifying stakeholders. In close consultation with the aforementioned departments, we conducted extensive interviews with six carefully selected stakeholders (customers, suppliers and academia) and six internal stakeholders from various areas of the business.</p>
GRI 102-43	Approach for engaging stakeholders	<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 manufacturing facilities. ▪ Employees: Employee survey, "BLUEline" employee magazine, 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 of Shareholders, Annual Report, investor roadshows ▪ Suppliers: Supplier audits ▪ Retailers: annual product presentations and various symposiums, Swissbau and other trade fairs (it was not possible to hold many trade fairs in 2020 due to the COVID-19 pandemic; symposiums were held online) ▪ Trade unions: within the context of the collective employment agreement (CEA) ▪ Media: Information provided by the Head of Corporate Communications & Investor Relations ▪ Research and education: Board activities (e.g. on the board of the MINERGIE association), lecturing activities by senior executives, participation in working groups with educational institutions, advisory board of the WERZ institute for knowledge, energy and raw materials in Zug (see GRI 102-12) <p>In order to experience the wide variety of product functions, additional free appliance demonstrations are offered by V-ZUG customer advisors.</p> <p>See also GRI 102-40.</p>
GRI 102-44	Important matters and concerns expressed	<p>None.</p> <p>See "Materiality matrix", page 17.</p>

Indicator	Description	Comment/reference
Reporting procedure (2016)		
GRI 102-45	Scope of report	The Annual Report covers the companies that make up V-ZUG Holding AG Unless otherwise stated, the sustainability report covers the following three companies: V-ZUG AG, V-ZUG Kühltechnik AG and V-ZUG (Changzhou) Special Components Co., Ltd. (see "About this report", page 59).
GRI 102-46	Procedure for defining report content and topic boundaries	The sustainability issues relevant to V-ZUG were identified in 2018 and 2019 as part of the sustainability strategy process. In dialogue with internal and external stakeholders and with the involvement of external consultants, V-ZUG evaluated material sustainability issues and devised a materiality matrix (see Fig. 3, page 17). Sustainability management at V-ZUG was restructured in June 2020 and, amongst other things, the role of "Head of Sustainability" was created. The Head of Sustainability reports directly to the CEO and heads up an interdisciplinary task force called the V-ZUG Sustainability Workforce. Together, they are expediting the strategic sustainability groundwork and implementing measures. As part of the reorganization, the key aspects of sustainability management were reviewed and fleshed out. Recyclability and supplier management increased in significance, and the target vision descriptions were updated. See "Company profile", page 8, and GRI 102-48.
GRI 102-47	List of material topics	See "Company profile", page 8.
GRI 102-48	Restatements of information	Due to the reorganization of sustainability management (see GRI 102-46), key content was slightly revised and the descriptions of target visions were expanded. V-ZUG also decided to bring the reporting period in line with the financial year and, from 2020 onwards, is reporting by calendar year (see GRI 102-50).
GRI 102-49	Changes in reporting	No significant changes were made during the reporting period. Adjustments to key content and the reporting period are explained in GRI 102-46 and GRI 102-48.
GRI 102-50	Reporting period	July 2019 to December 2020, reporting date: 31 December 2020
GRI 102-51	Date of most recent report	22 October 2019
GRI 102-52	Reporting cycle	Annual (with exceptions due to modifications to the reporting period)
GRI 102-53	Contact point for questions regarding the report	Marcel Niederberger, marcel.niederberger@vzug.com (Head of Sustainability)
GRI 102-54	Claims of reporting in accordance with the GRI Standards	V-ZUG's 2020 Sustainability Report was drawn up in accordance with the GRI Standards, "Core" option.
GRI 102-55	GRI content index	This index contains references to the corresponding information and data in the report. The version (year) of the GRI Standards upon which the details are based is noted at a suitable point.
GRI 102-56	External assurance	The 2020 Sustainability Report has not been externally audited.

Specific details

Aspect	Indicator	Description	Comment/reference																												
Economy																															
Economic performance GRI 201 (2016)	GRI 103-1 to 3	Management approach disclosures	See "Company profile", page 8.																												
	GRI 201-1	Direct economic value generated and distributed	See "Financial Report", 2020 Annual Report (page 67).																												
Indirect economic impacts GRI 203 (2016)	GRI 103-1 to 3	Management approach disclosures	See "Company profile", page 8, and "Society and sustainable growth", page 51.																												
	GRI 203-1	Infrastructure investments and services supported	V-ZUG invests via various projects and partnerships in its production facilities and a sustainable, integrated infrastructure, particularly at its main site in Zug (see Tech Cluster Zug) and with the new building for V-ZUG Kühltechnik AG in Sulgen. See "Environment, energy and climate", page 43, "Society and sustainable growth", page 51, and Report for Real Estate segment, 2020 Annual Report, page 29.																												
Environment																															
Materials GRI 301 (2016)	GRI 103-1 to 3	Management approach disclosures	See "Circular products and services", page 20, and "Environment, energy and climate", page 43.																												
	GRI 301-1	Materials used by weight or volume	Materials used by type (in tonnes): <table border="1"> <thead> <tr> <th>Type of material</th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>Iron</td> <td>6,203</td> <td>6,405</td> <td>6,884</td> </tr> <tr> <td>Stainless steel</td> <td>1,600</td> <td>1,796</td> <td>1,537</td> </tr> <tr> <td>Aluminium</td> <td>160</td> <td>171</td> <td>196</td> </tr> <tr> <td>Non-ferrous metal</td> <td>79</td> <td>80</td> <td>87</td> </tr> <tr> <td>Oils, fats, lubricants</td> <td>24</td> <td>24</td> <td>24</td> </tr> <tr> <td>Hazardous substances</td> <td>444</td> <td>430</td> <td>459</td> </tr> </tbody> </table>	Type of material	2018	2019	2020	Iron	6,203	6,405	6,884	Stainless steel	1,600	1,796	1,537	Aluminium	160	171	196	Non-ferrous metal	79	80	87	Oils, fats, lubricants	24	24	24	Hazardous substances	444	430	459
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Energy GRI 302 (2016)	GRI 103-1 to 3	Management approach disclosures	See "Environment, energy and climate", page 43.																												
	GRI 302-1	Energy consumption within the organization	Absolute energy consumption in terajoules: <table border="1"> <thead> <tr> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>110.0</td> <td>113.5</td> <td>113.2</td> </tr> </tbody> </table> See "Facts and figures", page 47, in "Environment, energy and climate".	2018	2019	2020	110.0	113.5	113.2																						
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Aspect	Indicator	Description	Comment/reference																								
	GRI 302-3	Energy intensity	See "Facts and figures", page 47, in "Environment, energy and climate".																								
	GRI 302-5	Reductions in energy requirements of products and services	See GRI 302-3.																								
Emissions GRI 305 (2016)	GRI 103-1 to 3	Management approach disclosures	See "Environment, energy and climate", page 43.																								
	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 by V-ZUG or are controlled by V-ZUG. <p>Emissions in tonnes of CO₂ equivalent (Scope 1):</p> <table border="1"> <thead> <tr> <th></th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>Petrol</td> <td>3</td> <td>2</td> <td>2</td> </tr> <tr> <td>Diesel</td> <td>1,992</td> <td>1,914</td> <td>1,810</td> </tr> <tr> <td>Heating oil</td> <td>655</td> <td>517</td> <td>528</td> </tr> <tr> <td>Natural gas</td> <td>1,347</td> <td>1,851</td> <td>1,829</td> </tr> <tr> <td>Total Scope 1</td> <td>3,997</td> <td>4,284</td> <td>4,169</td> </tr> </tbody> </table> <p>See "Facts and figures", page 47, and explanation of scopes for CO₂-neutrality (page 47) in "Environment, energy and climate".</p>		2018	2019	2020	Petrol	3	2	2	Diesel	1,992	1,914	1,810	Heating oil	655	517	528	Natural gas	1,347	1,851	1,829	Total Scope 1	3,997	4,284	4,169
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	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 at the headquarters in Zug (V-ZUG AG) and the sites at Arbon (V-ZUG Kühltechnik AG) and Changzhou (V-ZUG (Changzhou) Special Components Co. Ltd.). This corresponds to the reported electricity consumption. At Zug and Arbon, V-ZUG obtains low-emission power from hydroelectric and nuclear sources. <p>Emissions in tonnes of CO₂ equivalent (Scope 2):</p> <table border="1"> <thead> <tr> <th></th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td></td> <td>262</td> <td>247</td> <td>280</td> </tr> </tbody> </table> <p>See "Facts and figures", page 47, and explanation of scopes for CO₂-neutrality (page 47) in "Environment, energy and climate".</p>		2018	2019	2020		262	247	280																
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	GRI 305-3	Other indirect GHG emissions (Scope 3)	<p>For Scope 3, the following emissions were taken into account:</p> <ul style="list-style-type: none"> Indirect emissions resulting from business travel by air <p>Emissions in tonnes of CO₂ equivalent (Scope 3):</p> <table border="1"> <thead> <tr> <th></th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td></td> <td>227</td> <td>178</td> <td>69</td> </tr> </tbody> </table>		2018	2019	2020		227	178	69																
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Effluents and waste	GRI 103-1 to 3	Management approach disclosures	See "Circular products and services", page 20, and "Environment, energy and climate", page 43.																																																												
GRI 306 (2016)	GRI 306-2	Waste by type and disposal method	<p>Waste by type (in tonnes):</p> <table border="1"> <thead> <tr> <th>Type of waste</th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>Waste wood</td> <td>612</td> <td>832.8</td> <td>600.3</td> </tr> <tr> <td>Bulky industrial/commercial items</td> <td>298</td> <td>263.7</td> <td>216</td> </tr> <tr> <td>Plastics</td> <td>82.1</td> <td>67.2</td> <td>53.3</td> </tr> <tr> <td>Scrap metal</td> <td>1583.2</td> <td>1632.9</td> <td>1624.9</td> </tr> <tr> <td>Paper/cardboard</td> <td>833.9</td> <td>745.5</td> <td>505.3</td> </tr> <tr> <td>Oils, fats, lubricants</td> <td>5</td> <td>6</td> <td>9</td> </tr> <tr> <td>Special waste</td> <td>14</td> <td>13</td> <td>13</td> </tr> <tr> <td>Returned household appliances</td> <td>1,266.3</td> <td>1,116.4</td> <td>1,086.3</td> </tr> <tr> <td>Other (old tyres, electrical waste, green waste)</td> <td>25.3</td> <td>52.6</td> <td>26.6</td> </tr> </tbody> </table> <p>Waste by disposal type:</p> <table border="1"> <thead> <tr> <th>Type of disposal</th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>Recycled</td> <td>80.1%</td> <td>76.4%</td> <td>79.7%</td> </tr> <tr> <td>Composted</td> <td>0.3%</td> <td>0.2%</td> <td>0.2%</td> </tr> <tr> <td>Incinerated</td> <td>19.3%</td> <td>23.2%</td> <td>19.7%</td> </tr> <tr> <td>Special waste</td> <td>0.3%</td> <td>0.3%</td> <td>0.3%</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 part of the waste generated, and is disposed of and recycled separately.</p>	Type of waste	2018	2019	2020	Waste wood	612	832.8	600.3	Bulky industrial/commercial items	298	263.7	216	Plastics	82.1	67.2	53.3	Scrap metal	1583.2	1632.9	1624.9	Paper/cardboard	833.9	745.5	505.3	Oils, fats, lubricants	5	6	9	Special waste	14	13	13	Returned household appliances	1,266.3	1,116.4	1,086.3	Other (old tyres, electrical waste, green waste)	25.3	52.6	26.6	Type of disposal	2018	2019	2020	Recycled	80.1%	76.4%	79.7%	Composted	0.3%	0.2%	0.2%	Incinerated	19.3%	23.2%	19.7%	Special waste	0.3%	0.3%	0.3%
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Supplier environmental assessment	GRI 103-1 to 3	Management approach disclosures	See "Society and sustainable growth", page 51.																								
GRI 308 (2016)	GRI 308-2	Number of suppliers assessed for environmental impact	See "Facts and figures", page 55, in "Society and sustainable growth".																								
Social																											
Employment	GRI 103-1 to 3	Management approach disclosures	See "Employees", page 30.																								
GRI 401 (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></th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td></td> <td>187</td> <td>185</td> <td>246</td> </tr> </tbody> </table> <p>Rate of newly hired employees:</p> <table border="1"> <thead> <tr> <th></th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td></td> <td>11.1%</td> <td>10.8%</td> <td>14.2%</td> </tr> </tbody> </table> <p>Staff turnover:</p> <table border="1"> <thead> <tr> <th></th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td></td> <td>9.2%</td> <td>12.0%</td> <td>11.2%</td> </tr> </tbody> </table>		2018	2019	2020		187	185	246		2018	2019	2020		11.1%	10.8%	14.2%		2018	2019	2020		9.2%	12.0%	11.2%
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	GRI 103-1 to 3	Management approach disclosures	See "Employees", page 30.																								
	GRI 403-9, 403-10	Work-related accidents, illnesses and lost days	<p>A distinction is made between work-related and non-work-related 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>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>Illness</td> <td>88,897</td> <td>96,439</td> <td>100,784</td> </tr> <tr> <td>Work-related accidents</td> <td>5,731</td> <td>6,864</td> <td>6,877</td> </tr> <tr> <td>Non-work-related accidents</td> <td>16,696</td> <td>19,319</td> <td>13,234</td> </tr> <tr> <td>Total</td> <td>111,324</td> <td>122,622</td> <td>120,895</td> </tr> </tbody> </table> <p>See "Facts and figures", page 34, in "Employees".</p>	Cause	2018	2019	2020	Illness	88,897	96,439	100,784	Work-related accidents	5,731	6,864	6,877	Non-work-related accidents	16,696	19,319	13,234	Total	111,324	122,622	120,895				
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GRI 404 (2016)																											

Aspect	Indicator	Description	Comment/reference																																																												
	GRI 404-2	Programmes for upgrading employee skills and transition assistance programmes	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-ZUGconnect", 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. For more information, see "Employees", page 30.																																																												
Diversity and equal opportunities	GRI 103-1 to 3	Management approach disclosures	See "Employees", page 30.																																																												
GRI 405 (2016)	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>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>Women on the Board of Directors</td> <td>0</td> <td>0</td> <td>3</td> </tr> <tr> <td>Men on the Board of Directors</td> <td>0</td> <td>3</td> <td>3</td> </tr> <tr> <td>Women on the Executive Committee</td> <td>0</td> <td>0</td> <td>1</td> </tr> <tr> <td>Men on the Executive Committee</td> <td>6</td> <td>6</td> <td>7</td> </tr> <tr> <td>Female managers</td> <td>86</td> <td>98</td> <td>104</td> </tr> <tr> <td>Male managers</td> <td>410</td> <td>419</td> <td>413</td> </tr> <tr> <td>Female employees</td> <td>288</td> <td>254</td> <td>274</td> </tr> <tr> <td>Male employees</td> <td>932</td> <td>932</td> <td>933</td> </tr> <tr> <td>Total women</td> <td>374</td> <td>352</td> <td>382</td> </tr> <tr> <td>Total men</td> <td>1,347</td> <td>1,360</td> <td>1,356</td> </tr> </tbody> </table> <p>Employees by age (excl. Board of Directors):</p> <table border="1"> <thead> <tr> <th>Age group</th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>Under 30</td> <td>293</td> <td>286</td> <td>313</td> </tr> <tr> <td>30-50</td> <td>888</td> <td>875</td> <td>863</td> </tr> <tr> <td>Over 50</td> <td>541</td> <td>548</td> <td>556</td> </tr> </tbody> </table> <p>See "Employees", page 30, and "Corporate governance", 2020 Annual Report, page 47, for detailed information on members of the Board of Directors and Executive Committee (including ages).</p>	Gender	2018	2019	2020	Women on the Board of Directors	0	0	3	Men on the Board of Directors	0	3	3	Women on the Executive Committee	0	0	1	Men on the Executive Committee	6	6	7	Female managers	86	98	104	Male managers	410	419	413	Female employees	288	254	274	Male employees	932	932	933	Total women	374	352	382	Total men	1,347	1,360	1,356	Age group	2018	2019	2020	Under 30	293	286	313	30-50	888	875	863	Over 50	541	548	556
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Supplier social assessment	GRI 103-1 to 3	Management approach disclosures	See "Society and sustainable growth", page 51.																																																												
GRI 414 (2016)	GRI 414-2a	Number of suppliers assessed for social impact	See "Facts and figures", page 55, in "Society and sustainable growth".																																																												

Aspect	Indicator	Description	Comment/reference
Customer health and safety GRI 416 (2016)	GRI 103-1 to 3	Management approach disclosures	See "Recyclable products and services", page 20, and "Society and sustainable growth", page 51.
	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 the 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.
Socioeconomic compliance GRI 419 (2016)	GRI 103-1 to 3	Management approach disclosures	See "Society and sustainable growth", page 51.
	GRI 419-1	Non-compliance with laws and regulations in the social and economic area	No detailed information published for reasons of confidentiality.

