



Swiss perfection for your home



SUSTAINABILITY REPORT

2016/2017



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EDITORIAL

Dear Sir/Madam,



Around one and a half years have passed since the publication of our 2015 sustainability report. In many ways, this has been a period of great change, as you will discover on the following pages. A change in personnel also meant that we reorganised our responsibility for sustainability reporting at the end of 2016. As a result of this reorganisation, we were unable to publish the 2016 report on time. Nevertheless, this had no impact whatsoever on our various sustainability efforts. We subsequently decided to extend the time between our sustainability report to two calendar years on this one occasion. We used the transitional period to streamline the report and sharpen our focus on the essentials. We believe that we have achieved this with the new structure: following the overview of V-ZUG Ltd, you will find four chapters which give you an understanding of our management approaches, key facts and figures, as well as important topics selected from the fields of innovation, quality and environment, employees and society. The standard GRI-Index (G4) found at the end of the report provides a specific introduction to our performance record.

I would like to take this opportunity to briefly address three key topics that have been important over the past two years:

- **Digitisation** is a word that is on everybody's lips and is a topic that permeates this report. It is rapidly changing our technological ecosystem. It also offers many opportunities in product development, production and workflows, and in collaboration with trade partners. Besides working even more efficiently and saving on the resources we use, we are able to make products ready for the market that offer tangible added value to our customers. Nevertheless, digitisation also brings with it a number of challenges, as communication standards governing the Internet of Things have not yet been specified, for example (see [Innovation](#)).
- **New technologies and working strategies** also require our employees to be even more agile and to show a clear commitment to lifelong learning. This is why we wish to provide our employees with the right environment and instruments to make the most of their innovative capabilities and quality awareness in the future. For example, within the reporting period and as part of our HR strategy for 2022, we have redesigned workstations and set up a sprint room where employees can take part in efficient workshops in order to work on complex topics within a short space of time. We encourage the exchange of ideas and information within V-ZUG through intensified collaboration efforts between various departments (see [Employees](#)).
- It is not only our technological ecosystem that is undergoing significant changes, but also **the local ecosystem**. Several construction sites provide evidence of this. We began the initial stages in 2014 with the aim of making our production processes and logistics more efficient. We reached an important milestone in 2016 with the completion of «Mistral» - the new assembly and logistics building. We have big plans for the coming year: we will consolidate our research and development work, as well as production and logistics on the north site to allow room to be created on the south site for new, innovative stakeholders. You can read more about the planned Technology Cluster Zug in the Society chapter.

Our next report - the sustainability report 2017 / 2018 - will be published this autumn in the same format but with two additional adjustments. The first is due to our internal processes and the efficient use of time: we no longer process our data and information per calendar year, but for the period from 1 July to 30 June. Secondly, we are extending the scope of our reporting to include V-ZUG Cooling Technology Ltd and our production site in China.

I hope you enjoy this informative and exciting insight into our sustainability efforts from the past two years.

With warm regards,

A handwritten signature in black ink, appearing to read 'D. Hoffmann', with a stylized flourish at the end.

Dirk Hoffmann
CEO, V-ZUG Ltd

AN OVERVIEW OF V-ZUG

COMPANY PROFILE

As a successful, long-standing Swiss company, V-ZUG Ltd has been developing, producing and distributing high-quality and resource-efficient appliances for the kitchen and laundry room for over 100 years from its site in Zug and across Switzerland. As a Swiss market leader in household appliances, we are notable for our outstanding service and support, as well as our pioneering innovations which time and again testify to our technological leadership. Our premium range is also available in approximately 20 countries across four continents.

Our company was founded in 1913 as Verzinkerei Zug and, although we are a 100% subsidiary of Metall Zug AG, we are still independent and are family-owned to a large extent. Together with its overseas subsidiaries - the operationally independent V-ZUG Cooling Technology Ltd, SIBIRGroup AG and Gehrig Group AG - V-ZUG Ltd forms the household appliances business unit within the Metall Zug Group (see Figure 1).

Operational organisation of the Metall Zug Group (as of 31 December 2017)

METALL ZUG GROUP ZUG			
Household appliances	Infection control	Wire processing	Corporate
V-ZUG Ltd Zug	Belimed AG Zug	Schleuniger Holding AG Thun	Metall Zug AG Zug
V-ZUG Cooling Technology Ltd (CH)	Belimed Sauter AG (CH)	Schleuniger AG (CH)	V-ZUG Immobilien AG (CH)
V-ZUG Australia Pty. Ltd. (AU)	Belimed GmbH (DE)	Schleuniger GmbH (DE)	MZ Infra AG (CH)
V-ZUG Europe BVBA (BE)	Belimed GmbH (AT)	Schleuniger Test Automation GmbH (DE)	
V-ZUG (Shanghai)	Belimed SAS (FR)	Schleuniger, Inc. (US)	
Domestic Appliance Co., Ltd. (CN)	Belimed B.V. (NL)	Schleuniger Japan Co., Ltd. (JP)	
V-ZUG (Changzhou)	Belimed Ltd. (UK)	Schleuniger Trading (Shanghai) Co., Ltd. (CN)	
Special Components Co., Ltd. (CN)	Belimed, Inc. (US)	Schleuniger Machinery (Tianjin)	
V-ZUG Hong Kong Co., Ltd. (HK)	Belimed Medical Equipment (Shanghai) Co., Ltd. (CN)	DiIT AG (DE)	
V-ZUG Singapore Pte., Ltd. (SG)	STERIFAST Sterilization & Disinfection Systems, Lda. (PT)		
SIBIRGroup AG (CH)			
Gehrig Group AG (CH)			
Hildebrand France S.A.R.L. (FR)			
V-ZUG Infra AG (CH)			

Fig. 1: Operational organisation of the Metall Zug Group

IMPORTANT FIGURES

ECONOMY	
Turnover, in millions of CHF (household appliances business unit*) 2016: 599.2 Difference: -2.0 % 2017: 587.4	EBIT, in millions of CHF (household appliances business unit*) 2016: 76.8 Difference: - 14.8 % 2017: 65.4
QUALITY	
Appliance faults covered under the guarantee, as a percentage, 2013 = 100 % 2016: 106 % Difference: -8 % 2017: 96 %	Rate of faults remedied first time, as a percentage 2016: 89.5 % Difference: - 2017: 89.8 %
Number of supplier audits (quality, environmental and social standards) 2016: 41 Difference: +20 % 2017: 49	
ENVIRONMENT	
CO ₂ emissions, direct and indirect (scope 1+2), energy-related, in t CO ₂ 2016: 3335 Difference: +2 % 2017: 3396	Energy consumption at V-ZUG per manufactured appliance, 2008 = 100 % 2016: 81.5 % Difference: +2 % 2017: 83.0 %
Appliances supplied with energy efficiency rating A or better, as a percentage 2016: 75.7 % Difference: +5 % 2017: 79.8 %	
EMPLOYEES	
Number of employees 2016: 1457 Difference: +3.6 % 2017: 1509	Absenteeism rate due to occupational accidents, as a percentage 2016: 0.27 % Difference: - 2017: 0.26 %
Proportion of women, as a percentage 2016: 20.9 % Difference: +2 % 2017: 21.3 %	Turnover, as a percentage (not including retirements) 2016: 5.6 % Difference: +1.2 PP 2017: 6.8 %

* Individual data on EBIT is not published for V-ZUG Ltd, which is why the figures provided here apply to the entire household appliances business unit.

PRODUCTS AND SERVICES

At least one of our appliances is in use in every second Swiss household today. V-ZUG stands for top Swiss quality and the demand for our services and products is therefore also growing overseas.

The world of cooking

From storage and preparation right up to the enjoyment of food, V-ZUG offers high-quality products for the kitchen. Premium Swiss Quality combines innovation, functionality and design. The combi-steam cooker in the kitchen, for example, has been leading the way for years.



Ovens and cookers



Steam cookers



Microwaves



Warming, vacuum and system drawers



Hobs



Range hoods



Dishwashers



Refrigerators

The world of washing

Using advanced technologies, V-ZUG provides easy-care solutions for fabrics. The Adora and Unimatic series for detached houses and apartment buildings have been impressing end users since the 1950s with their quality and long service life for use in the laundry room. World-first innovations such as the REFRESH-BUTLER take the burden out of household tasks.



Washing machines



Tumble dryers



REFRESH-BUTLER



Cashier system



Service and repair



Personal advice



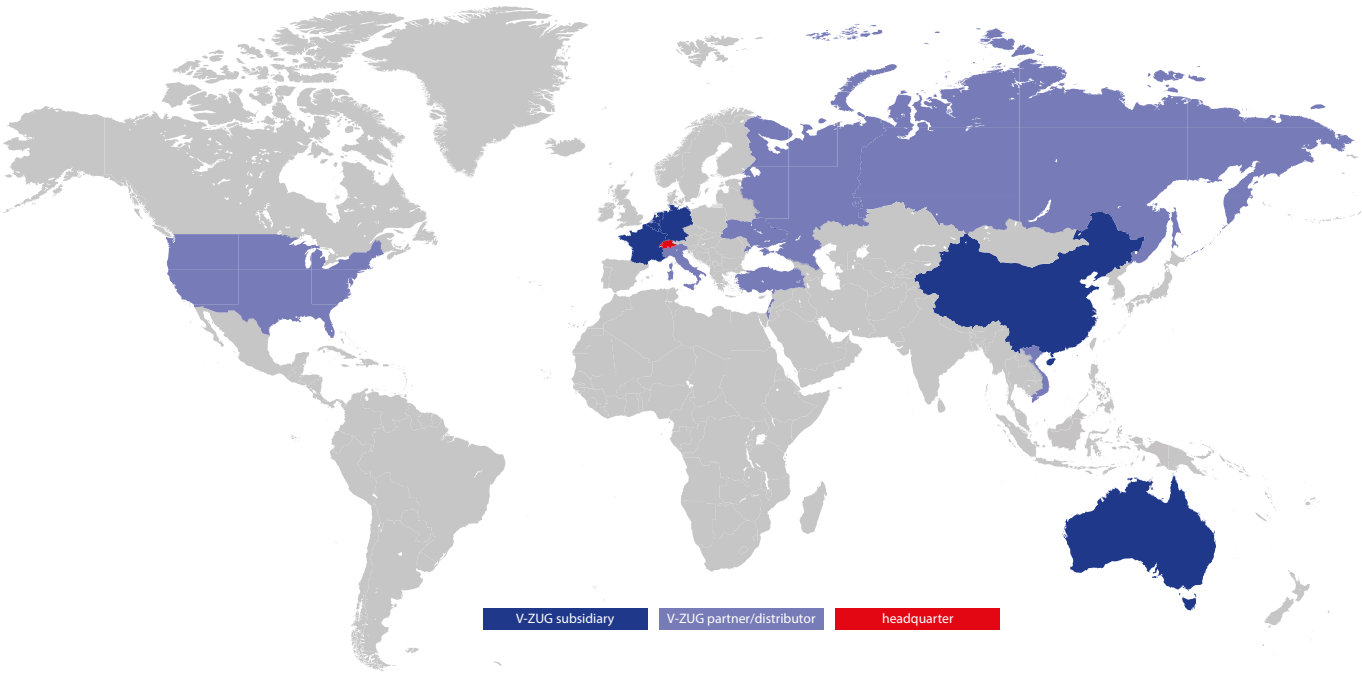
Customer service & guarantee



Advice on washing and cooking

MARKETS

V-ZUG is headquartered in Zug, Switzerland, where management, development and logistics are all based, as well as a ZUGORAMA exhibition and advisory centre. Alongside this, the company also operates nine further ZUGORAMA centres across Switzerland, while customer service is decentralised and is operated from 16 service centres. V-ZUG is represented in 20 countries overseas. The most important markets are Australia, Belgium, China and Hong Kong, Germany, France and the USA.



BUSINESS ENVIRONMENT AND STRATEGY

Globalisation, digitisation and demographic change: our business – and the last two financial years in particular – has sometimes been dominated by these three trends. Just like the majority of Swiss economic agents, we are also trying to actively counter the challenges arising as a result of these developments and to use the opportunities presented to us in these circumstances.

As an innovative Swiss industrial firm, the advance in globalisation provides opportunities for our business in both the procurement and sales markets. Based on our unfailing commitment to Switzerland as our production location, our strategy is to strengthen our position as a Swiss market leader, while at the same time expanding into promising markets with our «Swiss Made» premium products. The V-ZUG appliances produced in Zug and Arbon meet the stringent 2017 «Swissness» requirements. And we manage this despite the fact that we are also benefiting from the inexpensive production of sub-assemblies (including heat pumps and fans) in our factory in China, which produces these parts in line with extremely stringent Swiss guidelines and quality standards. Quality is just as important during the purchasing process, where quality also means acting with integrity by adhering to environmental and social standards. This is why we set out clear requirements for our suppliers, who we audit for compliance (see Society).

Digitisation is causing significant changes to our technological ecosystem at great speed. The main challenge we face is therefore to ensure that we do not lose sight of the overall picture or lose our agency. This is why we are working hard to establish how we can continue to convert our company

culture of innovation and quality into profitable growth on both a national and international level («profitability before growth»). Technological development also offers many opportunities in product development, production processes and in collaboration with trade partners. Besides working (together) even more efficiently and saving on the resources we use, we are able to make products ready for the market that offer tangible added value to our customers (see Innovation). The issue here is that important framework conditions have not yet been defined and key topics are unresolved. For example, standards have yet to be put in place to govern communication where the Internet of Things is concerned, i.e. the physical and virtual networking of objects. And with data volumes constantly growing, data protection (cyber crime) and privacy, as well as the use of artificial intelligence in data processing are all issues that require urgent attention.

Switzerland shares the same demographics as most other countries in the Western world: increased life expectancy combined with the baby-boomer generation born in the post-war years between 1945 and 1964 meant that – for the first time – more Swiss workers left the job market in 2016 than joined it, according to findings from think tank Avenir Suisse. School-leavers moving into the job market who were born at a time of low birth rate are less and less able to cover the deficit of domestic employees and skilled workers. We are also noticing this lack of skilled workers – if only occasionally up until now – which is mostly attributable to our excellent brand image. Nevertheless, we can only ensure our high innovative capabilities and long-term profitable growth if we also maintain our success on the

labour market. We can do this by investing in our employer brand, as well as in the abilities of our employees at all stages of life (lifelong learning), in modern working conditions and in flexible working models (see Employees).

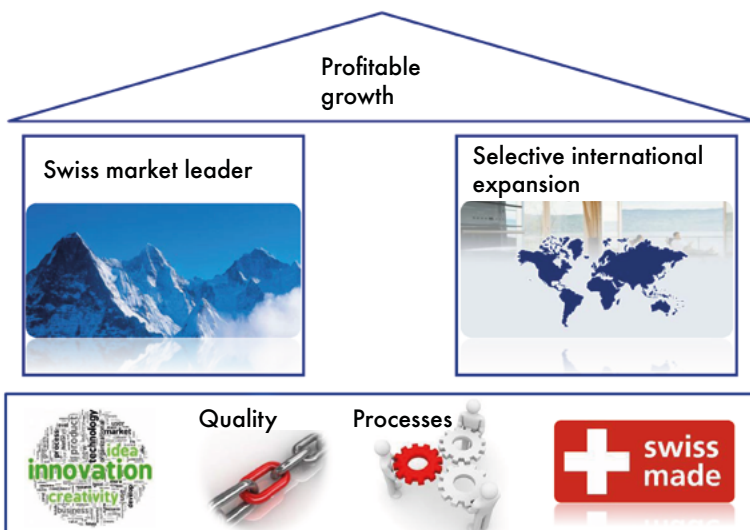


Fig. 2: The V-ZUG strategy house

SUSTAINABILITY: FOCAL POINTS AND AIMS

With its economic, ecological and social dimensions, sustainability is a classic interdisciplinary topic that cuts through and connects all seven strategic core elements (see [Strategy house](#)). This report provides information on our activities and results in the four key areas of innovation, quality and environment, employees and society.

FOCUS	AMBITIONS AND AIMS
Innovation	The Swiss market leader that provides inspiration for a lifetime and excites customers with its simple, tailored and comprehensive solutions.
Quality and environment	More than 75 per cent of all appliances sold are classified with energy efficiency rating A or better. From 2020, V-ZUG Ltd will be a CO ₂ -neutral manufacturer.
Employees	Our 2022 HR strategy is increasing our attractiveness on the job market, shaping the management culture and fostering our employees by training them to work in the digital age. We are consistently promoting our company health management system «vitality».
Society	Our site development is an active contribution to sustainable development in the local economy of Zug.

INNOVATION

Electronic household appliances for cooking, washing, drying, freezing and cooling account for 9.2% of energy consumption in Swiss households and 2.5% of the total energy consumption in Switzerland (Swiss Federal Office of Energy, 2016). Given that every second Swiss household has at least one of our appliances, we have a great responsibility in this regard.

Our high-quality, user-friendly and innovative household appliances enable us to contribute to a resource-efficient lifestyle and economy. We believe that sustainable products should not only benefit from state-of-the-art technology, but that they should also be durable. Despite constant technical progress and our range of services, our appliances mustn't be thrown on the scrapheap tomorrow. Nevertheless, technical innovations and a superior level of service with spare parts guarantees of up to 17 years are not enough for our appliances to reduce their ecological footprint. This is why we also exert influence on our customers and their user behaviour: sales advice, product information and operator guidance, as well as customer service all play a central role.

Innovations do not come about when working in quiet isolation nor are they the result of coincidence. Instead, they are the result of a structured, participative process that begins by generating and collecting a broad base of ideas. These are then evaluated and prioritised, and a few of the ideas suggested are ultimately followed through and actioned. Our Development department takes responsibility for this process. However, countless parties within and external to V-ZUG are also involved in the three stages of this process. This includes employees from various departments, customers, universities and specialist technical colleges, associations such as Minergie Schweiz, architects, kitchen fitters, plumbers, top chefs and also competitors. Networking these different parties and their needs is essential to our innovation process if we are to ensure that good ideas lead to commercial success.

Sustainability, or rather its concrete aspects, is a common theme in all of our six areas of innovation: resource efficiency, health and safety, top performance, value, individualisation and «simplicity». The latter – a word coined from the antonyms «simplicity» and «complexity» – expresses the balance needed between the growing complexity of our appliances and the personal satisfaction of consumers. In concrete terms, we are actively drawing consumers' awareness to energy consumption levels and resource-efficient programmes as part of our operator guidance. Top performance not only covers the speed of our customer-oriented processes but also market leadership in terms of resource efficiency. In this regard, we are not looking at individual appliances, but at our entire range and the corresponding services. In the future, digital aspects of our products will specifically support sustainability.

Alongside our consistent product and service innovations, the two years currently under review were also shaped by the new «Swissness» legislation, which came into force on 1 January 2017. True to our brand promise – «Swiss Made» – the V-ZUG appliances produced in Zug and Arbon meet the stringent 2017 «Swissness» requirements.



FACTS AND FIGURES

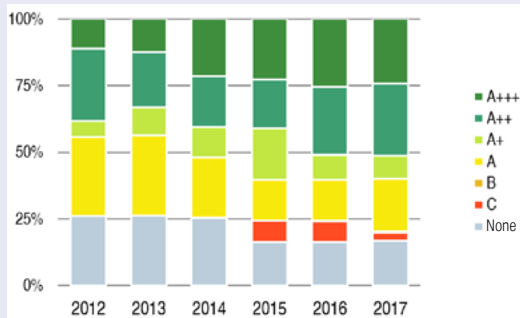


Fig. 3: Supplied appliances according to energy efficiency ratings

79.8% classified with energy efficiency rating A or higher

Around four out of five appliances sold in 2017 correspond to the European energy rating A or even exceed this. The proportion of appliances produced by us with a rating of A, A+, A++ or A+++ is 100 per cent. Category C concerns range hoods, which consume low amounts relative to other household appliances.

These values are encouraging insofar as there are no official European energy efficiency ratings for every sixth appliance sold (16%). In particular, this affects hobs, warming drawers, Coffee-Centers, microwave appliances and range hoods. Besides this, a rating higher than A (from A+ to A+++) is not possible in every appliance category.

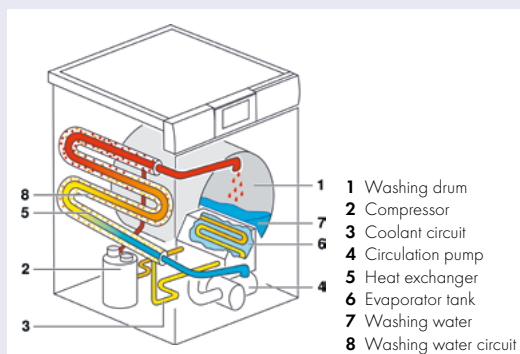


Fig. 4: Adora SLQ WP - the most energy-efficient washing machine on the market

The most energy-efficient washing machine since 2013

Four years ago, we launched our Adora SLQ WP washing machine with heat pump technology. With a reduction in energy consumption of up to 55% compared to a traditional washing machine, it was as impressive back then as it is today. Thanks to efficient heat pump technology, it was still the most energy-efficient appliance on the market in 2017 when operated with a mix of everyday programmes at different temperatures (20 °C, 40 °C, 60 °C).

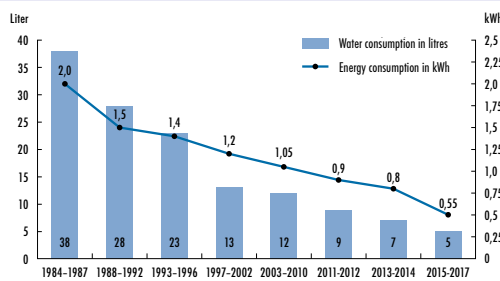
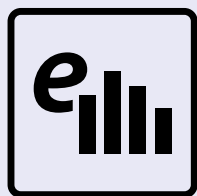


Fig. 5: Adora dishwasher energy and water consumption (1984 to 2017), source: V-ZUG Ltd

Dishwashers more energy-efficient than ever before

Our efforts to increase energy efficiency become clear if we look at the energy and water consumption values for the Adora dishwasher: compared to appliances 30 years ago, our appliances require 72.5% less energy and 87% less water. We are the first manufacturer since 2014 to install a highly efficient heat pump in the Adora SL WP dishwasher and to therefore reduce energy consumption compared to traditional dishwashers by almost half. What's more, the heat emitted by the dishwasher flows into the latent heat storage unit and is then available for the rinse programme, depending on the programme selection. In the Eco programme, the rinse water is only heated by the heat pump, which requires the least energy.



EcoManagement – the choice is in the consumers' hands

Since 2016, we have been introducing EcoManagement, which was first used in our washing machines, to our tumble dryers, dishwashers and other appliances in our range. EcoManagement provides projections and information on energy and water consumption to support consumers in choosing the most resource-efficient programme for their needs. EcoManagement uses various energy-saving functions such as OptiTime. Unlike typical delay functions, the intelligent delayed start function installed in the latest Adora generation doesn't just start the programme when it is absolutely necessary to ensure that the laundry is ready on time. Instead, it uses the time available between loading the laundry and the required end time to wash for longer but with greater energy efficiency.

Officially «Swiss Made»

We want to remain the Swiss market leader and to grow selectively overseas. In order to make this a reality, we build on a basis of innovation, quality, processes and «Swiss Made» products and services. The meaning of the latter has been specified in the revised «Swissness» legislation (Trade Mark Protection Act) and the associated regulations in recent years. The crucial part for us is the regulation on the criteria of origin for industrial products: at least 60% of the manufacturing costs (including research and development costs) must be incurred in Switzerland. Furthermore, any activity which gives the product its essential characteristics, as well as any physical manufacturing step, must also take place in Switzerland. It really is as complex as it sounds: our appliances are made from innumerable materials, such as stainless steel, which we process fully at our site in Zug, or plastic and glass. Not to mention the many components that make up our appliances, such as cables, electronics, displays, heating elements, motors and sensors, as well as small parts, such as screws. In 2016, with the help of the «Swissness» calculator provided by the Swiss Federal Institute of Intellectual Property, we mapped our «Swissness» in our internal resource planning system. We were therefore able to follow exactly how Swiss each of our products was: at a little over the limit value of 60%, the proportion of «Swissness» in our dishwashers was the lowest and, at almost 90%, our ovens recorded the highest value. Although our goods such as hobs, microwaves and refrigerators certainly satisfy our high quality standards at V-ZUG, they do not satisfy the «Swissness» criteria, as, with the exception of the refrigerators from V-ZUG Cooling Technology Ltd (Arbon), they are not manufactured in Switzerland, but in the surrounding countries.

Added value, less consumption

V-ZUG product innovations can be boiled down to this one simple principle. Our consumers benefit from products that are safe, simple and convenient to use and which enable them to enjoy a healthy lifestyle whenever possible. In 2016, we completed the sous vide cooking range for the home with our vacuum drawer. The drawer allows raw or cooked ingredients to be vacuum-sealed for storage. However, its main function is to cook vacuum-packed meals in a combi-steam cooker following the sous vide method. This method is favoured in the world's best restaurants, as it creates a unique combination of flavours, textures, freshness and appearance. The absence of air preserves vitamins, aromas, minerals and pigments when cooking. In terms of how much energy is consumed by our appliances (efficiency), we are never satisfied with anything less than holding the position of market leader. Therefore, the innovation process during the reporting period involved looking at the use of solar thermal energy (hot water connection) in washing machines, heat recovery in the washing and drying processes, and optimised control technology as a result of more precise sensors in our ovens. We are also closely monitoring the development of EU efficiency ratings for household appliances, although this is still a vision of the future for Swiss industry. Over the next few years, the EU wants to abolish the confusing rating classifications, such as A+++, and replace this with a simple scale from A to G, with the criteria constantly being readdressed, meaning that A is always the best rating.

Product and service merge into one

In the digital economy, we need to redefine what is meant by «a product». Our appliances are becoming increasingly dependent on their value-added chain – especially the food chain – and need to be considered as part of a wider network of other appliances. In 2016 and 2017, we therefore carefully considered these two business scenarios in collaboration with various partners. In the future, we will aim to focus on any value that we can generate for the food chain using our expertise in the kitchen. Consumers are currently most interested in health, convenience and lifestyle. From being harvested in the field to becoming a perfectly prepared home-made dish – every ingredient goes through several stages before it lands on the plate. Once they have been purchased or supplied, the ingredients are brought into our care, so to speak, in the form of (convenience) products or freshly prepared menus. V-ZUG appliances ensure that products are correctly stored and cooled. Recipes tailored to the appliances mean that food is prepared and cooked to perfection using the optimum process. In addition to supporting this networking along the food chain, we also want to be the first choice for networked solutions at home. What is referred to as the «smart home» is already a reality in some cases: using V-ZUG-Home, our customers can network their household appliances, including premium ovens, combi-steam cookers, dishwashers, washing machines and tumble dryers, and use the app to configure them, receive notifications and perform software updates. In both cases, a semi-open interface – known in technical terms as an API or application programming interface – is crucial. This approach helps to quickly expand the network of V-ZUG appliances with appliances from other manufacturers, while we also benefit from innovative third-party applications and business models, which are all linked to our appliances and the V-ZUG-Home platform.

QUALITY AND ENVIRONMENT

The combination of motivated, highly qualified employees and state-of-the-art technology brings the renowned V-ZUG quality to life. Our products are known for their reliability, durability and the highest levels of convenience. Some 30 years ago, we were the first in the industry to be certified to ISO 9001 for our standards in quality management. Today, we manage the quality of our products and services via an integrated quality management system, which, in addition to ISO 9001, also covers the environment (ISO 14001) and occupational health and safety (OHSAS 18001). This system is implemented both at the headquarters, as well as in the exhibition, advisory and service centres. The sites in Arbon and Changzhou are also certified to ISO 9001.

Quality has many aspects: the most important is and remains the quality of household appliances. Before an appliance leaves our factory in Zug, it must pass an average of 600 function and safety tests. Only then can we be sure that the products will live up to the expectations of our motto, «Swiss perfection for your home». For us, quality is also about what we call convenience of use: the extent to which our appliances make everyday tasks easier and facilitate a modern lifestyle for users. This includes, for example, appliances that support healthy cooking and hygienic washing, and ones that are quiet, economical and easy to use. What's more, our customer advice and services also contribute to the quality we offer. Our customer service department logs around 1.5 million customer exchanges per year – that's more than 4000 per day! And each individual exchange is an opportunity to show our customers just how high the quality of our appliances at V-ZUG really is. Additionally, around 300 service technicians are on the road for V-ZUG every day. Spread across 16 service centres in Switzerland, they offer advice and deliver products to customers, connect new appliances or resolve faults and repair defects – and all this is possible whether the technicians are required in an apartment building in the city or a hut on a remote Alpine mountain.

If, after 10 to 20 years – the average service life of a kitchen appliance is 15 years – one of our appliances has completed its service and needs to be replaced, we do our bit through our involvement with the SENS foundation. As part of our work within the FEA (the Swiss association for household and commercial electrical appliances), we are also a founding member of SENS. All electrical and electronic appliances contain valuable, rare raw materials, but also some very poisonous substances. In order to protect the environment and recycle raw materials, SENS works together with manufacturers, importers, dealers, collection points and recycling partners to ensure that electrical and electronic appliances are professionally disposed of and recycled.

During the reporting period, we prepared the company for the 2015 revisions of ISO 9001 and ISO 14001 by introducing a new integrated process management system, which covers the management of opportunities, risks and stakeholders. In addition, we launched a successful pilot project in the automated quality control of appliance assembly (see [Digital aid](#)) and opened «Mistral» – an assembly and logistics building that has significantly increased our efficiency (see [Society](#)).



FACTS AND FIGURES

Appliance faults covered under the guarantee

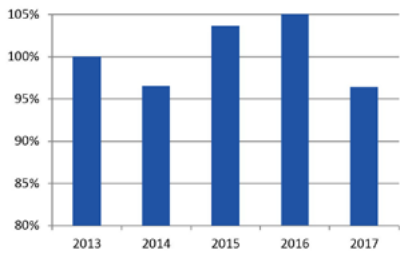


Fig. 6: Rate of faults since 2013, recorded from 2013

Investment in quality is paying off

Appliance faults are annoying – particularly if they affect household appliances that are used daily. As these faults also have financial consequences for us in terms of quality costs, we are continually investing in more robust manufacturing processes and new product lines. We have successfully reduced the number of faults by 4% compared to 2013 and have therefore also cut our quality costs. Fluctuations within this period have shown, however, that isolated incidents can have a great impact on this important performance indicator.

In 2015/2016, we proactively led a goodwill campaign to repair door hinges on refrigerators. This voluntary campaign organised by V-ZUG to exchange faulty parts produced by an industry-wide manufacturer and supplier of components was welcomed by our customers as further evidence of our commitment to quality.

Response time in days

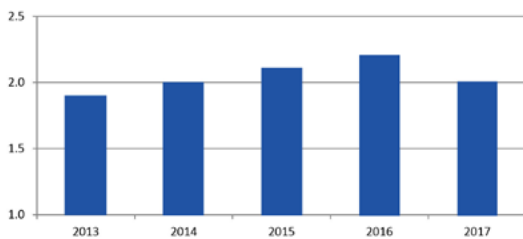


Fig. 7: Average response time following notification of a fault until a repair is carried out

Our service – fast and effective

Nevertheless, if an appliance does ever develop a fault, we want to be on site quickly and to resolve the problem on the first visit, if possible. The response time and the rate of faults resolved on the first visit are therefore key performance indicators for our Service and Support teams and we collect this information after every service order. From 2013 to 2017, our average response time from the point at which a fault was reported until the repair was carried out was around two days. In the same reporting period, around 90% of faults were resolved on the first visit. In other words, in nine out of ten cases, we were able to resolve the problem on the spot. Both our customers and our partners value these qualities.

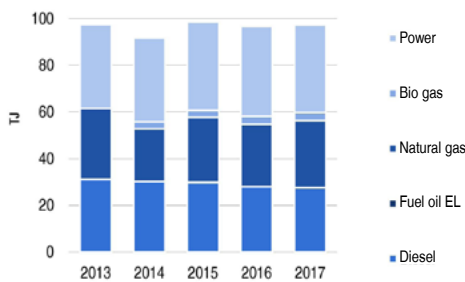


Fig. 8: Energy consumption within V-ZUG according to energy source (in Tj)

Absolute energy consumption stabilised

Our absolute energy consumption has decreased by around 1% over the past five years. This includes electricity (39%), fuels (33%; bio gas and natural gas, no fuel oil since 2017) and engine fuels (diesel for our fleet of trucks and service vehicles). In the same period, our appliance sales (of our own products and trading products) increased by almost 9%. This result was aided by the reduction in dispersion to end customers using trucks and therefore a decrease in the number of kilometres travelled as well as diesel consumption.



Fig. 9: Development of energy consumption within V-ZUG per appliance produced, recorded from 2008

Relative energy consumption in steady decline

While the absolute energy consumption has declined by 1% since 2013 (see above), we have cut the energy consumption per appliance produced by 7% in the same period. Since the base year (2008), our production processes have even become 17% more energy-efficient. However, this is only a small consolation for the unsatisfactory increase between 2016 and 2017 of only 2%. In 2018, we will make every effort to return to this downward trend.

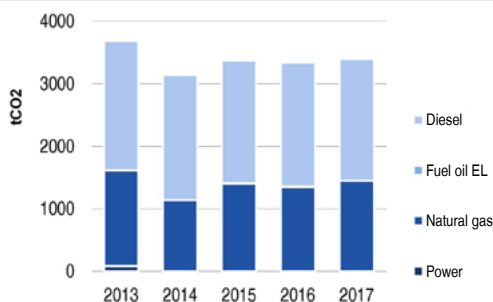


Fig. 10: Direct emissions based on location (scope 1; electricity, natural gas, fuel oil EL) and direct emissions not linked to a location (scope 2; diesel)

CO₂ emissions 8% lower than in 2013

In 2017, V-ZUG produced a total of 3396 tonnes of energy-related CO₂ emissions. This was a product of natural gas (43%) and diesel (57%). Our electricity does not produce any emissions, as we have been using 100% Swiss hydraulic power as well as bio gas since 2014. Compared to levels seen in 2013, we have been able to reduce CO₂ emissions by 8%.

Digital aid

Digitisation has many aspects. As an industrial firm, the «third industrial revolution» not only has an impact on our products and business models (see Innovation), but also on production and service. The most important factor is the huge potential to work more precisely and more efficiently. In 2016 and 2017, we therefore made further investments in mechanisation and robotisation in production. Automatic orders of small built-in components, driverless forklifts and automated final checks of our appliances are all set to be the future norm. A pilot project that trialled a video-supported assistance system for use in the final assembly of appliances has propelled us forward into a new era. The assembly assistant – known by its in-house nickname as «schlauer Klaus» (clever Klaus) – uses a camera to monitor each step of the assembly



process taken by our specialists and detects in real time whether a component has been assembled correctly or not, which is indicated by a green or red light beam. During the test phase, «Klaus» not only helped us to reduce the number of faults and to increase efficiency; the digital aid also went down well with employees, as it helped to reduce time pressure and therefore prevented any potential stress. In 2017, we performed upgrades on additional assembly sites. New digital solutions are also in place for our service staff. All our technicians in Switzerland are networked online with new mobile tablets. Diagnosis takes place on site through a direct connection to the customer's appliance. Instructions for repair and any other information relevant to resolving the fault are available online and reduce downtime for the customer.





From Zug to the rest of the world

The appliances that we produce in Zug are delivered by truck, rail and ship to a total of 20 countries on four continents. The flow of goods within Switzerland mainly uses the roads and railways. Every day, we use 14 trucks and a 3.5 t van. Two logistics service providers provide additional transport capacities and take care of dispersion to end customers in the west of Switzerland. Whenever possible, we use a combination of modes of transport, i.e. transport on the roads and on the railways with the assistance of swap bodies, which are loaded from the truck to the carriage and then back again. An average of eight swap bodies leave our production site each week. This also means we can benefit from the cheaper railway costs over night, which makes it easier for us to transport goods to the Romandy. Moreover, we have our own rail connection, which we used an average of 2 times per week in 2017. In the future, we would like to make even greater use of this infrastructure and transport more goods by rail, for example between Arbon (V-ZUG Cooling Technology) and Zug. However, we are currently grappling with the cost-effectiveness of such an expansion. International goods transport is almost exclusively overseas. As a result of our selective expansion, alongside the main warehouse in Zug, we also have additional storage capacities at our overseas subsidiaries. To ensure that goods do not sustain any damage when being transported across continents and a wide range of climate zones, all containers are equipped with special shock and humidity sensors.

Satisfaction – the greatest asset

Any efforts made to ensure quality along the value-added chain culminate in customer satisfaction. We can find out whether or not customers are actually satisfied with V-ZUG products and services in several different ways: informally via daily personal contact with customers by service staff, via the service hotline or with an extensive customer survey, which we conduct once every three years. With more than 5.5 million appliances in use, the main criterion for guaranteeing quality and satisfaction is that the appliances work without any faults. We have succeeded in reducing the number of faults in recent years (see Figure 6). However, if a fault does occur, it is crucial for the affected customers – who, in the worst cases are no longer able to do any cooking or washing – that our service staff arrive on site quickly and that they are actually able to fix the problem. In 2017, the average response time was exactly two days and the rate at which faults were resolved on the first visit was an impressive 89.8%. In the few cases in which customers were not satisfied with the service provided – in 2017, there were 42 complaints out of 320,000 service visits or 0.13 per thousand – we aim to find out the exact reasons for this dissatisfaction. In the future, customer satisfaction will be measured according to another important factor: the increasing complexity and networking of our appliances as part of smart home developments is directing greater attention towards the issue of security and the protection of the privacy and data of customers in particular. With this in mind, we are already making great investments into the security of our appliances and will continue to intensify our efforts in the future.



EMPLOYEES

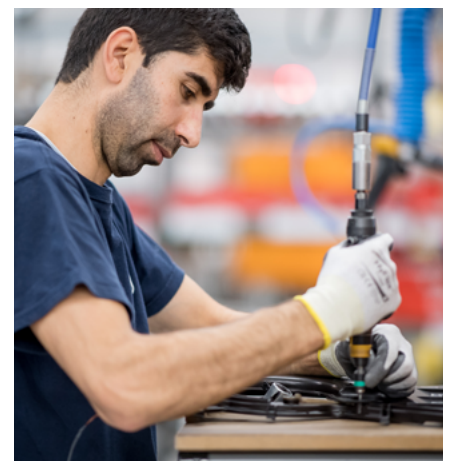
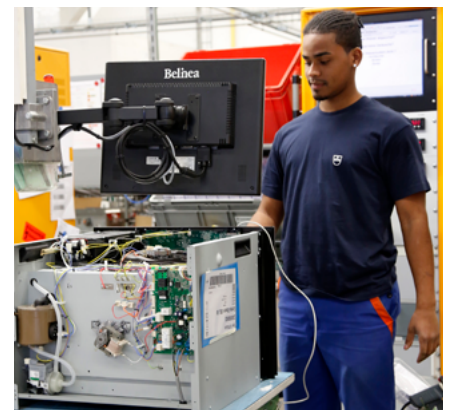
The V-ZUG family comprises around 1600 specialists who work for the company in Switzerland (around 1500) and in 20 countries across four continents. Our high-quality products and services are only possible thanks to highly motivated and skilled employees. We offer employment opportunities for a wide range of occupations and levels of qualification. The spectrum ranges from apprentices – with around 80 trainees in twelve different vocations – and unskilled workers right up to academics holding a PhD. We are making a deliberate effort to employ people in the full age range between 16 and 65. This mix is both a challenge and an asset at the same time.

We strive to create a working environment in which employees are safe and feel happy. This entails fair and regulated terms of employment, health management, high standards of occupational health and safety (in accordance with OHSAS 18001), a wide range of education and further training options (V-ZUGacademy), as well as diversity and equal opportunities. We have set out our principles in V-ZUG's staff policy, the terms and conditions of employment, our ethics guidelines and the management guidelines. Personnel services are coordinated by the HR department and delivered by the following professional divisions: Business Partners, Services, Human Resource Development, Vocational Training and Health Management. We check and monitor all relevant aspects of employment on the basis of meaningful figures (see Facts and figures) in an internal annual report on quality, the environment and occupational health and safety, as well as with a risk report and employee questionnaires.

For us, the reporting period was shaped considerably by the development and implementation of a forward-thinking HR strategy for 2022. This will continue to be rolled out over the next few years and aims to ensure that our employees will also be able to deliver products and services of the highest quality in the future. We have successfully completed the first part of our 2022 HR strategy with the conclusion of the first phase of the recently established company health management system «vitality», its continual systematisation, and with the further development of this human resource development concept as part of the V-ZUGacademy.

The 2022 HR strategy covers the following main points:

- Shaping the value and management culture: the value and management culture is aligned to the changed working environment and the new requirements faced by employees. We are using the opportunities offered by digitisation to develop new, more agile forms of management and to enable more flexible forms of working.
- Positioning the employer: employer attractiveness and personnel marketing are growing in significance. We are using targeted measures to show our current and potential employees what we offer and what we expect.
- Training and retaining employees: a crucial part of our integrated human resource development concept is the V-ZUGacademy, which sets out a plan for the education and further training opportunities offered to all employees and managers.
- Increasing agility and flexibility: with the introduction of annual working hours, we are creating the right conditions for flexible models to shape working hours from 2018. Agile methods and digital tools are becoming an increasingly significant part of the world of work on a daily basis. We are therefore focusing on training employees to work (together) with new instruments and «digital colleagues» in the digital age.



FACTS AND FIGURES

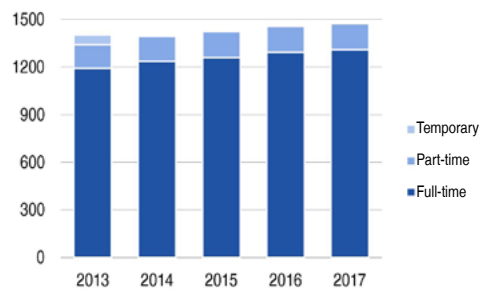


Fig. 11: Number of employees according to type of contract

The V-ZUG family is growing

We are continuing to grow. In 2017, 1509 people were employed at V-ZUG (in Switzerland). This is 7% more than four years ago. The majority (87%) of our employees work full-time at V-ZUG. 18% of employees are below the age of 30, 51% between 30 and 50, and 32% over 50. We are making a deliberate effort to employ people in the full age range between 16 and 65. V-ZUG is also playing an active role in the «Alter hat Potenzial» (age has potential) awareness campaign being run in the canton of Zug.

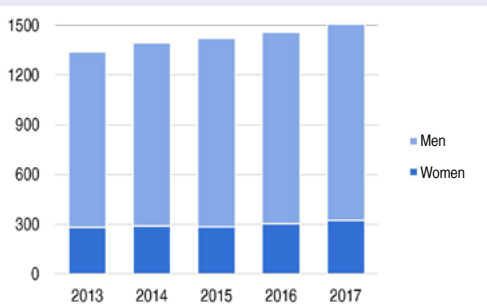


Fig. 12: Numbers of men and women

Women significantly under-represented

Over the last few years, the proportion of women has been around 21%. With trial apprenticeships for school pupils, flexible working hours and part-time positions, we would like to make the total of ten professions practised and taught at V-ZUG more attractive to women. It goes without saying that we support the principle of equal pay for men and women with equal work and performance levels. In 2016, we also had the equal pay levels of men and women checked by an external body and receipt of the L&M-Aba-24® certificate confirmed that there is no discrimination in the pay levels of our employees.

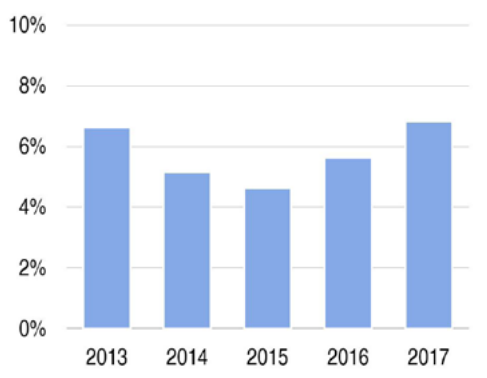


Fig. 13: Employee turnover, voluntary and involuntary (not including retirements)

Employee turnover constantly low

In 2017, we welcomed 175 new employees to V-ZUG and said goodbye to 103 people in the same period. This is equivalent to a turnover rate of 6.8% (not including retirements), which is a little higher than in 2016 (5.6%). This comparison over five years has shown that our turnover rate, as a value-oriented, family-owned company, is relatively low. 18% of our employees have been working with us for over 20 years.

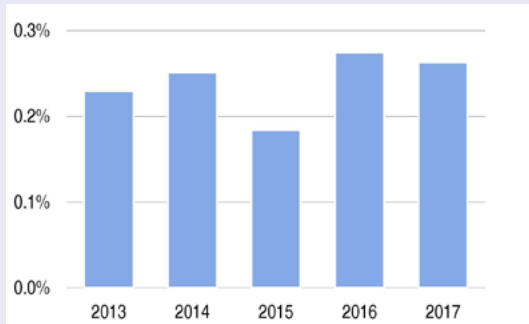


Fig. 14: Absenteeism rate due to occupational accidents

Occupational accidents and absenteeism rates slightly lower

With 83 occupational accidents in 2017, we recorded a slight decrease compared to the previous year (85). The absenteeism rate, i.e. the proportion of hours lost out of the hours worked was 0.26% in 2017 (2016: 0.27%). Around 45% of occupational accidents are classified as minor accidents, such as bruising, cuts, etc., and involve a period of absence of fewer than three days. They occur most frequently in production and service, and are caused mostly by negligence or stress. Occupational health and safety is and remains one of the most important issues when it comes to quality, as occupational accidents not only cause physical harm but also incur financial costs. We are therefore continuing to provide specific information and training in order to raise awareness among our employees and to increase personal responsibility. In 2016, we also conducted a full safety assessment of all our workstations.

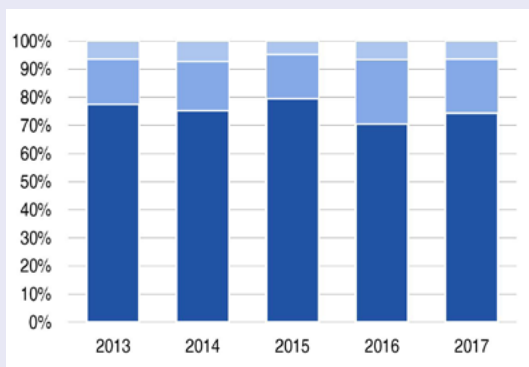


Fig. 15: Hours lost according to cause (OA: occupational accidents; NOE: non-occupational accidents)

Hours lost decreased by 5% in absolute terms

While the hours lost due to occupational and non-occupational accidents, as well as illness, decreased by 5% between 2016 and 2017 in absolute terms, the absenteeism rate in the same period stagnated at a little over 4%. In 2017, almost three out of four hours of employee absence were due to illness. While the hours lost due to illness remained the same in 2016 and 2017 (see also «Let's talk about it!»), the hours lost due to accidents occurring outside of work decreased by a pleasing 21% compared to last year's high figures. By providing more information and raising awareness with gentle nudges in the right direction, such as campaigns, we are trying to instil more caution into our employees, not just at work but also in their free time (especially when doing sport).

Agility: more than a fashionable word

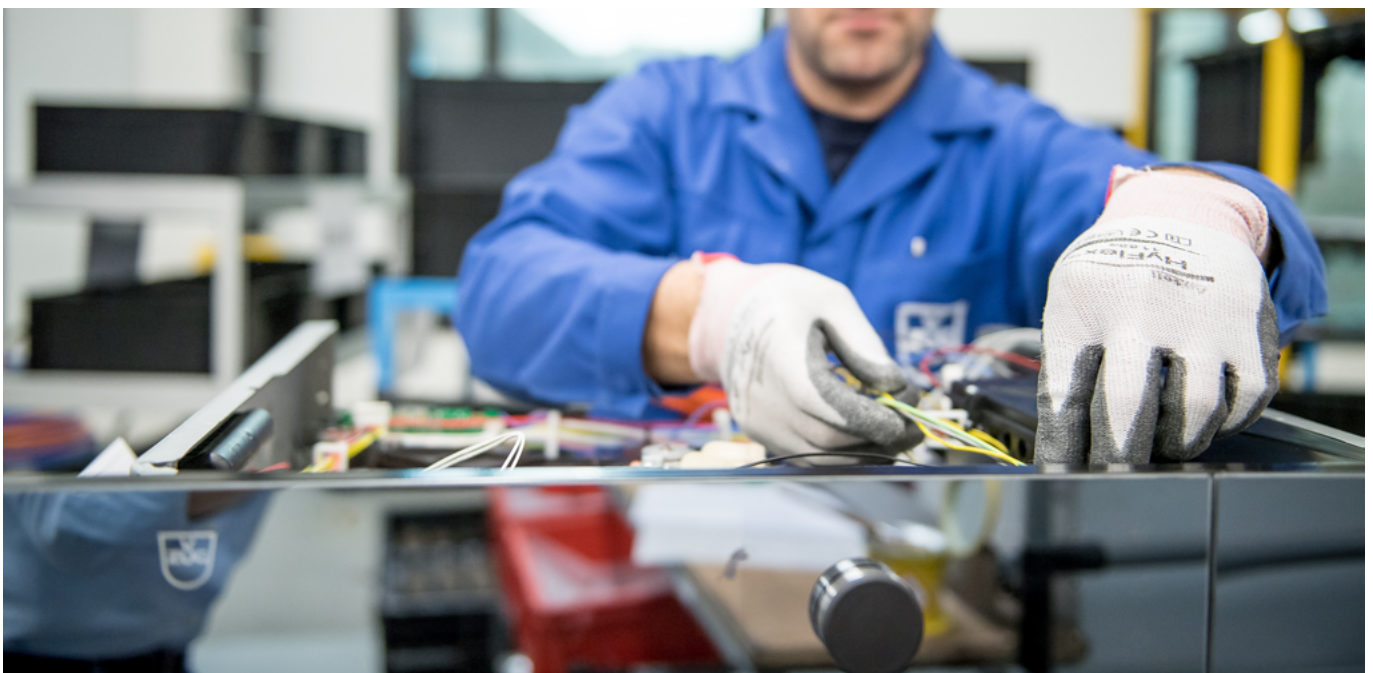
Our business and working environment is undergoing a rapid change and our employees are faced with fresh challenges every day. Digitisation is making it possible to develop innovative and technically sophisticated products and solutions, but the means of production and the forms of collaboration are also evolving. With this in mind, it is crucial for us as a market and technology leader to provide our employees with the right environment and instruments to make the most of their innovative capabilities and quality awareness in the future. In this sense, the reporting period marks an internal change. It is not only the company premises that are going through obvious upheaval (see Society), but, behind the scenes, we have also started to set the course for the future as part of the revision of our HR strategy. The planned introduction of annual working hours in 2018 will enable employees to shape their working hours more flexibly. Redesigned workstations and new sprint rooms, where employees can take part in efficient workshops in order to work on complex topics within a short space of time, provide employees based in Zug with an inspiring working environment. We are also encouraging the exchange of ideas and information within V-ZUG through intensified collaboration efforts between various departments. With the aim of fostering our management culture, we have established a new competency model that takes account of current developments and focuses on commitment, openness and trust. We have also reorganised the production processes by increasing flexibility in the assembly units, while at the same time making the scope of work more attractive and more challenging. One employee now assumes responsibility for a complete product and assembles the whole appliance from start to finish by themselves.

«Let's talk about it!»

Our CEO Dirk Hoffmann puts it on record as he concludes the conversation: «The well-being of our employees is extremely important to us, as we can only work effectively now and in the future if we are healthy.» This statement did not originate from an internal meeting or a conversation with a journalist. Instead, Hoffmann was speaking in front of a rolling camera as part of an internal awareness-raising video that we produced together with the Krisenintervention Schweiz (crisis intervention) foundation. This collaboration and ultimately this video for employees were triggered by three sad events that sent shock waves through V-ZUG: in 2016, two employees took their own lives, and a case of vandalism on company premises was met with outrage. Following a period of mourning for the lives lost and once we had worked through our frustration at the destructiveness of individuals, we decided to work constructively with Krisenintervention Schweiz to analyse the circumstances and ultimately to take action. The video mentioned above is just one of many measures that we took as a consequence of these events to encourage people to speak up earlier and more openly about health issues or dissatisfaction among employees. This is why we have further developed our company health management system «vitality», which is based on the three elements of preventing ill health / promoting good health, early detection of health problems and care in the event of being unfit for work. Under the motto «Let's talk about it! Observe, respond, act», we are putting more emphasis on early detection, by raising awareness among our employees and managers of how to identify dissatisfaction or problems and to address these early on.

Keeping up with the trends

Demographic change is especially tangible at V-ZUG on account of its traditionally low turnover rates (see [Facts and figures](#)). In 2017, 32% of employees were above 50 and only 18% were below 30. With an average age of 44.2, only a minority of our workforce belongs to those two generations that grew up with today's information and communication technology. We are only able to continually reassert our role as market and technology leader because maintaining the employability of our employees is an important concern for us. In other words, we cannot influence demographic development itself, but we can have a great impact on how we deal with it. Alongside the usual education and further training, which is available to all employees between the ages of 16 and 65, employability also means introducing our employees to constantly changing job profiles: the assembler is increasingly known as a systems operator, for example. In the age of digitisation, employability also means making it easier to work with new technologies and instruments and proactively responding to any concerns or even fears. For one person, a tablet may be a modern tool for working out of the office, but for another, the control function of an app may seem like an unusual form of surveillance. And last but not least, employability also means promoting and maintaining good health: with our health management system «vitality», we want to ensure that employees stay fit and in good health for as long as possible after retirement.



SOCIETY

Since the foundation of the galvanising plant Verzinkerei Zug in 1913, the history of the town of Zug has been closely linked to our history. Throughout the long history of the company, which was significantly expanded in 1976 when it merged with the Zug metal goods factory, we have established strong connections with civic organisations and municipal authorities. We make an effort to actively foster these relationships with a view to future developments, as they are important for creating a business-friendly climate that will enable us to retain our competitive edge at an international level and to convey the «Swiss Made» label from Zug to the rest of the world.

As a family-owned Swiss industrial firm with over 100 years of history, we aren't simply an economic agent or an employer – we are also a true part of society. As citizens, we maintain good relationships with our immediate neighbours, play a part in local and regional initiatives and associations that raise awareness of water consumption, energy efficiency and healthy eating, support cultural and charitable organisations in Zug, and offer the outside world insights into our work with open days and tours. Our terms of employment make it easier for employees to assume official roles. Contact with public educational institutions is also particularly important to us.

Our core values, which have been defined and explained in the Metall Zug Group code of conduct since mid-2016, form the linchpin of our commercial and social activities. These are sustainable and long-term value creation, excellence and integrity in our business activities. The code applies to all employees and board members. If any cases arise that are alleged to conflict with our core values or concrete principles, such as the prohibition of bribery, employees are asked to report this to their line manager or internal legal department. Here it is important to note that such reports are treated with the strictest confidentiality. Employees who report a possible breach of the code of conduct in good faith need not fear any negative consequences in view of their employment contract. We also apply these core values and principles to our suppliers.

A site in transition

On the V-ZUG site, it is not only behind closed doors that steel sheets are being punched, welded and enamelled, and ovens, tumble dryers and washing machines are being assembled. Quite the opposite – a hive of activity is also under way outside the production halls. Several construction sites are shaping the current picture. The first ground-breaking ceremony was held back in 2014. With the aim of making processes more compact and flexible, we began to construct a new assembly and logistics building known as «Mistral», which was opened on schedule at the end of 2016. It provides around 5000 square metres of surface area for the production of our tumble dryers and steam cookers. After they have been subjected to quality checks and packaged, these appliances are automatically transported to the high-bay warehouse. At the beginning of 2017, the research and development departments at V-ZUG and Belimed also moved into the building. A further



step is the planning of the large production plant known as «Zephyr» (construction to commence in 2018). Mistral and Zephyr are enabling us to consolidate our research and development, production and logistics on the north site. From 2024, the south site will then also be able to be redeveloped and merged with the north site to form the future Technology Cluster Zug. Both the town as well as the canton of Zug support this vision of a centre for technology and innovation. The new district is set to be a community of great economic strength, industrial expertise and synergy. Productive work, research and development will blend organically with attractive urban applications and public life. Yet, the Technology Cluster Zug will not simply stop at the borders of the company premises. By virtue of its reputation, it is set to become a regional brand that will mark Zug as a centre of innovation and technology at the heart of Switzerland and will offer space for the companies in the Metall Zug Group, as well as industrial and high-tech companies.

One standard for all

As a long-standing company and Swiss market leader, our brand signifies quality. Our integrated quality management system (see [Quality and environment](#)) therefore covers V-ZUG Ltd in Zug, the production plant in China and V-ZUG Cooling Technology Ltd in Arbon (see image). In addition, when selecting and working with our suppliers, we take into account all aspects relating to quality, environment and occupational health and safety, as well as human rights. Since



2009, our supplier contracts have made explicit reference to compliance with human rights and relevant international standards, such as the United Nations' Universal Declaration of Human Rights and the Convention on the Rights of the Child. All new suppliers are subject to an initial audit with the aim of detecting any risks concerning quality and sustainability early on, as well as to check the integrated management of our suppliers. In doing so, we pay particular attention to child and forced labour. Within the scope of the supplier agreements, suspected child labour is one of the main criteria that leads to collaboration with the supplier being terminated. We conduct annual supplier assessments of existing suppliers. To facilitate this process, we introduced a new bonus-malus system in 2017. The bonus-malus regulation is defined in the quality assurance agreement (QAA). The QAA is an integral component of the supplier contract. The QAA defines performance indicators that have a positive or negative effect on the unit price depending on whether they are achieved or not.

A total of 90 integrated supplier audits were conducted during the reporting period. Fortunately, no breaches had to be reported.

Networking for the future

In order to play an active role in social and technological change, we consistently network with various educational and research institutions, as well as with companies from our ecosystem. Under the title «Building Excellence», we formed the **Verein Innovationspark Zentralschweiz** (Association of the Innovation Park Central Switzerland) in 2016 in collaboration with the central Swiss cantons, regional companies and the Lucerne University of Applied Sciences and Arts. Our CEO Dirk Hoffmann is President of the association, which is set to conduct ground-breaking research on a national and international level and develop quick solutions for smart networks & digital systems by collaborating with companies and research partners across various industries (open innovation, rapid prototyping). In 2017, the association decided to position the Innovationspark Zentralschweiz, which is to be officially opened in 2019, at the Suurstoffi site in Rotkreuz, Switzerland. The Innovationspark Zentralschweiz intends to be accredited as a partner of the Innovation Park Zurich by the national foundation **Switzerland Innovation**. A decision will hopefully be taken in 2018.

GRI INDEX

This is the fifth sustainability report produced by V-ZUG Ltd. It refers to the financial and calendar years 2016 and 2017 (cut-off date: 31.12.2017) and looks at the significant economic, ecological and social impacts of V-ZUG's business activities. The management approaches described in the five main chapters include V-ZUG Ltd with its headquarters in Zug, V-ZUG Cooling Technology Ltd headquartered in Arbon and the overseas subsidiaries, in particular V-ZUG (Changzhou) Special Components Co. Ltd., located to the west of Shanghai. Unless otherwise specified, the environmental figures refer to the Swiss production site in Zug.

This report contains standard disclosures from the «GRI G4 Sustainability Reporting Guidelines». As part of its continuous strategy process, V-ZUG also takes into account the different factors of the interdisciplinary topic of sustainability, observes current and new trends (see Business environment and strategy) and establishes solutions to challenges or opportunities. The selection of the numbers, figures and effects portrayed here refers to the 2014 relevance matrix (see [Sustainability report 2014](#)) as well as a series of interviews with V-ZUG managers from the four key areas.

We consider this report to be an important component of the continual and systematic dialogue with our various stakeholders. The sustainability report increases our transparency in terms of how we are performing by documenting and assessing our performance for our stakeholders. With this in mind, we will be aligning our sustainability reporting with the new GRI standards in the future.

GENERAL STANDARD DISCLOSURES

INDICATOR	DESCRIPTION	COMMENT/REFERENCE																		
STRATEGY AND ANALYSIS																				
G4-1	Statement by the company's top decision-maker on the relevance of sustainability for strategy and organisation.	See Editorial																		
ORGANIZATIONAL PROFILE																				
G4-3	Name of company	V-ZUG Ltd																		
G4-4	The most important brands, products and services	See products and services																		
G4-5	Company headquarters	Zug, Switzerland																		
G4-6	Names and number of countries in which V-ZUG operates or has significant operations	See Markets																		
G4-7	Ownership and legal form	Joint-stock company according to Swiss law, 100 per cent owned by Metall Zug AG																		
G4-8	Markets that are served	<p>V-ZUG has its own sales companies and subsidiaries in Australia, Belgium, China, France, Germany, Hong Kong, Ireland, Israel, Lebanon, Luxembourg, Malaysia, the Netherlands, Norway, Russia, Singapore, Sweden, Ukraine, the United Kingdom and the USA. A total of 20 markets are served by the domestic Swiss market.</p> <p>Industries supplied: private customers, retailers, real estate managers and owners</p> <p>Types of buyers and recipients: V-ZUG products are distributed by trade partners. Trade partners sell them to plumbers and also present them at exhibitions where end users can find out further information. Furthermore, V-ZUG operates 10 exhibition and advisory centres across Switzerland where products are sold directly to end customers. Alongside the trading companies and kitchen fitters, important customer groups also include property managers and owners, as well as the workers they commission (such as architects and general contractors).</p> <p>Private customers are served by retailers, kitchen fitters, general contractors and architects.</p>																		
G4-9	Size of the company (number of employees, total number of business locations, sales revenue, total capitalisation broken down into liabilities and equity; quantity of products and services provided)	<p>Number of employees: 1509 (2017)</p> <p>Number of business locations: 33</p> <p>Sales revenue: CHF 587.4 million (household appliances BU)</p> <p>Total capitalisation: See Metall Zug AG</p> <p>Quantity of products and services provided: confidential</p>																		
G4-10	<ul style="list-style-type: none"> Number of employees by employment contract and gender Number of permanent employees by employment type and gender Total workforce by employees and supervised workers, and by gender Total workforce according by region and gender 	<p>The following numbers refer to all employees in Switzerland on 31 December 2017:</p> <table border="1"> <thead> <tr> <th></th> <th>Women</th> <th>Men</th> </tr> </thead> <tbody> <tr> <td>Total</td> <td>322</td> <td>1187</td> </tr> <tr> <td>Full-time</td> <td>191</td> <td>1152</td> </tr> <tr> <td>Part-time</td> <td>131</td> <td>35</td> </tr> <tr> <td>Directors and level 1-3 executives</td> <td>60</td> <td>329</td> </tr> <tr> <td>Employees</td> <td>262</td> <td>858</td> </tr> </tbody> </table>		Women	Men	Total	322	1187	Full-time	191	1152	Part-time	131	35	Directors and level 1-3 executives	60	329	Employees	262	858
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Full-time	191	1152																		
Part-time	131	35																		
Directors and level 1-3 executives	60	329																		
Employees	262	858																		

INDICATOR	DESCRIPTION	COMMENT/REFERENCE
G4-11	Percentage of all employees bound by collective employment agreements (CEA)	All employees in Switzerland are subject to the SWISSMEM Collective Employment Agreement of the Mechanical and Electrical Engineering Industries. The existing CEA was revised on 1 July 2013 and is valid for five years until 30 June 2018. The employee associations Employees Switzerland, Unia, Syna, Kaufmännischer Verband Schweiz (Association of Commercial Employees), Schweizer Kader Organisation (SKO – Swiss Executive Organisation) and the Arbeitgeberverband der Schweizer Maschinenindustrie (Employers' Association of the Swiss Engineering Industry) are all parties to the agreement.
G4-12	Description of the company supply chain	V-ZUG buys directly from suppliers.
G4-13	Important changes to size, structure and ownership structure of the company <ul style="list-style-type: none"> ▪ Changes to location or business activity ▪ Changes to the structure of the supply chain 	See GRI index
G4-14	How is the precautionary principle (the response to potentially negative effects on the environment) addressed by the company?	The precautionary principle is incorporated into the ethical principles and management guidelines at V-ZUG and is monitored by an integrated management system (quality, environment, occupational health and safety). Preventative operational measures introduced as a requirement of the ISO 9001/14001 and OHSAS 18001 certifications also contribute to the application of the precautionary principle.
G4-15	List of externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	V-ZUG is involved in the following partnerships: <ul style="list-style-type: none"> ▪ Committee of the Verein Innovationspark Zentralschweiz (Association of the Innovation Park Central Switzerland) ▪ Leading partner of MINERGIE® Switzerland (voluntary) ▪ Collaboration with the aha! Swiss Allergy Centre ▪ Member of the board and chairmanship of the «Technology & Industry» committee in the Zug Chamber of Economy ▪ Board membership of tfz (Technology Forum Zug) ▪ In production, the company works with zuwebe – an institution offering workshops for people with disabilities, helping them to integrate into the world of work
G4-16	Memberships of associations and national or international interest groups	V-ZUG is a member of a number of organisations, including SWISSMEM, the Swiss Association for the Mechanical and Electrical Engineering Industries, and is a board member.
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	<ul style="list-style-type: none"> ▪ List of all companies referred to in the company's consolidated annual financial statement. ▪ List of which companies are included in the sustainability report 	See Company profile
G4-18	<ul style="list-style-type: none"> ▪ Explanation of the process for defining the report content and the aspect boundaries. ▪ Explanation of how the organisation has implemented the reporting principles for defining report content 	The sustainability aspects relevant to V-ZUG were determined with the assistance of an external consultant and were prioritised and approved by senior management and board members based on a template in a meeting on 6 March 2014.
G4-19	List of all the material aspects identified in the process for defining report content	<ul style="list-style-type: none"> ▪ Economic performance ▪ Materials ▪ Energy ▪ Products and services ▪ Emissions ▪ Transport ▪ Employment ▪ Customer health and safety ▪ Occupational health and safety ▪ Education and further training

INDICATOR	DESCRIPTION	COMMENT/REFERENCE
G4-20	<p>Description of each material aspect:</p> <ul style="list-style-type: none"> Whether the aspect is material within the company If the aspect is not material within the company, then list the entities included in G4-17 for which the aspect is material 	<p>The aspects in G4-19 were defined only for V-ZUG Ltd (without its subsidiaries).</p> <p>The limits of the report are identical to the scope of the certified management systems at V-ZUG (ISO 9001, ISO 14001 and OHSAS 18001), which incorporate our headquarters in Zug, Switzerland, the Swiss exhibition and advisory centre, and the service centres in Switzerland.</p> <p>While the sustainability policy described here applies to the whole company, the data for individual performance indicators (particularly for energy) are currently only available for the main site in Zug, and not for V-ZUG subsidiaries outside of Zug. This is partly due to the fact that certain indicators in the subsidiaries (e.g. as tenants) can only be influenced to a very small degree.</p>
G4-21	<p>Description of each material aspect:</p> <ul style="list-style-type: none"> Indication of whether the aspect is relevant outside of the company If it is, the entities for which the aspect is relevant are to be identified 	<p>The aspects in G4-19 were defined only for V-ZUG Ltd in Switzerland (without its subsidiaries).</p>
G4-22	<p>The effects of any restatements of information provided in previous reports and the reasons for such restatements</p>	<p>The structure of the report was modified. The changes and motives were described in the editorial.</p>
G4-23	<p>Significant changes from previous reporting periods in the scope and aspect boundaries</p>	<p>The structure of the report was modified. The changes and motives were described in the editorial.</p>
STAKEHOLDER ENGAGEMENT		
G4-24	<p>A list of stakeholder groups engaged by the company (e.g. civil society, customers, employees, etc.)</p>	<p>The most important stakeholders at V-ZUG are: customers, employees, investors, suppliers, dealers, unions, authorities, media, as well as stakeholders in research and education.</p>
G4-25	<p>The basis for identification and selection of stakeholders with whom to engage</p>	<p>The important stakeholders are defined according to external relations, which are maintained by various divisions and departments. For example, the HR department is responsible for existing employees but it also reaches out to future employees at recruitment events. The Purchasing department is in regular contact with our suppliers, the Sales department and the Marketing department are responsible for selling to dealers and tradespeople, as well as ensuring that they are informed of new products.</p>
G4-26	<p>The company's approach to stakeholder engagement (including frequency by type of stakeholder group) and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process</p>	<p>The V-ZUG stakeholders are engaged as follows:</p> <ul style="list-style-type: none"> Customers: customer questionnaires, customer contact to prevent incorrect usage of appliances is offered in the form of free demonstrations by V-ZUG customer advisors, customer magazine («Zuger Röteli»), open day and tours at the production site in Zug Employees: employee questionnaire, employee magazine «BLUELine» and online platform «BLUEonLine», internal social media YAMMER Investors/shareholders: family business Suppliers: supplier audits Dealers: annual product presentation and 15 expert conferences per year Unions: within the scope of the Collective Employment Agreement (CEA) Authorities: collaboration with Energienetz Zug as an energy consultant on this energy platform Media: information provided by the Head of Corporate Communications & Investor Relations (Metall Zug AG) Research and education: board membership of Verein Innovationspark Zentralschweiz, consultancy service for management, participation in working groups with educational institutions

INDICATOR	DESCRIPTION	COMMENT/REFERENCE
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the company has responded; the stakeholder groups that raised each of the key topics and concerns	None
REPORT PROFILE		
G4-28	Reporting period	Calendar years 2016 and 2017
G4-29	Date of most recent previous report	October 2016
G4-30	Reporting cycle	Annually; see Editorial
G4-31	Contact point for questions	Dirk Hoffmann, CEO, info@vzug.com
G4-32	The «in accordance» option chosen by the company	The V-ZUG 2016/2017 sustainability report contains standard disclosures from the «GRI G4 Sustainability Reporting Guidelines». References to the corresponding information in the report are given in the index.
G4-33	Company strategy and current practice with regard to seeking external assurance for the report	No external assurance
GOVERNANCE		
G4-34	The governance structure (incl. all committees of the highest regulatory body) List of committees responsible for taking decisions with economic, ecological and social impacts.	<p>The operational governance structure of senior management is split into the following divisions:</p> <ul style="list-style-type: none"> ▪ CEO: Quality, HR, Strategy & International Markets ▪ Commercial Department incl. Finance and IT ▪ Development ▪ Operations: Production, Logistics and Purchasing ▪ Marketing: Sales Swiss market, Global Marketing and Global Service ▪ Business development: Digital Business Development, Sibir, Gehrig <p>Committees responsible for taking decisions with ecological and social impacts:</p> <ul style="list-style-type: none"> ▪ Sustainability conference for senior management and board members ▪ Committee of internal auditors for quality, environment, and occupational health and safety ▪ Committee for legal compliance
ETHICS AND INTEGRITY		
G4-56	Description of the values, principles and standards and norms of behaviour (codes of behaviour and ethics) of the organisation	<p>The most important mission statements, codes of conduct and principles at V-ZUG are as follows:</p> <p>The terms and conditions of employment</p> <ul style="list-style-type: none"> ▪ Appendix 1 to the terms and conditions of employment (ethical principles) ▪ The human resources policy at V-ZUG Ltd ▪ The management guidelines at V-ZUG Ltd ▪ ISO certificates 9001 and 14001 (incl. appendix) ▪ OHSAS certificate 18001 (incl. appendix) <p>The «Ethical principles» (appendix to the terms and conditions of employment at V-ZUG Ltd)</p> <ol style="list-style-type: none"> 1. Comply with laws and standards 2. Take decisions independently 3. No corruption or bribery 4. Remain impartial and act fairly 5. Respect and protect people's rights and dignity 6. Respect and protect the property of V-ZUG Ltd and that of third parties 7. Ensure confidentiality and do not use insider information 8. Avoid conflicts of interest 9. Protect natural resources

SPECIFIC STANDARD DISCLOSURES

ASPECT	INDICATOR	DESCRIPTION	COMMENT/REFERENCE																								
ECONOMY																											
Economic performance	G4-DMA	Information on the management approach	See Company profile , Important figures and Business environment and strategy .																								
	G4-EC1	Directly generated and distributed economic value	Key financial figures may not be published due to their relevance to the stock exchange. We refer you to the 2017 financial statement from Metall Zug AG.																								
ENVIRONMENT																											
Materials	G4-DMA	Information on the management approach	See Quality and environment																								
	G4-EN1	Materials used according to weight or volume	<table border="1"> <thead> <tr> <th></th> <th>Unit</th> <th>2016</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>Iron</td> <td>1000 t</td> <td>4.73</td> <td>4.77</td> </tr> <tr> <td>Stainless steel</td> <td>1000 t</td> <td>1.64</td> <td>1.46</td> </tr> <tr> <td>Aluminium</td> <td>1000 t</td> <td>0.03</td> <td>0.02</td> </tr> <tr> <td>Oils, fats, lubricants</td> <td>1000 t</td> <td>0.01</td> <td>0.00</td> </tr> <tr> <td>Hazardous substances</td> <td>1000 t</td> <td>0.02</td> <td>0.02</td> </tr> </tbody> </table>		Unit	2016	2017	Iron	1000 t	4.73	4.77	Stainless steel	1000 t	1.64	1.46	Aluminium	1000 t	0.03	0.02	Oils, fats, lubricants	1000 t	0.01	0.00	Hazardous substances	1000 t	0.02	0.02
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Energy	G4-DMA	Information on the management approach	See Quality and environment																								
	G4-EN3	Energy consumption within the organisation	See Facts and figures																								
	G4-EN5	Energy intensity	See Facts and figures																								
	G4-EN7	Reduction of the energy requirement for products and services	See Facts and figures																								
Emissions	G4-DMA	Information on the management approach	See Quality and environment																								
	G4-EN15	Direct greenhouse gas emissions (scope 1)	<p>Scope 1 encompassed the following emission types:</p> <ul style="list-style-type: none"> ▪ Direct emission of greenhouse gases from all sources that are owned or controlled by V-ZUG. The following processes do not take place at V-ZUG and have therefore been excluded: combustion processes, such as when burning off gaseous waste substances. ▪ Emissions from combustion processes and sources according to the reported direct primary energy. <p>Up until now, direct non-energy-related greenhouse gas emissions have not been taken into account. This includes, for example, refrigerants which are released into the atmosphere during production.</p> <p>See Facts and figures</p>																								

ASPECT	INDICATOR	DESCRIPTION	COMMENT/REFERENCE																								
	G4-EN16	Indirect energy-related greenhouse gas emissions (scope 2)	<p>Scope 2 encompassed the following emission types:</p> <ul style="list-style-type: none"> Indirect greenhouse gases resulting from the generation of purchased electricity at the headquarters in Zug (scope 2). This corresponds to the reported energy consumption. <p>See Facts and figures</p>																								
Products and services	G4-DMA	Information on the management approach	See Quality and environment																								
SOCIETY																											
Employment	G4-DMA	Information on the management approach	See Employees																								
	G4-LA1	Total number and rate of new employee hires and employee turnover	<p>Total number of new employees hired in Switzerland in 2017 by age group and gender:</p> <table border="1"> <thead> <tr> <th></th> <th>Women</th> <th>Men</th> </tr> </thead> <tbody> <tr> <td>Below 30 years of age</td> <td>11</td> <td>53</td> </tr> <tr> <td>30-50</td> <td>27</td> <td>64</td> </tr> <tr> <td>Over 50 years of age</td> <td>9</td> <td>11</td> </tr> </tbody> </table> <p>Number of employees in Switzerland who left V-ZUG in 2017 (turnover) by age group and gender</p> <table border="1"> <thead> <tr> <th></th> <th>Women</th> <th>Men</th> </tr> </thead> <tbody> <tr> <td>Below 30 years of age</td> <td>12</td> <td>15</td> </tr> <tr> <td>30-50</td> <td>10</td> <td>48</td> </tr> <tr> <td>Over 50 years of age</td> <td>6</td> <td>12</td> </tr> </tbody> </table>		Women	Men	Below 30 years of age	11	53	30-50	27	64	Over 50 years of age	9	11		Women	Men	Below 30 years of age	12	15	30-50	10	48	Over 50 years of age	6	12
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Occupational safety	G4-DMA	Information on the management approach	See Employees																								
	G4-LA6	Occupational accidents, occupational illnesses and days lost	See Facts and figures																								
Education and further training	G4-DMA	Information on the management approach	See Employees																								
	G4-LA10	Programmes for skills management and lifelong learning	<p>Further professional training helps to improve employability and is in the interest of, as well as the responsibility of, both V-ZUG and its employees, and is therefore encouraged. On request, employees have the right to be granted leave of absence from work for further professional training within or external to the company, provided that certain conditions are met. Upon application, V-ZUG will cover some or all of the costs of further training. There is also a welfare fund for cases of social hardship. For further information, see Employees.</p>																								
Supplier human-rights assessment	G4-DMA	Information on the management approach	See Quality and environment and Society																								
	G4-HR10	Percentage of new suppliers that were screened based on human-rights criteria	See Quality and environment and Society																								

ASPECT	INDICATOR	DESCRIPTION	COMMENT/REFERENCE
Customer health and safety	G4-DMA	Information on the management approach	See Quality and environment and Society
	G4-PR1	Percentage of significant product and service categories whose impact on health and safety is assessed	All our appliance operating instructions contain information on safe usage, proper disposal of the packaging material and appliance, as well as tips on saving energy (and water, in the case of washing machines). Our appliances satisfy the requirements of the IEC 60335-1 standard (safety of electrical appliances for domestic use). Furthermore, our appliances also satisfy the EU RoHS and WEEE directives. In particular, the WEEE Directive requires that all V-ZUG appliances are labelled with the relevant standard and that information on correct disposal is printed in the operating instructions. In addition, the appliance installation instructions, which are aimed directly at tradespeople, describe what needs to be considered during installation to ensure that the appliances are as energy-efficient as possible and perform to the best of their capabilities.
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes of conduct in relation to customer safety	No incidents in 2016 and 2017

