

# CREATING VALUE SUSTAINABLY

---

Sustainability Review 2021

VAT is the world's leading supplier of high-end vacuum valves used to make semiconductors, digital displays, solar panels, and many other innovative products. VAT believes long-term business success is not just a matter of economic value creation, and can only be sustained by integrating a broad range of values into strategic and operational planning. These include factors such as providing employees with opportunities to grow and develop, playing a positive role in the communities in which we operate, and reducing our impacts on the environment.

<b>Letter to Stakeholders</b>	<b>4</b>
<b>ESG Highlights</b>	<b>6</b>
<b>Our Business</b>	<b>8</b>
<b>VAT and Sustainability</b>	<b>10</b>
<b>The Environment</b>	<b>12</b>
<b>Social Responsibility</b>	<b>18</b>
<b>Governance</b>	<b>22</b>
<b>Ethics and Integrity</b>	<b>24</b>
<b>Extended Tables</b>	<b>25</b>
<b>Reference</b>	<b>32</b>
<b>GRI Disclosures</b>	<b>33</b>
<b>Financial Summary</b>	<b>35</b>

# Dear Stakeholders,

Welcome to VAT's first Sustainability Review. As the world's leading supplier of high-end vacuum valves used to manufacture semiconductors, digital displays, solar panels, scientific and medical instruments, among many other high-tech products, VAT is making an important contribution to the momentous technological shifts we are witnessing in the world today, shifts that are key to our transition to a more sustainable society.

Semiconductors, for example, allow us to use our natural resources more wisely. By improving industrial automation, semiconductors reduce waste and energy consumption. They allow renewable energies such as wind and solar power to be stored and integrated into conventional electrical grids. Semiconductors underlie the global rollout of e-vehicles, a key step in the improvement of urban air quality.

Perhaps most importantly, semiconductors are at the heart of the vast interconnectivity of people and machines that is allowing mankind to collaborate in real time and on a global scale, fueling innovation and human creativity at an unprecedented pace.

While we take great pride in the fact that our products help make human activity more sustainable, we are also keenly aware that we as a company have a more specific role to play in the sustainability of our business, especially in terms of the direct environmental and social impacts we have on our employees, our business partners, and the communities in which we operate. In this first Sustainability Review, we'll show you what we are doing to live up to that ambition.

VAT was founded in Switzerland some 60 years ago and for most of that time, Switzerland has been our only production location. We have always placed a high value on doing business in a responsible way, including actions to reduce our environmental impacts and to treat our people with respect. In recent years, we have expanded our operations into Romania and Malaysia where we maintain the same high standards of operational performance, social responsibility and environmental quality as we have practiced for decades in Switzerland.

Today, as the world number one in our business, and as a listed company on the SIX Swiss Exchange, we are taking a more active role on the issue of sustainability. This includes integrating environmental, social and governance (ESG) principles more explicitly into our business strategy, building on our conviction that performing well on ESG measures is essential to long-term business success. Therefore, we are investing more resources into measuring our ESG performance, ensuring that management is accountable for our results in this area, and improving ESG transparency and communication for all our stakeholders.

On our sustainable journey, we have already been using the United Nations Sustainable Development Goals (SDG) and the 2030 Agenda for Sustainable Development as a broad framework to identify and drive key ESG initiatives over the past several years. These include for example initiatives in the area of SDG 13: Climate Actions with our transition to renewable energy sources, reducing packaging waste and increasing recycling to support SDG 12: Responsible Consumption and Production, and initiatives under SDG 5: Gender Equality by participating in the Swiss Fair-ON-Pay initiative to ensure equal pay for equal work among men and women.

“Ultimately, our goal is to transform VAT into an enterprise that puts sustainable value creation for all its stakeholders at the heart of everything we do.”



**DR. MARTIN KOMISCHKE**  
CHAIRMAN OF THE BOARD OF DIRECTORS

A handwritten signature in black ink, appearing to read 'M. Komischke', written in a cursive style.

For this first VAT Sustainability Review, we have also adopted the Global Reporting Initiative (GRI) guidelines to show the results of our actions in a way that can be more easily compared with our peers (a list of our GRI disclosures is included at the end of this document). We aim to expand and improve these disclosures in the coming years as we further develop our ESG capabilities.

Ultimately, our goal is to transform VAT into an enterprise that puts sustainable value creation for all its stakeholders at the heart of everything we do over the long term. Like many of our peers, we are still in the early stages of fully internalizing a truly sustainable culture in our company. In this review, we explain what initial principles we have adopted, how we implement them and what results we achieved in 2021. At the same time, this review is the starting point for developing a comprehensive ESG strategy and shows us where more needs to be done to be not only the world leader in vacuum valve technology but also a leader in ESG performance and disclosure.



**MIKE ALLISON**  
CHIEF EXECUTIVE OFFICER

A handwritten signature in black ink, appearing to read 'Mike Allison', written in a cursive style.

Both the Board of Directors and the Group Executive Committee have made sustainability a key strategic and management priority as we plan the growth of our company in a fast-moving and technologically demanding digital future. And we have great confidence in the innovative power and the personal determination of our people around the world to drive this program ahead. We look forward to a continuing dialog with all our stakeholders in this vitally important endeavor.

# ESG HIGHLIGHTS

We aim to reduce our impacts on the environment, provide employees with opportunities to grow, and play a positive role in the communities in which we operate.

**Lowers CO<sub>2</sub> emissions relative to total production**  
CO<sub>2</sub> emissions in tons per CHF 1 million sales

**-21%**



**More than doubles use of in-house solar**  
Million kWh of electricity used by VAT's own solar PV installations

**+118%**

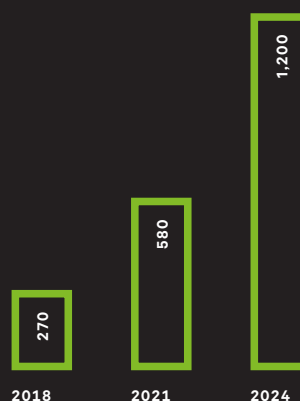


**Reduces waste intensity with recycling**  
Total waste in tons per CHF 1 million revenue

**-17%**



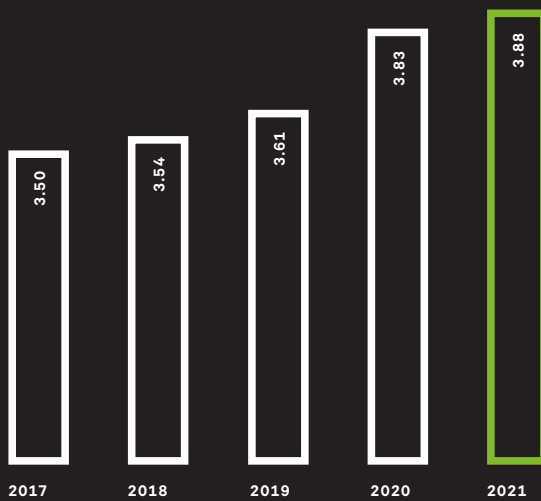
**Invests more than CHF 140 million\* to get closer to customers in Asia and reduce CO<sub>2</sub> footprint**  
Approximate no. of employees in Malaysia (FTEs)



\* Completed and planned from 2012 to 2024

**Committed to improving employee engagement**

The overall engagement score of VAT employees – on a 1–5 scale – has increased steadily since the program was introduced five years ago, and is close to industry benchmarks.



**Investing in innovation supports community development**

VAT’s investment in a new R&D innovation center in Switzerland that will add 100 new science and engineering jobs by 2024 in CHF million

40

**Employee diversity broadens the talent pool and enhances collaboration**

Employee and Board diversity

	2021	2020
Women as percentage of workforce	17.3%	15.9%
Women as percentage of management	18.0%	18.0%
Women on the Board of Directors	28% <sup>1</sup> (2 out of 7)	14% (1 out of 7)

<sup>1</sup> Reflects the make-up of the Board of Directors as of the company’s Annual General Meeting on May 17, 2022

**EQUAL PAY FOR EQUAL WORK**



VAT received the Fair-ON-Pay+ certificate from SGS Société Générale de Surveillance for being compliant with the equal pay provisions of the Swiss Federal Act on Gender Equality.

SGS, an independent global inspection and certification company, completed an audit for VAT in 2021 based on data for about 1,000 VAT employees in Switzerland. The Fair-ON-Pay+ certificate recognizes VAT as a fair employer and underlines its ongoing commitment to equal pay.

## Our Business

Digitalization is one of the most important trend shaping the modern world. The ability to embed unimaginable computing power into increasingly smaller devices, and to share and analyze vast amounts of data in real time around the globe has opened up tremendous new opportunities to improve the quality of life for people everywhere.

The technology underlying this development is the semiconductor, silicon chips containing millions of transistors in a tiny space that allow data to be stored and processed quickly and efficiently. In many of the latest chips, transistors are 10 nanometers or smaller, roughly equivalent to a protein molecule in size.

Manufacturing such a chip requires a near-pure vacuum. And as demand grows for evermore powerful semiconductors – used in data centers, smart factories, electric and self-driving vehicles, 5G telecoms networks – transistor sizes decrease even further, requiring even cleaner vacuum process chambers.

This is where VAT plays its mission-critical role in the Digital Revolution. VAT is the world's leading manufacturer of vacuum valves, mechanical components that open and close the various process chambers used in chip fabrication – such as cleaning, etching, film deposition – while ensuring a consistently pure vacuum environment through the entire process. VAT's high-vacuum valves and related equipment are also used to manufacture digital displays, solar cells and many other digital devices in a growing number of industries.

### Growth drivers

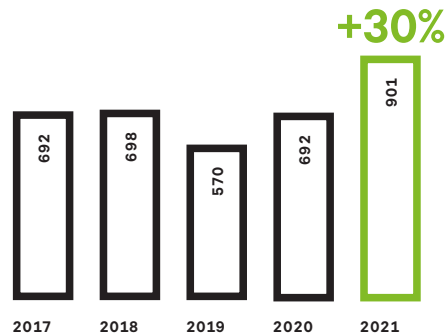
The semiconductor industry is VAT's largest end market, accounting for some 75% of net sales in 2021. VAT typically sells its valves to OEMs (original equipment manufacturers) who build the valves into larger products, generally referred to as wafer fabrication equipment (WFE). OEMs then sell these to the ultimate end user, the chip fabricators. As a result, VAT's primary demand driver is investment from semiconductor manufacturers into large fabrication facilities,

**VAT's investment  
in R&D 2021**  
in CHF million

# 45

2020: CHF 41 million

**Net sales  
development**  
in CHF million





both new capacity and the retrofit and upgrade of existing equipment. In 2021, global WFE spending grew by 40% from its previous record level in 2020, reaching almost USD 90 billion, and is expected to grow by another USD 10 billion or more by 2025.

In the technologically demanding markets that VAT serves, the ability to innovate quickly in close collaboration with customers is a key competitive advantage. VAT has a long history of investment in R&D, typically spending about 5% of revenues on technology innovation every year. This is roughly equal to the total annual revenues of its closest competitor.

In December 2021, VAT took another step to secure its technology leadership with the announcement of a CHF 40-million investment in a new innovation center at its head office location in Switzerland. The center will bring all of the company's Switzerland-based R&D staff under a single roof to enhance product development and improve collaboration with VAT's US-based particle lab and its growing engineering capabilities in Malaysia.

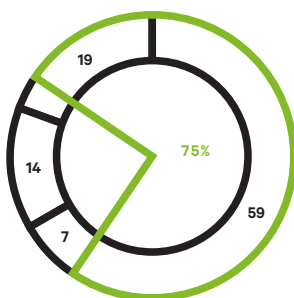
Based on this combination of technology leadership, deep customer relationships, global production and service footprint, and highly-qualified and engaged people, VAT has been able to steadily outgrow the overall market on a regular basis. The more technologically challenging the market, the greater VAT's market share.

The company is organized into two segments: Valves and Global Service, offering high-end vacuum valves, multi-valve modules, edge-welded bellows and related value-added services for an array of vacuum applications.

VAT employs more than 2,500 people with main manufacturing sites in Haag (Switzerland), Penang (Malaysia) and Arad (Romania). Geographically, many of VAT's largest customers in the semiconductor, display and solar industries have their major production centers in Asia, although Europe and the US remain key locations, especially for chip technologies such as extreme ultraviolet lithography (EUV). Being close to customers, especially in times of rapid market and technology changes, is becoming increasingly important to maintain and build technology leadership, customer relationships and market share.

## Sales breakdown by market segment 2021

in %

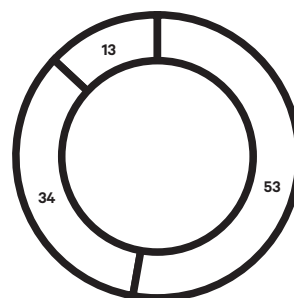


59 SEMICONDUCTOR  
7 DISPLAY & SOLAR  
14 ADVANCED INDUSTRIALS  
19 GLOBAL SERVICES

75% OF VAT'S GROUP  
SALES ARE  
SEMICONDUCTOR-  
RELATED

## Regional sales breakdown 2021

in %



53 ASIA  
34 AMERICAS  
13 EMEA

# VAT and Sustainability: Environmental, social and governance (ESG) performance is key to long-term business success.

VAT believes long-term business success is not just a matter of economic value creation. Business success can only be sustained by integrating a broad range of values into strategic and operational planning. These go beyond economic measures to include factors such as providing employees with opportunities to grow and develop, playing a positive role in the communities in which we operate, and reducing our impacts on the environment.

VAT established the basic tools needed to assess its performance in 2018 when it joined the Responsible Business Alliance (RBA) and adopted the RBA Code of Conduct. This sets standards on social, environmental and ethical issues especially aimed at the electronics industry. Additionally, VAT adheres to the following:

- Universal Declaration of Human Rights
- ILO's International Labor Standards
- OECD Guidelines for Multinational Enterprises
- ISO and SA standards
- UN's Sustainable Development Goals
- Global Reporting Initiative

The next step is to build principles of sustainability into the company's business strategy by identifying ways in which economic, social and environmental values overlap and reinforce one another. This, in turn, leads to a business model for sustainable value creation for all of the company's stakeholders.

Business success is the foundation that enables a company to also deliver on its social and environmental commitments. This includes, for example, the benefits to the communities in which we operate from expanding production, extending supply chains and investing locally in technology development. It also includes the benefits to society from the products we manufacture.

---

## Environmental value

VAT valves are key components in the high-vacuum processes used to make semiconductors and digital displays. It would be no exaggeration to say that achieving global economic, social and environmental sustainability would not be possible without the technology behind digitalization.

Renewable energy is another area where VAT valves make a difference. Making solar panels more energy-efficient, getting more electricity from the sun, requires high-precision manufacturing within the purest possible vacuum chambers. Integrating highly variable power sources into conventional power grids also requires special high-power semiconductors made with VAT valves. And our valves are also used in the ITER project to develop clean energy through nuclear fusion.

---

## Expanding our value chain

Since VAT went public through an initial public offering (IPO) on the SIX Swiss Exchange in 2016, VAT has expanded and strengthened its global value chain. The economic aim is to bring the business closer to its customers and to expand global supply chains, increasing flexibility in both costs and operations. But these steps also bring significant benefits to the people and economies where we operate.

Since 2012, VAT has invested more than CHF 70 million in establishing a production footprint in Penang, Malaysia. This includes a solar photovoltaic energy installation to generate more than 1,700 megawatt-hours of electricity per year. By feeding some of the energy into the local power grid, the solar panels are expected to contribute to a CO<sub>2</sub> reduction of more than 1,300 tons a year.

VAT's operations in Malaysia also drive the growth of regional suppliers. This supports the adoption of global environmental and social standards along the entire value chain and shortens delivery transportation distances, thus reducing the associated emissions.

---

### Focus on people

VAT sees itself as a responsible and far-sighted employer that not only provides jobs, but also career and personal development opportunities through various training programs.

In Malaysia, for example, VAT collaborates with local institutions like the Penang Skills Development Centre and the Malaysian-German Chamber of Commerce & Industry to sponsor students in a mechatronics program.

VAT is also setting up a new apprentice training center in Malaysia to encourage skills development with local vocational institutes by offering both on-the-job training as well as employment after training, and operates a similar center at its head office in Switzerland.

VAT also recognizes the value of employee diversity. It contributes to innovation, makes us a more attractive employer, and improves customer orientation and employee satisfaction.

One step in this direction is to ensure that people are recognized and fairly compensated for their contributions to the company. In 2021, VAT received the Fair-ON-Pay+ certificate, recognizing VAT for its commitment to ensure equal pay for equal work between men and women.

---

### Robust governance

We see significant opportunities to do more in all these areas. We are committed to creating a sustainability culture in VAT, knowing that success in social and environmental sustainability will also enhance our business success, making us a preferred partner for our employees, customers, suppliers, local communities and shareholders.

With these principles in mind, VAT is developing a comprehensive Group-wide sustainability strategy that will take all of the company's stakeholders into account. The strategy development will take place under the supervisory oversight of a member of the Board of Directors, while implementation will be headed by a member of the Group Executive Committee.

In this way, VAT intends to bring committed leadership, clear direction, and strategic influence to its sustainability strategy. We believe that robust sustainability governance will help us implement the strategy across the business, manage goal-setting and reporting processes, strengthen relations with external stakeholders, and ensure overall accountability.

## The Environment: VAT is committed to conserving resources, reducing emissions, and improving energy efficiency.

Since its founding near Switzerland's Rhine Valley in 1965, VAT has strived to minimize the impact of its business on the environment. This has included switching to more sustainable energy sources, such as hydro, solar and geothermal, as well as waste reduction and increasing the energy efficiency of logistics and production.

Through cleaner energy, improved operational efficiency, and making our operations more energy-efficient, VAT is working to address the global climate change challenge.

---

### CO<sub>2</sub> emissions

Starting in 2021, all the electricity that VAT draws from the grid in Switzerland is generated using renewable hydro resources. By doing so, the total electricity consumption of about 15 million kilowatt-hours has been converted to CO<sub>2</sub> neutral.

VAT has also installed solar photovoltaic panels on its manufacturing facilities in both Switzerland and Malaysia, generating more than 1.9 million kilowatt-hours of power in 2021. The company has replaced an energy-intensive air conditioning system at its main production facility in Switzerland with a ground-water cooling installation that is more effective, uses less energy, and creates a healthier work environment. Energy-efficient LED lighting has been rolled out through all the company's facilities, cutting lighting costs by 40–50% and further reducing the company's carbon footprint.

As a result of these and other initiatives, in a year of 30% revenue growth, VAT's CO<sub>2</sub> emissions rose by only 2% in 2021. The proportion of CO<sub>2</sub> emissions relative to revenue fell to 13.3 tons per CHF 1 million of revenues in 2021 from 16.4 tons in 2020. VAT's goal is to emit fewer than 10 tons of CO<sub>2</sub> per CHF 1 million of revenue.

---

In addition, VAT is in the process of rolling out a worldwide environmental, health and safety (EHS) network equipped with real-time performance monitoring, risk recognition, mitigation and prevention procedures, subject to rigorous annual audits.

### Integrating the supply chain

VAT strives to integrate its suppliers into its sustainability framework to minimize the overall environmental impacts of its products and business activities. All VAT suppliers are obliged to observe governing laws and regulations on environmental protection and to utilize resources such as electricity, water and heating energy economically, with care and diligence.

Million kWh of electricity  
consumption converted  
to carbon-neutral hydro  
in 2021

15

VAT also collaborates with other companies to drive innovations in areas such as logistics. For example, we cooperate with the H2 Mobility Switzerland Association to encourage the use of hydrogen-powered trucks. VAT now uses an Austrian-based logistics supplier that employs a 36-ton hydrogen-fueled truck covering 70,000 kilometers a year with no CO<sub>2</sub> emissions.

### Recycling

Reducing waste is a key way in which VAT can improve its environmental performance. This involves both finding new ways to work that minimize the production of waste material, as well as redesigning product packaging, for example, to not only lessen its environmental impact, but also to make it easier for customers to recycle.

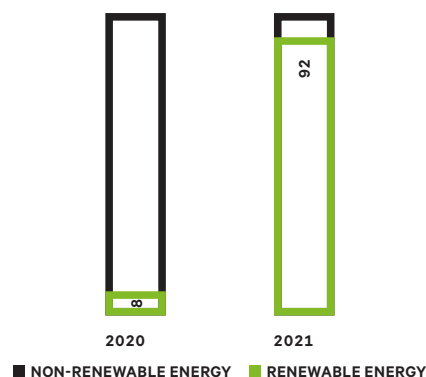
In 2021, VAT recycled more than 2,500 tons of material – from metals, electronic and hazardous waste to paper, cardboard and other office materials. The company also redesigned its packaging to bring the total amount of recyclable content to about 95% – mainly cardboard and wood – while reducing the non-recyclable portion of foam to less than 5%.

We have introduced a new type of re-usable shipping tray for our suppliers to reduce packaging waste, and we have introduced new parts cleaning methods that have helped us cut the use of hazardous cleaning materials, such as acetone.

As we continue to roll out our EHS system in 2022 and beyond, we will be better able to measure the environmental impacts of our business operations. This, in turn, will allow us to better mitigate them and drive our innovative energies into developing new ways of doing business. Ultimately, these will also result in more efficient and more profitable operations, and more fully engaged and satisfied employees who understand how they can make a real contribution to a better future.

## Major shift to renewable energy

Share of total energy consumed in %



By shifting to hydroelectric power in Switzerland, increasing the use of solar photovoltaic sources, switching to LED lighting and other measures, VAT dramatically increased the share of renewable energy it uses while limiting the total increase in energy consumption to about 9% versus 2020 despite growing revenues by 30%

## Cooling with groundwater: A new approach lowers energy consumption and provides a healthier workplace.

The manufacture of VAT's advanced vacuum valves requires massive metal-tooling and hydraulic systems that shape metal blocks into extremely precise and durable components. This process generates a lot of heat, which in our main Swiss facility has traditionally been released into the factory environment.

However, this made work areas extremely hot during the summer months. Not only was conventional air conditioning unable to maintain temperatures in the plant to the required 20–26 °C, it was also energy-intensive and contained chlorinated hydrocarbons, a hazardous material. It also caused drafts, and the air circulation contributed to evaporation of oil aerosols from the machinery into the hall air.

### Going green with groundwater


As part of a global effort to reduce the company's carbon footprint, the VAT Facility Management team in Haag, Switzerland, developed an energy-saving cooling concept based on the use of local groundwater.

In the new system, cold groundwater is circulated through a closed system of pipes and, using a heat exchanger, is used to directly cool the production machinery (and VAT's offices). The energy efficiency improvement is significant: Groundwater systems can convert one unit of electricity to four or more equivalent units of heating or cooling.

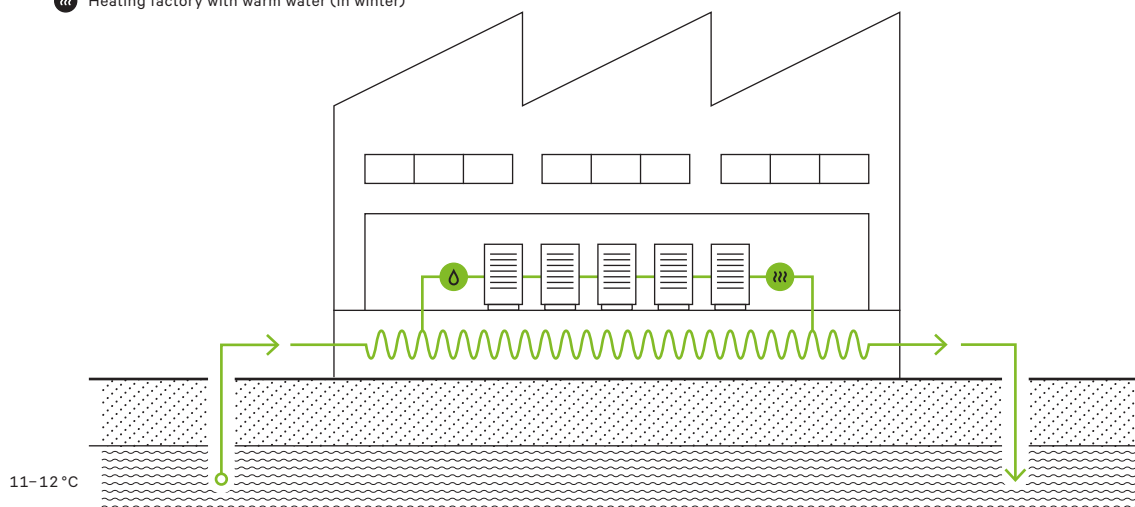
The water is drawn out of the ground at 11–12 °C and returns to the ground after passing through the heat exchanger. There is no contamination or evaporation loss – and no environmental effect, as the heat load dissipates quickly deep underground.

The benefits:

- Lower energy consumption
- Fewer oil aerosols released
- More stable ambient temperature
- Less production downtime

 Cooling machinery and factory with groundwater (in summer)

 Heating factory with warm water (in winter)



## Sustainable cleaning agents: Linking product quality with better environmental performance.

High-purity cleaning processes are essential to VAT's product quality. Modern semiconductor production requires a vacuum environment of the highest purity. This applies to all system components – including vacuum valves. The use of aggressive cleaning agents has been the traditional solution to meet these requirements. VAT has started a program to reduce and eliminate aggressive substances.

Semiconductor manufacture is a highly demanding process that requires extreme levels of purity within the chip fabrication environment. Any contamination, organic or inorganic, must be avoided. A tiny speck of dust on the surface of a semiconductor can ruin it, limit production quality and increase costs.

One of many steps to ensure that its valves can maintain this level of purity is to use special cleaning processes in valve manufacture.

### **Cleaning with less aggressive agents**

However, many of the most effective cleaning agents – dilute acids, bases and surface-active substances – are very aggressive, which poses some challenges in terms of occupational safety and environmental protection.

VAT has started a program to develop alternative cleaning processes for all its sites, and the first developments are already being implemented.

For example, in a number of processes, VAT has completely replaced the use of acetone – a flammable organic solvent that is a highly effective, but toxic, cleaning agent – with a residue-free high-performance cleaner for grease, oil and other soiling. It contains no halogenated or aromatic solvents and is much safer to use.

In addition to replacing cleaning agents, however, VAT is also looking for innovative cleaning methods to clean vacuum parts in a more environmentally friendly way. Initial pilot tests show that such process changes can be just as effective as conventional cleaning methods.

Some changes can be simple but highly effective. For example, by simply repeating a process with a less effective but safer cleaning agent, VAT achieves the same results as with aggressive chemicals. Another option is to combine different cleaning methods in the right mix and frequency. While the process may be more time-consuming, the result is a sustainably high product quality with a smaller impact on the environment.

# Reducing waste: Recycling and smarter packaging for more efficient resource use.

More than a decade ago, VAT implemented a global initiative to minimize the environmental impact of its own operations – as well as those of our customers and suppliers. One key focus area has been recycling.

VAT maintains and promotes a broad range of recycling programs at its manufacturing facilities in Switzerland and Malaysia.

A key part of any recycling program is avoiding waste before it happens. The waste prevention program at VAT includes paperless product assembly and the re-design and elimination of any unnecessary packaging materials, reduction in energy consumption and how we work with suppliers.

Materials that VAT recycled in 2021 included:

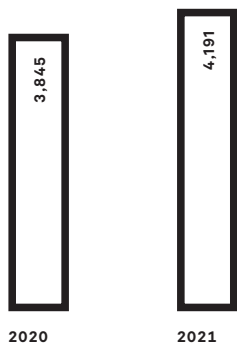
- Metals – more than 1,800 tons
- Logistics/office waste (paper, plastic, cardboard, wood, coffee cups) – more than 350 tons
- Electronic waste, glass and hazardous materials – more than 60 tons

While VAT provides the resources to maintain the recycling programs, the cost savings from the re-use of materials is also substantial: The resale of metal chips and metal briquettes netted over CHF 65,000 at the Haag facility alone in 2020.

## Recycling has been key to reducing waste intensity

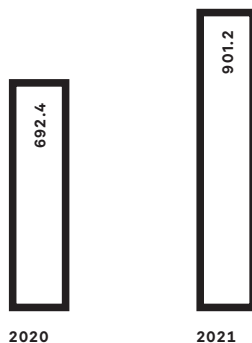
Total waste in tons

**+9%**



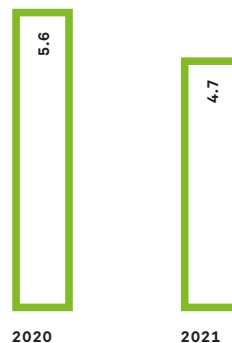
Revenues in CHF million

**+30%**



Total waste per CHF 1 million revenue

**-17%**





---

### Innovative packaging design

VAT has redesigned much of its packaging to reduce the amount of non-recyclable material used, primarily foam. Where once only about 20% of VAT's packaging materials were recyclable, today that share is more than 90%. Most foam has been replaced by reinforced pressed cardboard and wood.

We have also designed a system of standardized and re-usable shipping trays for suppliers to further reduce packaging disposal or recycling while improving supply chain efficiency. Through this measure and others like it, VAT strives to integrate its suppliers into its environmental efforts and to ensure that suppliers follow the environmental and safety principles defined by the ISO 14001 guidelines.

---

The effectiveness of VAT's recycling initiative is above the national average in Switzerland, a country with the world's highest rate of recycling. Our ongoing efforts to fully roll out a similar approach at our plant in Penang, Malaysia, shows that a coordinated effort can be successful around the world.

Tons of waste recycled  
in 2021

**2,545**

## Social Responsibility: Sustainable value creation must include our people and the communities in which they live.

VAT considers its social responsibilities to be driven not only by the needs of its more than 2,000 employees around the world, but also by a fundamental belief that investing in the communities in which we operate brings not only economic value to VAT, but also increased growth and prosperity to those communities and regions.

### Growing our communities

Since VAT went public in 2016, VAT has expanded and strengthened its global footprint, especially expanding in Malaysia. The economic aim has been to bring the business closer to its customers and to make its value chain more flexible and resilient.

Since 2012, VAT has invested more than CHF 70 million to establish and expand its production facility in Penang, Malaysia. Employment over that period has increased to some 580 people. In 2021, the company announced a further investment of CHF 70 million by 2024 and employ an additional 600 people.

This has brought considerable value to the local region. For example, the installation of solar photovoltaic electricity generation at our plant in Penang generates more than 1,700 megawatt-hours of electricity per year. By feeding some of the energy into the local power grid, the solar panels are expected to contribute to a CO<sub>2</sub> reduction of more than 1,300 tons a year.

VAT's operations in Malaysia also drive the growth of regional suppliers for both components and services. This supports the adoption of global environmental and social standards along the entire value chain and shortens delivery transportation distances, thus reducing CO<sub>2</sub> emissions.

At the same time, VAT continues to invest in its main production site in Switzerland, including a CHF 40-million investment in a new R&D campus to bring its Swiss-based innovation teams together under a single roof. The investment includes the addition of about 100 new jobs for scientists and engineers.

### Encouraging our people

VAT sees itself as a responsible and far-sighted employer that not only provides jobs, but also offers career development opportunities through extensive training and management development programs and know-how transfer across borders. Promoting diversity of experience fuels innovation and makes VAT a more attractive employer. The company also strives to promote open and transparent communication among production employees, supervisors and managers at all levels. In particular, we place a high value on cooperation and mutual support and encourage a common vision of the future acting together as "One VAT."

Increase of female employees

6%

### Low employee turnover

VAT's workforce grew by 13% in 2021 in response to another year of expansive business growth. Employee turnover declined even during a time when many companies saw turnover rates increasing. We were also able to increase the percentage of women in our workforce by 6% while maintaining the level at management levels.

### Health and safety

Our health and safety programs include ensuring safe working conditions, training employees throughout the year on workplace safety, conducting quarterly safety tours and inspections by management, assessment of hazards according to regulations such as the Guidelines for Hazard Identification, Risk Assessment and Risk Control in Malaysia, and continuously monitoring absences.

We actively promote employee health with focus topics each year. In 2021, our programs covered topics such as health and fitness, prevention of drunk driving, avoidance of ticks, noise and ear protection, and nutrition workshops.

We give preference to suppliers who act according to environmental and safety principles. VAT purchases only products and services which meet the legitimate environmental and safety expectations. We procure and operate equipment and production facilities which meet the statutory requirements as regards environmental protection and occupational safety. They must rank among the best in their use of resources (e.g. energy consumption, space, emissions, etc.).

### COVID-19 Update

Thanks to our employees' commitment to adhering to all COVID-19 restrictions, the number of infections was held at approximately 160. As a result, VAT maintained production throughout 2020 and 2021.

**While VAT's accident rate per 1,000 full-time employees remains below the industry average, we need to do more to reduce incidents further.**

Occupational health and safety	2021	2020
Accidents (work-related accidents and illness regardless of severity)	43	31
Accident rate per 1,000 full-time employees (work-related)	36	27
Industry benchmark (segments M+ and G)	39	35

**Staff turnover declined despite the challenges of rapid sales growth in a tight supply environment.**

Employee, turnover and diversity	2021	2020	Change
By country	Full-time	Full-time	Change
Malaysia	452	383	24%
Romania	253	221	14%
Switzerland	1,162	1,045	11%
<b>Total</b>	<b>2,115</b>	<b>1,879</b>	<b>13%</b>
Employee turnover (rolling 12 month trend)	13%	15%	-13%
Women as percentage of workforce	17%	16%	+6%
Women as percentage of management	18%	18%	

## Employee engagement: Our people, and their commitment to what we do, underlie our business success.

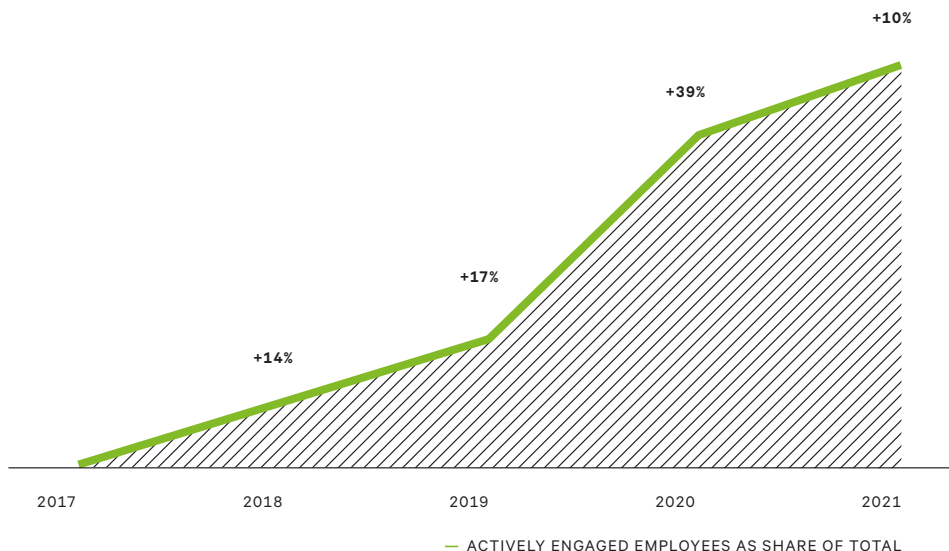
VAT believes that engaged employees are more committed to their jobs, and more involved in and enthusiastic about their work. Those who are engaged work more safely, are more likely to remain with the company, are more productive, and more likely to succeed with customers. Ultimately, engagement aims to align the interests of employees with those of the business.

Starting in 2017, VAT has worked with an outside advisor to conduct an annual survey to measure employee engagement. The survey seeks employee input on issues ranging from how they view the company's strategy and their role in achieving VAT's goals, to management's effectiveness at communicating those goals and whether people feel recognized for the work they do.

The results of these surveys help us measure our performance against our peers and, more importantly, are used to steer employee engagement policies and improve communication. For example, we strive to improve transparency in our internal communication as a way to strengthen organizational learning. Every manager is required to report four times a year on what actions they have taken to improve employee engagement.

We support them in this endeavor by sharing best practices, providing engagement workshops to all line managers and giving them regular results and progress feedback. We also provide Inclusive Leadership Training to support line managers in understanding and addressing the individual needs and engagement drivers of the people in their teams.

### Year-over-year increase in share of actively engaged employees



Employees who made their  
voices heard in 2021

**1,640**

**88% of total employees**

We have made steady progress from inception in 2017 through to 2021 bringing us closer to benchmark and on par with peers. In 2021, the response rate to our annual employee engagement survey was 88%, an increase of more than 10 percentage points compared with the first survey in 2017. The level of employee engagement was about the same as it was in 2020, despite the challenges from ramping up production dramatically to meet the sharp increase in customer demand that resulted from the global semiconductor shortage.

Our engagement program is now institutionalized in VAT and has become part of our operating rhythm. Every manager in the company is expected to drive engagement. While our results are in line with those of our peers, we aim to become the engagement leader in our business, as we are in technology, market share and other metrics.

## Governance: Our focus on accountability, transparency, fairness, and responsibility.

VAT is committed to the highest principles of good corporate governance, aimed at ensuring transparency, achieving a balanced relationship between management and control, and safeguarding shareholder interests. Being accountable for what we do, meeting our commitments, and an open communication ensure we can create competitive market value for all our stakeholders.

We comply with all applicable local, national and international laws and regulations wherever we do business. Our foremost aim is to act in a high ethically and legally irreproachable manner. We do not tolerate violations of any applicable law or violations of this Code of Conduct or any other internal rule, guideline or policy, regardless of the country in which we are working or doing business.

Social responsibility and treating each other with respect are characteristics of the VAT company culture. Honest dealing and integrity are the basis of the cooperation not only within the VAT Group, but also with our business partners, customers and suppliers and form the basis of our commercial success.

VAT regularly reviews its corporate governance framework and discloses information on Corporate Governance in accordance with the SIX Swiss Exchange Directive on Information relating to Corporate Governance, the Swiss Ordinance against Excessive Compensation with respect to Listed Stock Corporations, and the Swiss Code of Best Practice for Corporate Governance.

In addition, and on top of the Code of Conduct set out by the Responsible Business Alliance (RBA), VAT Group has implemented its own internal Code of Conduct, setting out the Group's key principles. The structure is in place for the Board of Directors, the CEO, Investor Relations and other key stakeholders to discuss and input on issues of ESG strategy, development and monitoring.

### Governance and sustainability

VAT is developing a comprehensive Group-wide sustainability strategy that will take all of the company's stakeholders into account. The strategy development will take place under the supervisory oversight of a member of the Board of Directors. At the time of publication of this review, Board member Maria Heriz holds this oversight. Implementation is headed by a member of the Group Executive Committee, currently Fabian Chiozza, the company's Chief Financial Officer.

VAT believes that robust sustainability governance will help the company implement its sustainability strategy across the business, setting appropriate goals and establishing effective reporting processes. This governance approach is also aimed at strengthening relations with external stakeholders, and ensuring overall accountability.

Number of compliance /  
regulatory violations  
or fines in 2021

0

2020: 0



# Ethics and Integrity: Ethical conduct, honesty and integrity build trust and drive long-term success.

We work in a fast-changing global environment, with demanding customers who rely on our technology leadership and our commitment to their business success. To meet this challenge, we aim to create a strong but also flexible and pragmatic global organization to secure our own long-term competitiveness. This includes a commitment to uphold our values as a company and to do business in a way that takes all of our stakeholders into account.

VAT's senior management team and the company's Board of Directors fully support this Code of Conduct and are committed to keeping its values and principles at the core of our operations. The company provides training on how to apply the Code of Conduct.

Being accountable for what we do, meeting our commitments, and an open communication ensure we can create competitive market value for all our stakeholders.

---

## Code of Conduct

VAT instituted a Code of Conduct when it joined the Responsible Business Alliance and adopted the RBA Code of Conduct. This code is based on a number of international norms and standards including the Universal Declaration of Human Rights, ILO's International Labor Standards, OECD Guidelines for Multinational Enterprises, and ISO and SA standards.

Our Code of Conduct is a way to provide a clear understanding of VAT's core values and the standards that govern our business. It lays the groundwork for how we treat our customers, suppliers, investors, employees, the communities where we operate, and each other, most importantly:

- respect for human rights and the personal dignity of each individual;
  - commitment to the highest levels of health, safety and security in our operations and those of our suppliers and business partners;
  - our pledge to deliver the highest levels of product quality;
  - upholding the highest integrity standards, in particular by committing to fair competition and strict compliance with national and international laws and regulations; and
  - using natural resources sustainably, in a way that reduces negative impacts on the environment.
-



<b>Environment</b>	<b>26</b>
Energy consumption and intensity	26
Emissions and emission intensity	26
Waste and waste intensity	26
Water consumption	27
Certifications and regulations	27
<b>Social</b>	<b>28</b>
Employees by country	28
Employee turnover	28
Employee and Board diversity	28
Occupational health and safety	29
Certifications and regulations	29
<b>Governance</b>	<b>30</b>
Remuneration of the Board of Directors	30
Board of Directors	30
Remuneration of the Group Executive Committee	31
Structure of compensation for GEC	31
Stakeholder engagement	31

# Environment

## Energy consumption and intensity

In kWh	2021	2020
Energy consumption – renewable (total)	19,157,459	2,350,000
Purchased renewable (hydroelectric power in Switzerland)	15,686,032	–
Self-generated renewable (heat pump, groundwater)	1,400,000	1,400,000
Self-generated renewable (solar photovoltaic)	2,071,427	950,000
Energy consumption – non-renewable	11,027,944	27,665,846
Purchased non-renewable (oil, gas, etc.)	4,269,822	4,055,725
<b>Total energy consumption</b>	<b>30,185,403</b>	<b>30,015,846</b>
Revenues (CHF million)	901	692
<b>Energy consumption (kWh) / CHF 1 million revenue</b>	<b>33,502</b>	<b>43,376</b>

## Emissions and emission intensity

Emissions – Scope 1 (direct emissions from owned or controlled sources) in tons	2021	2020
Greenhouse gas (GHG) – total	12,090	11,815
Carbon emissions (CO <sub>2</sub> )	12,077	11,815
Volatile organic compound (VOC) emissions	13	7.8
<b>Total emissions – Scope 1</b>	<b>12,090</b>	<b>11,815</b>
Revenues (CHF million)	901	692
<b>CO<sub>2</sub> emissions (tons) / CHF 1 million revenue</b>	<b>13.4</b>	<b>17.1</b>

## Waste and waste intensity

In tons	2021	2020
Hazardous waste	1,251	807
Recycling	2,545	2,719
<b>Total waste</b>	<b>4,191</b>	<b>3,845</b>
Revenues (CHF million)	901	692
<b>Waste (tons) / CHF 1 million revenue</b>	<b>4.7</b>	<b>5.6</b>

### Water consumption

In m <sup>3</sup>	2021	2020
Water withdrawal	10-15%	10-15%
Purchased water	86,157	35,638
<b>Total water consumption</b>	<b>86,157</b>	<b>35,638</b>

### Environment

#### Certifications

IQNet – The International Certification Network,  
ISO 9001:2015/ISO 14001:2015, 2019-2022

Certificate from the Energy Agency of the Swiss  
Private Sector (EnAW), Voluntary Climate Change and  
Energy Efficiency for reducing CO<sub>2</sub> & kWh, 2021

ISO 9001:2015, 14001:2015 and ISO IATF 16949  
certifications

#### Regulations

Responsible Business Alliance Code of Conduct  
since 2014

Swiss Ordinance on the Reduction of Risks related  
to Chemical Products, ChemRRV, SR 814.81

EU Directive 2011/65/EC of the European Parliament  
and of the Council on the restriction of the use of  
certain hazardous substances in electrical and  
electronic equipment (RoHS) and the amendment to  
Annex II of the RoHS Directive 2011/65/EC from  
June 4, 2015

EU Directive Nr. 1907/2006 (REACH) governing the  
Registration, Evaluation, Authorization and Restriction  
of Chemicals

EU-POP-Verordnung Persistente organische Schad-  
stoffe (EU-Verordnung 2019/1021) und EU Biocidal  
Regulation (EU) No 528/2012

California Proposition 65

RBA Conflict Minerals Reporting & Statement / Minerals  
Due Diligence: Tin, Tantalum, Tungsten, Gold, Cobalt

United States Environmental Protection Agency, Toxic  
Substances Control Act (TSCA) to reduce exposure  
to certain chemicals that are persistent, bio-accumula-  
tive and toxic (PBT)

# Social

In 2021, our employees generated global net sales of CHF 901.2 million and net income of CHF 217.4 million. Our workforce is distributed as follows (measured as full-time equivalents [FTEs]):

## Employees by country

	2021			2020			Change Employee growth
	Full-time	Part-time	Fixed term	Full-time	Part-time	Fixed term	
Europe	1,432	10%	3%	1,283	9%	3%	12%
thereof Switzerland	1,162	12%	3%	1,045	11%	3%	11%
thereof Romania	253	0%	1%	221	0%	1%	14%
Asia	623	0%	3%	539	0%	3%	16%
thereof Malaysia	452	0%	2%	383	0%	2%	18%
USA	60	0%	0%	57	0%	0%	5%
<b>Total</b>	<b>2,115</b>	<b>4%</b>	<b>1%</b>	<b>1,879</b>	<b>4%</b>	<b>1%</b>	<b>13%</b>

## Employee turnover

	2021	2020	Change
Employee turnover (rolling 12 month trend)	12.57%	14.51%	-13%

## Employee and Board diversity

	2021	2020
Women as percentage of workforce	17.3%	15.9%
Women as percentage of management	18.0%	18.0%
Women on the Board of Directors	28% <sup>1</sup> (2 out of 7)	14% (1 out of 7)

<sup>1</sup> Reflects the make-up of the Board of Directors as of the company's Annual General Meeting on May 17, 2022

**Occupational health and safety in Switzerland**

	2021	2020
Accidents (work-related accidents and illness regardless of severity)	43	31
Accident rate per 1,000 full-time employees (work-related)	36	27
Industry benchmark (segments M+ and G)	39	35
Accidents (not work-related <sup>1</sup> )	119	117
Accident rate per 1,000 full-time employees (not work-related)	99	102
Industry benchmark (segments M+ and G)	115	120

<sup>1</sup> Includes sports (37%), road traffic (29%), home and garden (14%), averaged over 2014–2021 period

**Social**

**Certifications**

Charta, signatory of the Safety Charta for upholding rules for safety standards and protection of employee lives

SGS Société Générale de Surveillance SA, Fair-ON-Pay+, 2021 to 2025

**Regulations**

–

# Governance

The composition of the Board of Directors and its related committees are shown below and more details on specific articles, regulations and charters can be found here: (<https://ir.vatvalve.com/en/corporate-governance#c11>).

The average age of the Board of Directors is 51 years of age. The average standard deviation in the age of the Board of Directors is 4.2 years. VAT has defined tenure limits stating that no board member may be over the age of 72 years of age and have exceeded 9 years of tenure at the time of re-election.

The Chairman of the Board of Directors is not an executive officer in the company. In accordance with the Nomination and Compensation Committee (NCC) charter, the NCC consists of at least three members of the Board of Directors. The members of the NCC are each elected by the shareholders' meeting. The term of office of the members of the NCC is one year.

When it comes to conflicts of interest, VAT draws a line between private interests and the interests of VAT. We do not engage in any activity or accept any task that might be in conflict with the interests of VAT. We never give preferential treatment to any business associate for private reasons. This applies particularly to closely related persons, e.g. family members and relatives. Furthermore, we ensure that none of our decisions or activities could be construed as having been driven by personal interests.

## Remuneration of the Board of Directors

Members of the Board of Directors receive a fixed compensation independent of the performance of the company, in order to ensure their independence in exercising their supervisory duties towards the executive management. Members of the Board of Directors do not receive any performance-based remuneration and do not participate in the occupational pension plans of the company. Their compensation levels are aligned with those typically paid to the Board of Directors in other industrial Swiss listed companies of similar size and complexity, as based on publicly accessible information.

70% of total compensation is awarded in cash and 30% is awarded in Restricted Shares of the company, which are subject to a blocking period. Special tasks or projects and expenses are not subject to these compensation principles and are awarded in cash.

Each member of the Board of Directors dedicates as much time as is required to execute their duties in a responsible way. Each member of the Board of Directors is expected to participate in all meetings of the Board and Committees to which they have been elected.

## Board of Directors

	Audit Committee (AC)	Nomination and Compensation Committee (NCC)	VATmotion Committee	Technology Committee
Martin Komischke	–	Chairman	Chairman	–
Heinz Kundert	–	Member	–	–
Libo Zhang	Member	–	–	–
Hermann Gerlinger	–	–	Member	Chairman
Urs Leinhäuser	Chairman	–	Member	–
Karl Schlegel	–	Member	Member	Member
Daniel Lippuner	–	–	Member	–

At its 2022 Annual General Meeting (AGM) on May 17, 2022, VAT shareholders elected Maria Heriz as a new board member replacing Heinz Kundert, who did not stand for re-election. In addition, the committee composition changed significantly, addressing some shareholder concerns especially with regard to the composition of the Nomination and Compensation Committee. Details can be found in the minutes of the AGM on VAT'S website and will also be disclosed in the 2022 VAT annual report.

### Remuneration of the Group Executive Committee

VAT Group's compensation principles support the company's business strategy and foster the commitment of all employees to the company's long-term goals. The compensation principles are:

- Internal fairness
- Reward for performance
- Focus on sustainable long-term value creation
- Alignment to shareholders' interest
- Market competitiveness
- Simplicity and transparency

The compensation structure of GEC members consists of several elements: a fixed remuneration comprising an annual base salary (ABS) and benefits, plus a variable component consisting of an annual short-term cash bonus incentive (STI) and a long-term share-based incentive (LTI) as illustrated below.

### Structure of compensation for GEC

	Program	Purpose	Plan period
ABS	Monthly cash salary	Attract and retain	Continuous
STI	Annual bonus in cash	Reward annual financial and individual performance	1 year
LTI	Equity-based plan	Reward long-term performance Align to shareholders' interests	3 years
Benefits	Pension and insurances	Protect against risks Attract and retain	Continuous
Non-tangible rewards such as work environment and culture, personal development and career opportunities			

Further information about the process for determining remuneration, decision authorities, stakeholder involvement, annual total compensation ratio and changes from the previous year are provided in the Compensation Report as part of the VAT annual report.

### Stakeholder engagement

Stakeholders represent those groups or individuals that are significantly affected by or affect VAT's products, activities and actions. VAT remains in continuous dialogue with all stakeholder groups in formal and informal channels.

VAT's most relevant stakeholder groups include:

- Employees
- Customers
- Suppliers
- Financial analysts
- Media
- Investors
- Academia
- VAT Management
- VAT Board of Directors
- Regulators
- Competitors
- Local communities

The formal and informal channels to engage with stakeholders are comprised of activities and programs such as periodic employee surveys, customer surveys, regular management and board meetings and dialogue with customers, investors, and other stakeholders as part of daily business.

# Reference

VAT Group AG  
Seelistrasse 1  
9469 Haag (Switzerland)

- Sales or service representations in 29 countries
- Manufacturing sites: Haag (Switzerland), Penang (Malaysia), and Arad (Romania)
- R&D sites: Haag (Switzerland), San Jose, CA (United States), Penang (Malaysia)

VAT Group AG, is a public company listed on the SIX Swiss Exchange (VACN). The entity includes VAT Group AG, VAT Group Ltd and VAT Vakuumventile AG.

The key aspects of VAT's ESG reporting are defined by GRI standards and metrics reviewed by ratings agencies. No restatement of the annual report or any ESG data was made.

This is VAT's first annually published Sustainability Review and is based on the 2021 calendar year (corresponding to the company's financial reporting year). It has been prepared with reference to GRI standards and not been externally assured in its entirety.

## Contact

Michel Gerber  
Head of Communications  
and Investor Relations  
m.gerber@vat.ch  
T +41 81 772 42 55



# GRI Disclosures

Disclosure 102-1: Name of the organization	32
Disclosure 102-2: Activities, Brands, Products and Services	8
Disclosure 102-3: Location of headquarters	32
Disclosure 102-4: Location of operations	32
Disclosure 102-5: Ownership and legal form	32
Disclosure 102-6: Markets served	8-9
Disclosure 102-7: Scale of organization	9
Disclosure 102-8: Information on employees and other workers	19-21
Disclosure 102-9: Supply chain	13, 20
Disclosure 102-12: External initiatives	12, 14
Disclosure 102-13: Membership of associations	10
Disclosure 102-14: Statement from senior decision-maker	4-5
Disclosure 102-16: Values, principles, standards and norms of behavior	12
Disclosure 102-17: Mechanisms for advice and concerns about ethics	24
Disclosure 102-18: Governance structure	23
Disclosure 102-20: Executive-level responsibility for economic, environmental and social projects	23
Disclosure 102-22: Composition of the highest governance body and its committees	30
Disclosure 102-23: Chair of the highest governing body	30
Disclosure 102-25: Conflict of interest	30
Disclosure 102-35: Remuneration policies	30
Disclosure 102-36: Process for determining remuneration	30-31
Disclosure 102-37: Stakeholders' involvement in remuneration	31
Disclosure 102-42: Identifying and selecting stakeholders	31
Disclosure 102-40: List of stakeholder groups	31
Disclosure 102-43: Approach to stakeholder engagement	31
Disclosure 102-48: Restatement of information	4
Disclosure 102-49: Changes in reporting	4
Disclosure 102-50: Reporting period	32
Disclosure 102-52: Reporting cycle	32
Disclosure 102-53: Contact point for questions regarding the report	32
Disclosure 102-55: GRI content index	33
Disclosure 102-56: External assurance	32
Disclosure 103-1: Explanation of the material topic and its boundary	4-5
Disclosure 103-2: The management approach and its components	4-5
Disclosure 205-2: Communication and training on anti-corruption policies and procedures	24
Disclosure 205-3: Confirmed incidents of corruption and actions taken	24
Disclosure 206-1: Legal actions for anti-competitive behavior, anti-trust and monopoly practices	24
Disclosure 206-1: Anti-competitive behavior	23-24
Disclosure 301-2: Recycled input materials used	17-18
Disclosure 302-1: Energy consumption within the organization	14, 26
Disclosure 302-3: Energy intensity	26
Disclosure 302-4: Reduction of energy consumption	26
Disclosure 302-5: Reductions in energy requirements of products and services	26

# GRI Disclosures

Disclosure 303-5: Water consumption	27
Disclosure 303-3: Water withdrawal	27
Disclosure 305-1: Energy direct (Scope 1) GHG emissions	26
Disclosure 305-4: Emission intensity	26
Disclosure 305-5: Reduction of GHG emission	26
Disclosure 306-1: Waste generation and significant waste-related impacts	17
Disclosure 306-2: Management of significant waste-related impacts	17
Disclosure 306-3: Waste generated	17
Disclosure 306-4: Waste diverted from disposal	17–18
Disclosure 307-1: Non-compliance with environmental laws and regulations	23–24
Disclosure 401-1: New employee hires and employee turnover	20
Disclosure 403-1: Occupational health and safety management system	20
Disclosure 403-2: Hazard identification, risk assessment, and incident investigation	20
Disclosure 403-3: Occupational health services	20
Disclosure 403-4: Worker participation, consultation, and communication on occupational health and safety	20
Disclosure 403-5: Worker training on occupational health and safety	20
Disclosure 403-6: Promotion of worker health	20
Disclosure 403-9: Work-related injuries	20
Disclosure 403-10: Work-related ill health	20
Disclosure 403-8: Workers covered by an occupational health and safety management system	20
Disclosure 405-1: Diversity of governance bodies and employees	20, 24

## 5-Year Key Figures

In CHF million	2021	2020 restated <sup>1</sup>	2019 restated	2018 restated	2017	CAGR 2017–2021
Order intake	1,227.9	724.5	585.0	648.0	736.2	13.6%
Order backlog as of December 31	461.2	145.3	114.5	113.6	165.6	29.2%
Net sales	901.2	692.4	570.4	698.1	692.4	6.8%
Gross profit	570.5	430.1	345.4	419.5	431.9	7.2%
Gross profit margin	63.3%	62.1%	60.6%	60.1%	62.4%	–
EBITDA adjusted <sup>2</sup>	–	–	–	–	215.1	–
EBITDA margin adjusted	–	–	–	–	31.1%	–
EBITDA	307.9	210.5	148.2	214.0	212.2	9.8%
EBITDA margin	34.2%	30.4%	26.0%	30.7%	30.6%	–
EBIT	264.9	169.8	102.5	178.8	178.7	10.3%
EBIT margin	29.4%	24.5%	18.0%	25.6%	25.8%	–
Net income	217.4	127.9	70.3	134.9	115.7	17.1%
Net income margin	24.1%	18.5%	12.3%	19.3%	16.7%	–
Basic earnings per share (in CHF)	7.25	4.27	2.34	4.50	3.86	17.1%
Diluted earnings per share (in CHF)	7.24	4.26	2.34	4.50	3.86	17.1%
Cash flow from operating activities	239.8	166.2	151.9	170.5	155.6	11.4%
Capex <sup>3</sup>	44.1	19.2	12.1	46.6	47.6	–2.7%
Capex margin	4.9%	2.8%	2.1%	6.7%	6.9%	–
Free cash flow <sup>4</sup>	195.7	147.0	139.9	123.9	108.5	15.9%
Free cash flow margin	21.7%	21.2%	24.5%	17.7%	15.7%	–
Free cash flow conversion rate <sup>5</sup>	63.6%	69.8%	94.4%	57.9%	51.1%	–
Free cash flow to equity <sup>6</sup>	192.0	143.0	135.4	119.6	104.4	16.5%

As of December 31 in CHF million	2021	2020 restated	2019 restated	2018 restated	2017	CAGR 2015–2019
Total assets	1,064.9	989.1	966.5	967.3	991.1	1.8%
Total liabilities	430.5	444.5	448.3	403.9	433.1	–0.2%
Equity	634.4	544.6	518.2	563.4	558.0	3.3%
Net debt	79.7	128.5	144.3	147.6	143.7	–13.7%
Net debt/EBITDA	0.3	0.6	0.9	0.7	0.7	–21.4%
Invested capital <sup>7</sup>	463.9	411.1	350.0	357.4	327.0	9.1%
NOPAT <sup>8</sup>	235.5	155.6	99.0	163.4	159.6	10.2%
Return on invested capital (ROIC)	53.8%	40.6%	28.0%	47.7%	55.7%	–
Dividend per share <sup>9</sup> (in CHF)	5.50	4.50	4.00	4.00	4.00	–
Payout ratio <sup>10</sup>	85.9%	94.4%	88.6%	100.4%	115.0%	–
Number of employees <sup>11</sup>	2,540	2,041	1,810	1,712	1,946	6.9%

1 Prior-period financial statements have been restated in line with a clarification in 2021 by the IFRS Interpretations Committee that costs for cloud-based services, such as VAT's new ERP system, are to be expensed through the income statement when they occur, rather than capitalized.

2 Adjusted EBITDA in 2017 excludes one-off items related to the IPO in April 2016.

3 Capex comprises acquisitions of subsidiaries net of cash, purchases of property, plant and equipment, and intangible assets and proceeds from sale of property, plant and equipment.

4 Free cash flow is calculated as cash flow from operating activities minus cash flow from investing activities.

5 The free cash flow conversion rate is calculated as free cash flow as a percentage of EBITDA.

6 Free cash flow to equity is calculated as cash flow from operating activities less cash flow from investing activities less interest paid and the current portion of loan and borrowings due at the end of the period.

7 Invested capital is defined as total assets (excluding current income tax receivables, goodwill, acquired technology and customer relationships, brands and trademarks, deferred income taxes and current income tax liabilities) less non-current liabilities (excluding loans & borrowings and deferred income tax liabilities).

8 Net operating profit less adjusted taxes (NOPAT) is calculated as EBITDA minus depreciation and amortization (excluding amortization of acquired technology and customer relationships) plus finance income (excluding net foreign exchange gains/losses from financing activity and excluding other finance income) less taxes at the average Group rate of 16.0% (previous year 16.0%).

9 2021 dividend proposal of the VAT Board of Directors to its shareholders at the AGM on May 17, 2022; CHF 5.25 per share to be paid from accumulated gains, CHF 0.25 to be paid from reserves from capital contributions

10 Percentage of free cash flow to equity proposed to be paid out as dividend

11 Number of employees expressed as full-time equivalents (FTEs)



# Contact

For further information please contact:

VAT Group AG  
Seelistrasse 1  
9469 Haag  
T +41 81 771 61 61  
[www.vatvalve.com](http://www.vatvalve.com)

Communications & Investor Relations  
Michel R. Gerber  
T +41 81 771 42 55  
[investors.vat.ch](mailto:investors.vat.ch)

Concept/Design/Realization  
Linkgroup AG, Zurich  
[www.linkgroup.ch](http://www.linkgroup.ch)

Publishing platform: PublishingSuite®  
Linkgroup AG, Zurich  
[www.linkgroup.ch](http://www.linkgroup.ch)

## **Forward-looking statement**

Forward-looking statements contained herein are qualified in their entirety as there are certain factors that could cause results to differ materially from those anticipated. Any statements contained herein that are not statements of historical fact (including statements containing the words "believes," "plans," "anticipates," "expects," "estimates" and similar expressions) should be considered to be forward-looking statements. Forward-looking statements involve inherent known and unknown risks, uncertainties and contingencies because they relate to events and depend on circumstances that may or may not occur in the future and may cause the actual results, performance or achievements of the company to be materially different from those expressed or implied by such forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the company's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behavior of other market participants, the performance, security and reliability of the company's information technology systems, political, economic and regulatory changes in the countries in which the company operates or in economic or technological trends or conditions. As a result, investors are cautioned not to place undue reliance on such forward-looking statements.

Except as otherwise required by law, VAT disclaims any intention or obligation to update any forward-looking statements as a result of developments occurring after the date of this report.

# OUTLOOK 2022:

---

VAT is further driving its transformation to a more sustainable business in 2022, particularly in the areas of ESG controlling and process improvement, communications, and integrating ESG more deeply into strategy development.