

CREATING VALUE SUSTAINABLY

Sustainability Report 2022

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 that long-term business success can only be sustained by integrating a broad range of values into strategic and operational planning. This includes providing employees with opportunities to grow and develop, playing a positive role in the communities in which it operates and reducing impact on the environment.

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Dear Stakeholders,

VAT passed a number of historic milestones in 2022: more than CHF 1 billion in sales, new records in profitability, cash generation and dividend payout, and membership in a leading index of the 30 largest companies on the SIX Swiss Exchange. All of these achievements reflect the steady improvement we've made in our economic performance since VAT was taken public in 2016.

We also made progress on building a true sustainability culture in the company and becoming industry leaders in environmental, social and governance (ESG) performance, to match our global leadership in vacuum valves used in the semiconductor, solar photovoltaic and other industrial sectors.

For example, we carried out our first sustainability-based Materiality Assessment, in which we engaged with stakeholders to find out how important specific ESG issues are to them, giving us insights to guide our sustainability strategy and implementation. The analysis covers the effects of our business on the environment and society, as well as sustainability-related opportunities and risks that could affect the financial development of the company.

We have improved the methods we use to measure CO₂ emissions, providing a more robust data baseline on which we can build our emissions reduction actions. Additionally, a first audit was carried out in line with the Responsible Business Alliance (RBA), whose Code of Conduct provides standards related to labor, health and safety, environment, ethics and management systems.

VAT also joined the Semiconductor Climate Consortium as a founding member in early 2022. The consortium's 81 member companies are collaborating along the entire industry value chain and sharing best practices with the aim of reducing greenhouse gas (GHG) emissions to net zero no later than 2050.

From a governance perspective, we revised Article 2 of our Articles of Association to explicitly include sustainable development as a prerequisite for the way we operate our business, we formally integrated ESG performance as one of the four priorities in our mid-term 2022–2027 strategic plan and we added management resources to support the implementation of this strategy across the business.

As a result of these initiatives, today we have a much better view of how our business affects the environment, our people and society as a whole. We also have a better understanding of how best to address the many challenges of running a global business sustainably and where we need to take further actions to achieve our goals.

That has allowed us, for the first time, to set specific ESG targets and provide greater detail about our longer-term ESG commitments and how we intend to achieve them. For example, we have now set a target to reduce GHG emissions to 50% of our 2022 levels by 2025, which we plan to achieve largely by expanding the use of renewable energies at our manufacturing and service sites. We also aim to raise the proportion of women in leadership positions to 25% by 2027.

“Today we have a much better view of how our business – along the entire value chain – affects the environment, our people and society as a whole.”



DR. MARTIN KOMISCHKE
CHAIRMAN OF THE BOARD OF DIRECTORS

A handwritten signature in black ink, appearing to read 'M. Komischke'.

We'll continue to broaden and strengthen our ESG targets and the underlying measures we need to reach them. At the same time, we believe it's important to acknowledge the positive impacts that our vacuum valve technology have on the environment and on society in general, both directly and indirectly.

For example, our products are used directly to address the challenge of climate change. Vacuum valves are used to make high-efficiency solar photovoltaic cells, in nuclear power generation and in fusion research. Through their key role in the fabrication of semiconductors, VAT valves also contribute to more efficient and less wasteful industrial production, the expansion of smart power grids that use renewable energy on a large scale, the roll-out of electric vehicles that improve urban air quality and the manufacture of nanoscale medical devices that open up large new opportunities to treat disease more effectively.

This is why today we say, "We change the world with vacuum solutions."



MIKE ALLISON
CHIEF EXECUTIVE OFFICER

A handwritten signature in black ink, appearing to read 'Mike Allison'.

In the long run, it's clear that business success cannot be measured only in economic terms. VAT can only be successful in the long term by taking care of the environment in which it operates and on which it depends. Similarly, the company must provide opportunities for its people and build strong connections with the communities in which they live and work.

This is our goal. In this Sustainability Report, we show you what we have accomplished so far, and what some of the challenges are that lie ahead. We look forward to working together with all our stakeholders to make VAT a truly sustainable company.

ESG HIGHLIGHTS 2022

We aim to lead in ESG the way we lead in vacuum valves

INAUGURAL ESG TARGETS

Based on VAT's first Materiality Assessment, improved measurement of greenhouse gas emissions and other impacts and the integration of ESG performance into mid-term strategic and operational planning, the company has established its first ESG targets for the period 2022–2030.

Climate protection

50%

reduction in CO₂ emissions by 2025 (vs. 2022)

Leadership diversity

25%

share of women in leadership positions by 2027

Workforce diversity

23%

share of women among new hires by 2027



25%

share of women among new hires by 2030



EQUAL PAY FOR EQUAL WORK

VAT's Fair-ON-Pay certification was raised to Advanced level in recognition of its improved performance in terms of pay equity between men and women in Switzerland since its first certification in 2021 (see page 39).

EMISSIONS AND RENEWABLE ENERGY

Lower emission intensity

Overall GHG emissions¹ increased more slowly than revenues, resulting in reduced emission intensity vs. 2021 (see page 22).

GHG emissions (tons) per revenues (CHF million)



¹ Scope 1 plus Scope 2 emissions

Increased use of solar energy

VAT increased the energy consumed from its own solar PV installations. Overall renewable energy consumption increased 6% vs. 2021 (see page 26).

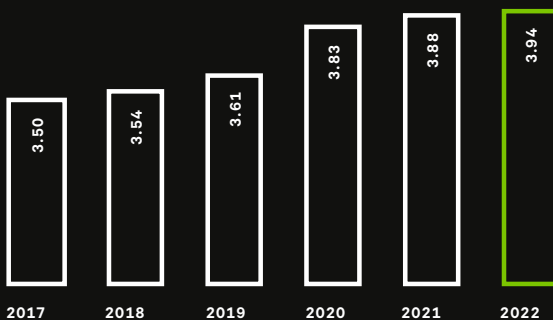
Self-generated solar power consumption in million kWh.



EMPLOYEE ENGAGEMENT CONTINUES TO RISE

Employee Engagement Survey results, 2017–2022 (Maximum score is 5.0)

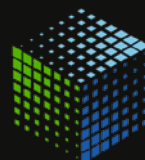
Employee engagement has steadily increased across the entire business cycle.



The annual Employee Engagement Survey is an important way of establishing a dialog with one of the company's most important stakeholder groups. Employees' ideas, insights and feedback on a range of issues are invaluable in improving processes, driving efficiency and identifying new opportunities for growth.

In 2022, VAT improved its engagement score for the fifth year in a row, a reflection of steady employee commitment through a period of both sharp increases and decreases in demand and output (see page 10).

FOUNDING MEMBER OF SEMICONDUCTOR CLIMATE CONSORTIUM



Semiconductor Climate Consortium

Collaborating within the semiconductor value chain to address climate change and speed up efforts to cut greenhouse gas emissions (see page 15).

Our Business: We change the world with vacuum solutions.

VAT is the world's leading supplier of advanced vacuum valves used to make semiconductors, photovoltaic solar cells, digital displays and a wide variety of other products used in advanced industrial and research applications. These are products whose manufacture requires a level of precision only attainable in near-perfect vacuum environments.

Semiconductors, for example, contain molecule-sized transistor nodes. The tiniest unwanted particle can contaminate the entire fabrication process, in an industry where equipment reliability, uptime and the highest possible product quality are essential to commercial success. The need for reliable high-precision manufacturing environments is growing in many industries and applications, where VAT is the market and technology leader.

Global megatrends driving growth

Several long-term technological, economic and environmental trends provide VAT with significant growth opportunities. Digitalization is among the most important, as demand continues to grow for more, and more powerful, semiconductors used in, for example, personal digital devices, data centers, smart factories and homes, and the development of Artificial Intelligence.

Renewable energy and the need to address climate change are further growth drivers for VAT. Vacuum valves are used to manufacture high-efficiency solar photovoltaic panels, and high-power semiconductors are needed to integrate the fluctuating levels of electricity generated from wind and solar installations into conventional power grids designed to carry steady loads from large power plants. Semiconductors are also critical components of electric vehicles, whose growing use promises to improve urban air quality around the world, while vacuum valves are also used in direct air carbon capture, in existing nuclear power generation as well as in research for future fusion power generation.

Furthermore, ongoing advances in high-precision manufacturing at a scale of nanometers has enabled significant improvements in product quality, performance and reliability, not only in semiconductors but also high-performance optical elements, biomedical parts, industrial coatings and other applications. These trends are expected to continue and can only be realized with the use of the most advanced vacuum valves.

VAT's investment in R&D 2022

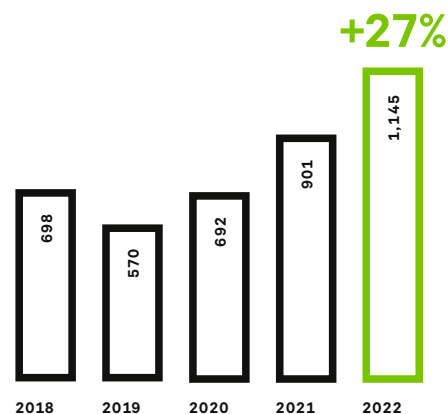
in CHF million

50

2021: CHF 45 million

Net sales development

in CHF million



The semiconductor equipment market

The semiconductor industry is VAT's largest end market and accounted for some 75% of net sales in 2022. The overall value of semiconductor sales is expected to reach USD 1–1.3 trillion by 2030, up from about USD 630 billion in 2022. This represents an annual growth rate (CAGR) of about 9% over the period 2020 to 2030, almost double the pace of growth during the previous 10 years¹.

VAT typically sells its valves to OEMs (Original equipment manufacturers) who build the valves into a wide variety of tools used in chip fabrication, generally referred to as wafer fabrication equipment (WFE). VAT also sells a wide variety of service products, from spare parts to customized retrofits that allow customers to adjust production without having to invest in new equipment.

WFE is therefore a useful measure of demand through the business cycle. In 2022, global WFE spending grew by about 9% versus 2021, reaching a new record of around USD 95 billion². WFE is expected to decline in 2023 in response to factors such as increasing inflation and slower consumer spending, as well as geopolitical developments and trade tensions. However, demand is expected to start to recover in 2024 and the long-term demand picture remains positive. WFE spending is expected to reach some USD 135 billion by 2027, with the largest growth in vacuum-based equipment.

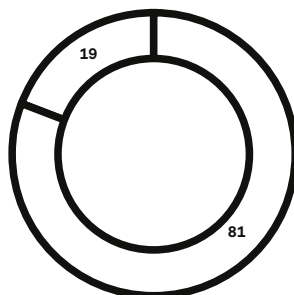
Business segment structure and global scope

The company is organized into two business segments: Valves, offering high-end vacuum valves, customized multi-valve modules and related products such as motion components and pressure measuring devices; and Global Service, which delivers spare parts and value-added services such as upgrades and retrofits.

VAT employs approximately 3,000 people at its headquarters in Haag, Switzerland, and additional manufacturing sites in Penang, Malaysia, and Arad, Romania. The company also operates sales and distribution sites in the US, Europe (France, Germany, Netherlands and the UK) and Asia (China, Japan, Singapore, South Korea and Taiwan).

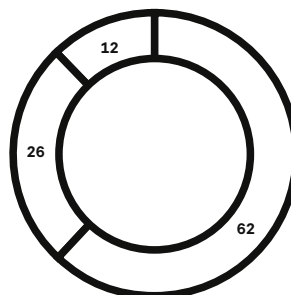
Many of VAT's largest customers have major production centers in Asia, although Europe and the US remain key locations, especially for chip technologies such as extreme ultraviolet lithography (EUV). VAT also has an increasingly global supply chain of mainly small- to medium-sized companies, many of whom are technology leaders in areas such as surface-coated metals, sealing and mechatronics. 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.

Net sales by segment in %



81 VALVES
19 GLOBAL SERVICES

Net sales by region in %



62 ASIA
26 AMERICAS
12 EMEA

¹ Gartner Q3 2022, and VAT estimates
² TechInsights/VLSI, January 2023

Our People: The driving force behind our market and technology leadership.

VAT believes its employees represent an important competitive advantage. Their skill, experience, engagement and flexibility have been key to the company's ability to innovate and build strong, long-term relationships with both customers and suppliers, thus driving VAT's technology and market leadership. VAT is therefore committed to creating a supportive and empowering work environment that recognizes, values and nurtures their talents and contributions.

At the end of 2022, VAT employed almost 3,000 people on a Full-Time Equivalent (FTE) basis, including both direct full-time and part-time employees as well as temporary contract employees. This represents an increase of approximately 18% compared with the previous year. Switzerland, Malaysia and Romania account for more than 90% of total employees. To increase flexibility and adapt its business activities to the cyclical nature of the semiconductor industry, VAT employs an average of about 15% temporary staff sourced from a small number of carefully selected employment agencies.

Employee turnover in 2022 remained at a low level despite the very strong market growth and consequent additional demands on employees. VAT believes this can be attributed in part to competitive compensation, its training and employee development programs, and its efforts to create positive work environments for all of its people.

Measuring employee engagement

This includes the company's Employee Engagement Survey (EES). Since 2017, VAT has conducted an annual survey together with an outside consultancy to measure how well the interests of employees align with the interests of the company. 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. Their ideas, insights and feedback are invaluable in improving processes, driving efficiency and identifying new opportunities for growth. Line managers are given training on how to build employee engagement and are required to report regularly on what measures they have taken in this area.

The EES represents an important tool to establish a dialog with one of the company's most important stakeholder groups. In 2022, 1,947 employees participated in the survey and VAT improved its engagement score for the fifth year in a row, a period in which the company experienced both sharp increases and decreases in demand and output.

Direct Employees per Country

As of December 31	2022	2021	Change
Europe	1,620	1,447	+12%
Switzerland	1,320	1,181	
Romania	279	248	
Asia	866	609	+42%
Malaysia	667	441	
Rest of the world	67	59	+13%
Total	2,553¹	2,115¹	+20.7%
Employee turnover (rolling 12 month trend)	14%	13%	+1%

¹ This report only contains data for employees directly employed by VAT at all VAT locations in 13 countries. For data protection and data transmission reasons, numbers of temporary employees are not covered in this and subsequent employee tables.

Our Products: How VAT products contribute to a sustainable economy.

The maintenance of high-purity vacuums, an area in which VAT is the technology leader, is vital to many of the products and processes needed to address critical issues such as global climate change and natural resource depletion.

In many cases, vacuum valves play an indirect role, such as in the manufacture of semiconductors, which are needed, for example, to store energy in a modern smart grid, to operate electric vehicles and to vastly improve the energy and resource efficiency of a wide variety of industrial processes. VAT valves are also needed in the complex processes of manufacturing solar photovoltaic cells, which convert sunlight to electricity. All these products are made under high-precision extreme vacuum conditions. And as technologies become more advanced and the scale of manufacturing continues to shrink to the level of a few nanometers, new and more advanced vacuum solutions are required.

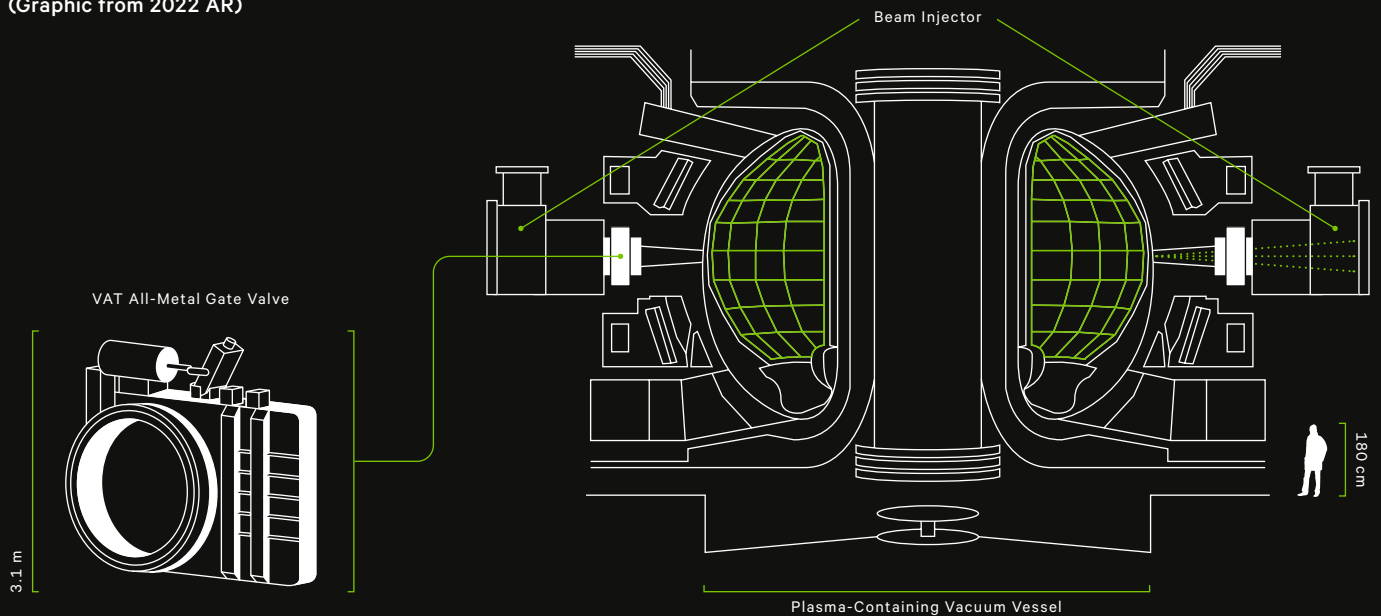
VAT valves in high-efficiency solar power

VAT plays a central role in the development of increasingly efficient solar photovoltaic cells, which are necessary for the successful transition to renewable power generation. Because solar panels require extreme thin-film applications of different photovoltaic materials, they must be manufactured in high-vacuum environments. Ongoing efforts to make panels more efficient require more vacuum deposition steps in the production process. VAT valves allow for the extremely high precision and quality required to apply thin films to passivate surfaces, control interfaces and deposit conductive layers of solar cells, all of which are needed to achieve further increases in solar cell efficiency.

The company is already the leading supplier of vacuum valves used to manufacture the most widespread technologies, such as TOPCon and heterojunction (HJT) cells. VAT is fully committed to developing new products specifically for solar applications and plans to launch two new solar products in 2023, one control valve and one transfer valve. The company is also participating in ongoing research into and industrialization of silicon-perovskite tandem solar cells, which promise to improve solar panel efficiency to close to almost 30% from today's levels of less than 25%, and recently won its first project to supply valves for this technology. The race towards higher cell efficiency will continue, as this lowers the levelized cost of solar energy and allows more efficient use of space available for panel installation.

VAT VALVES IN NUCLEAR FUSION POWER GENERATION

(Graphic from 2022 AR)



VAT's role in emission-free nuclear fusion energy

In southern France, 35 nations are collaborating to build the world's largest tokamak, a magnetic fusion device designed to prove the feasibility of nuclear fusion as a large-scale and carbon-free source of energy. The work being carried out at ITER is crucial to advancing fusion science and preparing the way for future fusion power plants.

The fusion reaction needed to produce energy takes place in a plasma heated to more than 100 million degrees Celsius. High-powered lasers then confine the plasma into small controllable regions where fusion can happen. Both the plasma and the particle beam are contained in extreme vacuum conditions.

With volumes of 1,400 m³ and 8,500 m³ respectively, the ITER vacuum vessel and the cryostat that contains it are among the largest vacuum systems ever built and create a vacuum with a pressure about one million times lower than air at sea level.

VAT, which supplies all-metal and elastomer valves to ITER, has developed one of the world's largest all-metal gate valves to separate the plasma chambers so they can be vented independently. The 7,000 kg valve can withstand up to 27 tonnes of pressure. Developing products for extreme applications provides VAT with technology insights that can be applied in the design of valves for wider commercial applications.

VAT's approach to sustainability

Business success can only be sustained by integrating a broad range of values into strategic and operational planning.

VAT has always paid attention to the impact of its manufacturing activities on the environment, reflecting its origins in Switzerland where environmental protection has a long tradition. However, VAT has more recently begun to address specific environmental challenges, such as climate change, in a more systematic and rigorous way, in line with the growing concern within society about these issues and how businesses can play a more active role.

In addition, VAT recognizes that business success also depends on providing employees with opportunities to grow and develop, and on playing a positive role in the communities in which it operates. Building a solid framework within which the company can integrate all of these issues into a comprehensive ESG strategy has been a management goal since the company went public in 2016.

One of the first steps came in 2018 when VAT joined the Responsible Business Alliance (RBA) and adopted the RBA Code of Conduct. This sets standards on social, environmental and ethical issues specifically aimed at the electronics industry. VAT has also adopted other international standards, such as the Universal Declaration of Human Rights, the International Labor Organization's conventions, the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, a number of ISO standards, the UN's Sustainable Development Goals and the Global Reporting Initiative.

Within this framework of standards and principles, VAT then began building sustainability into the company's business strategy using an ESG framework, based on the company's performance in the areas of environmental impact, social responsibility and governance. This process culminated in 2022 with the addition of sustainability to the mid-term strategic plan that the company presented to the financial community at its Capital Markets Day in December; the allocation of supervisory oversight of sustainability within the Board of Directors and the formal amendment to its Articles of Association in May 2023 that established sustainable development as central to its corporate purpose.

Operationally, a number of steps were taken in 2022. These include a first Materiality Assessment (see next page), improved processes for emissions measurements – assisted by external experts and more in line with industry standards – and participation in an independent third-party RBA Code of Conduct audit that assessed VAT's corporate social responsibility performance. At the same time, VAT continues to drive ongoing initiatives, such as the annual Employee Engagement Survey, the VAT cares program to support projects that help people in need around the world and a variety of individual projects in areas such as increased recycling, reducing waste and promoting the use of renewable energy.

Looking ahead, VAT sees significant opportunities to do more. The company is committed to creating a sustainability culture, recognizing that improved performance in social responsibility, lower environmental impacts and stronger corporate governance supports business success, makes VAT a preferred partner for our employees, customers, suppliers, local communities and shareholders.

Materiality Assessment

A robust baseline for future performance improvement

VAT recognizes that its business has impacts that cannot be measured through financial results alone. Long-term success depends on understanding both the opportunities and risks that our activities may present for all of our stakeholders. With this in mind, the company carried out its first Materiality Assessment during 2022, together with an external auditor. Their final report was submitted to the company in April of this year and integrated into the strategic planning process.

The assessment was carried out in line with the requirements of the European Corporate Sustainability Reporting Directive (CSRD), which is the central directive for sustainability reporting in the European Union, and the supplementary European Sustainability Reporting Standards (ESRS).

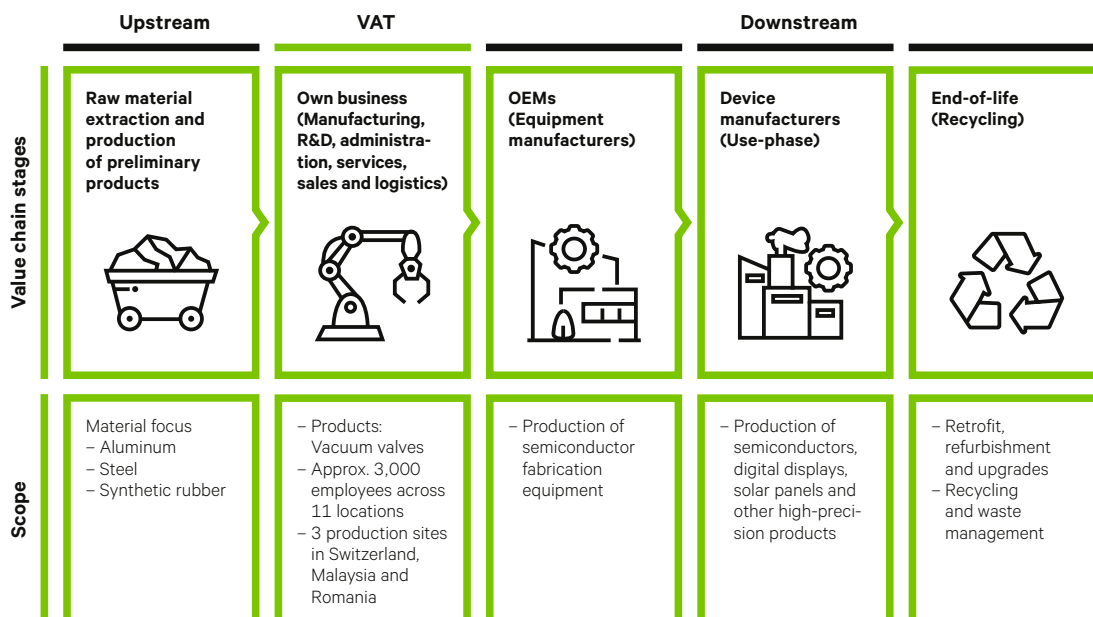
The guiding concept is called “double materiality.” It consists of two perspectives: impact materiality, which looks at the effects of VAT’s activities on the environment and society along the entire value chain; and financial materiality, dealing with sustainability-related opportunities and risks for the financial development of the company. Both perspectives must be considered to identify material topics.

The process comprised four steps:

Step 1: Review the company’s existing ESG policies and management, define VAT’s value chain and, within that context, derive a long list of potential ESG topics.

Step 2: Define the scope of the materiality assessment. The relevance of topics to VAT’s business model and value chain was determined using a variety of tools and methods, including VAT data, the CSR Risk Check (ESG risks in specific countries and regions), the Sustainability Accounting Standards Board standards and the MSCI materiality map.

The VAT value chain



Topics	Environmental	
	- GHG emissions and climate protection	- Waste disposal
	- Energy consumption and renewable energy use	- Water consumption
	Social	
	- Diversity, inclusion and equal pay	- Talent recruitment and development
	- Occupational health and safety	- Local community and charitable engagement
	Governance	
	- Ethics and integrity	- information security

Step 3: Analyze the impact and financial materiality of each topic, including internal and external stakeholders. Internal stakeholders included a member of VAT's Board of Directors, members of executive management and other senior managers in areas such as operations, sales and marketing, supply chain and distribution. External stakeholders included shareholders, customers and suppliers. Both groups included participants from North America, Europe and Asia.

Step 4: Derive the strategic implications of the assessment and integrate the results into the strategic planning process.

The assessment was based on a model of VAT's value chain that extends from raw material extraction, such as aluminum and steel used in manufacturing, to VAT's own operations, and on to the OEMs who build VAT's valves into their equipment and the final end customers, who are the manufacturers of semiconductors, solar panels, digital displays and other products.

From a long-list of 11 topics (28 sub-topics) across VAT's entire value chain, a short-list of six topics, comprising ten sub-topics, were identified as materially negative. These were then challenged in an internal workshop attended by members of VAT's executive management, ESG staff and risk managers. This led to the following set of material topics:

1. Climate protection (GHG emissions; Energy consumption and renewable energy)
2. Water management (Water conservation)
3. Resource use and circular economy (Waste, disposal and recycling)
4. Own workforce (Diversity, inclusion and equal pay; Talent recruitment and development; Occupational health and safety)
5. Governance (Ethics and integrity, cybersecurity)
6. Affected communities (Local community and charitable engagement)

Going forward, VAT intends to periodically update its Materiality Assessment and to use the insights gained as an important way to shape management priorities, set ESG performance targets, improve transparency and governance and to build stronger relationships with our stakeholders.

Working with partners to achieve change

VAT believes that collaborating with its partners across the entire value chain, as well as with other stakeholders, is essential to developing successful long-term strategies to address such critical global issues as climate change.

For this reason, VAT decided to join, as a founding member, the Semiconductor Climate Consortium, an alliance formed in 2022 to focus on the challenges of climate change and to speed up industry efforts to reduce greenhouse gas emissions in member company operations and in other parts of the value chain.

The group has three broad goals:

Collaborate & Align

Align on common approaches to improve and reduce greenhouse gas emissions in the semiconductor industry value chain.

Be Transparent & Report







Publicly report progress on Scope 1, 2 and 3 GHG emissions annually according to the guidelines and principles in the GHG Protocol.

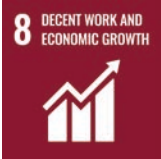


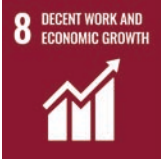
Be Ambitious & Target Net Zero

Set near-term and long-term targets in accordance with best available science, with the aim to reach Net Zero GHG emissions no later than 2050.

VAT and the UN’s Sustainable Development Goals

VAT’s approach to sustainability is in line with the UN’s 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs).

VAT Targets and Commitments	Rationale	UN SDG
Environment – Climate Change		
Reduce GHG emissions (Scope 1 and 2) ¹ by 50% by 2025, versus 2022 levels.	By significantly decreasing our greenhouse gas emissions, we can mitigate our impact on climate change, contribute to global efforts to reduce carbon emissions and safeguard the environment for future generations. This target not only aligns with international climate agreements and regulatory frameworks but also positions our company as a responsible and forward-thinking leader in our industry.	
Aim for 100% renewable energy	As part of our efforts to reduce GHG emissions, we aim to increase the share of energy consumed from renewable sources at all our production and service sites as well as to promote the use of more energy-efficient technologies, such as groundwater cooling.	
Reduce Scope 3 ¹ GHG emissions	Efforts are ongoing to assess Scope 3 emissions across our entire supply chain and to identify measures needed to mitigate them.	
Environment – Circular Economy		
Use resources efficiently	By adopting practices that promote the efficient use of aluminum and other resources, we can enhance cost-effectiveness, reduce environmental impact and contribute to the overall sustainability of our operations.	
Take steps to improve water conservation	VAT recognizes that water conservation is an important environmental issue in the semiconductor industry, which is a large water consumer. VAT is assessing what measures it can take to mitigate this impact as part of its commitment to sustainable resource management and environmental stewardship.	
Reduce waste	By prioritizing waste reduction, recycling, and proper disposal methods, we aim to minimize our ecological footprint, conserve resources and promote a circular economy.	

VAT Targets and Commitments	Rationale	UN SDG
Social-Own Workforce		
Build our reputation as a socially responsible employer by focusing on equal pay, diversity and inclusion, with a particular focus on fostering diversity in the talent pipeline	Embracing diversity enhances our reputation as an employer of choice and enables us to harness the benefits of varied perspectives, experiences and backgrounds to increase innovation and improve decision-making. It leads to stronger relationships with customers, suppliers, local communities and other partners who value and prioritize diversity and inclusion in their own practices. By actively seeking out and nurturing diversity in the talent pipeline, we secure these benefits into the future.	
Increase the share of women among new hires to 23% by 2027 and to 25% by 2030	By increasing the proportion of female hires, we can tap into a broader talent pool, harnessing the unique perspectives, skills and experiences that women bring to the table. This target demonstrates our commitment to creating a more inclusive and equitable workplace, fostering a culture where women feel valued and empowered and have equal opportunities for career advancement.	
Increase the share of women in leadership positions to 25% by 2027	By striving for gender-balanced leadership, we can tap into a wider range of perspectives, experiences and talents, driving innovation, creativity and better decision-making. This target demonstrates our commitment to equal opportunities for career advancement, fostering a supportive and inclusive work environment and sets an example for other organizations.	
Social – Workers in the Value Chain		
Engage with RBA requirements	VAT has been involved with the Responsible Business Alliance (RBA), one of the world's largest industry coalitions promoting corporate social responsibility in global supply chains, for several years. We plan to maintain and further expand this engagement.	

1. Scope 1 covers emissions from sources that an organization owns or controls directly, such as vehicle emissions. Scope 2 are those emissions from energy the company purchases, such as electricity. Scope 3 encompasses emissions from other parts of its value chain, such as suppliers, distribution and waste disposal.

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Greenhouse gas emissions and climate protection

3-3 Management of material topic

Greenhouse gas (GHG) emissions are considered material for VAT due to their substantial environmental impact and potential risks. As a responsible corporate citizen, VAT recognizes the need to address climate change by mitigating its emissions. Moreover, reducing GHG emissions aligns with evolving regulatory requirements and demonstrates the company's commitment to sustainability. By actively managing and reducing its GHG emissions, VAT can enhance its environmental performance, minimize environmental risks and contribute to a more sustainable future.

VAT's first Sustainability Review for the year 2021 included Scope 1 and Scope 2 GHG emissions for all its production sites. In 2022, a revised calculation of Scope 1, Scope 2 and Scope 3 emissions was carried out for the years 2021 and 2022 and for all VAT sites worldwide, including production, service and sales. In the course of the analysis, it was determined that the data required for a reliable Scope 3 assessment was not available in the necessary granularity and quality. As a result, a more reliable Scope 3 analysis is currently being developed for future reporting.

To calculate the amount of emissions, VAT followed a comprehensive methodology according to the GHG Protocol, based on verifiable data gathered from various emission sources per site. In a next step, the specific emission factors provided by recognized standards and guidelines were applied to convert the collected data into CO₂-equivalent (CO₂-eq.) emissions. By meticulously following this methodology, the company obtained an accurate assessment of its GHG emissions, enabling it to track its environmental impact and make informed decisions for emissions reduction strategies. Based on this analysis, the company set a new target to reduce its GHG emissions (Scope 1 and 2) by 50% by 2025, versus 2022 levels.

305-1 Direct (Scope 1) GHG emissions

To calculate Scope 1 GHG emissions, VAT considered direct emissions from sources it owns or controls. This includes diesel and gasoline consumption in vehicles, heating oil and natural gas consumption for heating, as well as refrigerant and Volatile Organic Compound (VOC) consumption. The input data provided, including fuel and consumption quantities, was used to determine the corresponding CO₂-eq. emissions using appropriate emission factors and methodologies.

The main contributors to Scope 1 emissions include heating in Switzerland and the vehicle fleet. When considering vehicle consumption, VAT decided to make no distinction related to owned or leased vehicles and included all related emissions in Scope 1, as VAT has operational control and a direct impact on them.

In principle, emissions rose roughly in proportion to the increase in revenue. In the aftermath of the Covid-19 pandemic, the company saw a rebound in activity in our vehicle fleet from 2021 to 2022, which translates into a larger increase in consumption and associated emissions compared with the 27% increase in revenue. The rise in heating oil, in turn, is due to energy price increases resulting from the Russia-Ukraine war and an extraordinary shift from natural gas to heating oil.

GHG Emissions – Scope 1 (Direct Emissions)

	2022	2021	2021 (restated)	Change
Scope 1¹ From direct energy sources (tonnes of CO ₂ -eq.)	1,219.16	965.56	12,090 ²	+26%
Breakdown of Scope 1 per Energy Source				
Diesel consumption-vehicles (liters)	32,498	21,997	–	+48%
Gasoline consumption-vehicles (liters)	35,254	30,190	–	+17%
Heating oil consumption (MWh)	1,850.6	92.2	–	+1,907% ³
Natural gas consumption (MWh)	2,478.1	3,938.7	–	–37%
Refrigerant consumption: R-134A (kg)	3	3	–	–

1 Scope 1 emissions for all sites at which VAT has ownership or operational control. All greenhouse gases included (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃).

The Scope 1 emissions are calculated based on DEFRA 2021 and DEFRA 2022 emission factors.

2 The GHG emissions reported in the Sustainability Review 2021, as Scope 1 emissions included in fact both Scope 1 and Scope 2 emissions.

3 The increase in heating oil consumption is due to a switch from natural gas to heating oil in light of the war in Ukraine.

GHG Scope 1 Emissions per Region¹

	2022	2021	Change
tonnes of CO ₂ -eq.			
Europe	1,146.59	897.64	+27%
Switzerland	941.39	685.74	
Romania	162.44	191.54	
Asia	61.84	58.18	+6%
Malaysia	8.73	8.73	
Rest of the world	10.74	9.74	+10%
Total GHG emissions	1,219.16	965.56	+26%

1 Scope 1 emissions for all sites VAT has operational control and a direct impact on. All greenhouse gases included (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃).

The Scope 1 emissions are calculated based on DEFRA/BEIS 2021 and DEFRA/BEIS 2022 emission factors.

**305-2 Indirect (Scope 2) GHG emissions,
305-4 GHG emissions intensity**

When calculating GHG emissions for Scope 2, VAT considered both location-based and market-based approaches. For location-based emissions, the company assessed the grid-average emission factor of the specific geographical region of its operations. In addition, incorporated market-based emissions were calculated taking into account the specific electricity mix procured including renewable energy certificates or entering into specific power purchase agreements to offset the emissions associated with purchased electricity. By utilizing both location-based and market-based approaches, the company gained a comprehensive understanding of its Scope 2 emissions and could effectively address its indirect environmental impact, eventually leading to the first group-wide Scope 1 and 2 emission reduction target stated on pages 16-17.

GHG Scope 2 – Location-based Emissions per Region¹

tonnes of CO ₂ -eq.	2022	2021	Change
Europe	1,370.51	1,429.96	-4%
Switzerland	445.47	419.99	
Romania	915.94	1,000.38	
Asia	11,807.36	10,005.55	+18%
Malaysia	11,274.21	9,427.84	
Rest of the world	58.59	78.05	-25%
Total GHG emissions	13,236.46	11,513.56	+16%

¹ Scope 1 emissions for all sites VAT has operational control and a direct impact on. All greenhouse gases included (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃).
The Scope 2 emissions are calculated using data from the International Energy Agency (IEA) and calculated in accordance with the location-based calculation approach as defined by the GHG Protocol.

GHG Scope 2 – Market-based Emissions per Region¹

tonnes of CO ₂ -eq.	2022	2021	Change
Europe	595.07	517.63	+15%
Switzerland	-	-	
Romania	584.32	506.74	
Asia	11,716.97	9,891.47	+18%
Malaysia	11,274.21	9,427	
Rest of the world	39.26	48.33	-19%
Total GHG emissions	12,351.30	10,457.43	+18%

¹ Scope 1 emissions for all sites VAT has operational control and a direct impact on. All greenhouse gases included (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃).
The Scope 2 market-based emissions are calculated based on supplier-specific emission factors sourced from the electricity providers at location, and calculated in accordance with the market-based calculation approach as defined by the GHG Protocol.

In absolute terms, GHG Scope 1 and 2 emissions increased in 2022. However, as 2022 was a record year with VAT's revenue increasing by 27%, Scope 1 and 2 emissions per revenue were reduced by 7% and 9%, respectively. This is particularly evident when analyzing the Scope 1 and 2 emissions breakdown per region. The site in Switzerland shifted to 100% renewable hydro power as early as 2021, eliminating Scope 2 emissions. It is VAT's goal to shift to 100% renewable energy in order to achieve its 50% reduction target for Scope 1 and 2 emissions.

GHG Emissions – Location-based

		2022	2021 (restated)	2021	Change
Scope 1¹	From direct energy sources (tonnes of CO ₂ -eq.)	1,219.16	965.56	12,090 ³	+26%
Scope 2²	Location-based (tonnes of CO ₂ -eq.)	13,236.46	11,513.56	–	+15%
Total GHG emissions	(tonnes of CO ₂ -eq.)	14,455.62	12,479.12	12,090	+16%
Emission intensity					
	Revenues (CHF million)	1,145.5	901.2	901.2	+27%
	Scope 1 emissions (tonnes of CO ₂ -eq.) / revenue (CHF million)	1.06	1.07	13.4	
	Scope 2 emissions (tonnes of CO ₂ -eq.) / revenue (CHF million)	11.56	12.78	–	
	Total GHG emissions per revenue (tonnes of CO ₂ -eq.) / revenue (CHF million)	12.62	13.85	13.4	–9%

1 Scope 1 emissions for all sites VAT has operational control and a direct impact on. All greenhouse gases included (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃).

The Scope 1 emissions are calculated based on DEFRA/BEIS 2021 and DEFRA/BEIS 2022 emission factors.

2 The Scope 2 emissions are calculated using data from International Energy Agency (IEA) and calculated in accordance with the location-based calculation approach as defined by the GHG Protocol.

3 The increase in heating oil consumption is due to a switch from natural gas to heating oil in connection with the Ukraine war.

GHG Emissions – Market-based

		2022	2021 (restated)	2021	Change
Scope 1¹	From direct energy sources (tonnes of CO ₂ -eq.)	1,219.16	965.56	12,090 ³	+26%
Scope 2²	Market-based (tonnes of CO ₂ -eq.)	12,351.30	10,457.43	–	+18%
Total GHG emissions	(tonnes of CO ₂ -eq.)	13,570.46	11,422.99	12,090	+19%
Emission intensity					
	Revenues (CHF million)	1,145.5	901.2	901.2	+27%
	Scope 1 emissions (tonnes of CO ₂ -eq.) / revenue (CHF million)	1.06	1.07	13.4	–1%
	Scope 2 emissions (tonnes of CO ₂ -eq.) / revenue (CHF million)	10.78	11.60	–	–7%
	Total GHG emissions per revenue (tonnes of CO ₂ -eq.) / revenue (CHF million)	11.85	12.68	13.4	–7%

1 Scope 1 emissions for all sites VAT has operational control and a direct impact on. All greenhouse gases included (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃).

The Scope 1 emissions are calculated based on DEFRA 2021 and DEFRA 2022 emission factors.

2 The Scope 2 market-based emissions are calculated based on supplier-specific emission factors sourced from the electricity providers at location and calculated in accordance with the market-based calculation approach as defined by the GHG Protocol.

3 The increase in heating oil consumption is due to a switch from natural gas to heating oil in connection with the Ukraine war.

Of the total global Scope 1 and 2 emissions, 95% can be attributed to the three production sites in Switzerland, Romania and Malaysia. In addition, the largest share of Scope 2 emissions is produced by the site in Malaysia. Here the company plans to increase in-house electricity generation and install more solar panels on the factory roof. Currently, 94% of all electricity VAT generates in-house originates from the photovoltaic system in Malaysia.

305-3 Other indirect (Scope 3) GHG emissions

VAT initiated a company-wide carbon accounting project to systematically identify and calculate indirect emissions along the whole value chain for both 2021 and 2022. This analysis forms the basis for the development of future Scope 3 emission reduction targets as well as measures in VAT's supplier cooperation and supply chain management.

As a result of this analysis, the company identified the following GHG Protocol Scope 3 categories as relevant for its business:

Category 1: Purchased goods and services

Category 2: Emissions from Capital goods

Category 3: Emissions from fuel and energy

Category 4: Upstream transportation and distribution

Category 5: Waste generated in operations

Category 6: Business travel

Category 7: Employee commuting (work-home)

Category 9: Downstream transportation and distribution

Because the operation of VAT's products does not consume significant amounts of energy, and because they are largely recyclable due to their high aluminum content, Category 11 (Use of products) and Category 12 (End of Life (EoL) treatment of sold products) were not considered meaningful in this materiality assessment.

GHG emissions related to Capital Goods

	2022	2021
GHG emissions – Category 2: Capital Goods ¹ (tonnes of CO ₂ -eq)	17,781	9,793

¹ Calculated based on spend-based data using DEFRA emission factors.

The increase in capital goods emissions is explained by a doubling of capital expenditure from CHF 32.4 million (2021) to CHF 62.5 million (2022), with 90% of the associated emissions allocated to construction activities. To support future growth, VAT is investing heavily in new production and manufacturing equipment and this is accompanied by increases in emissions. VAT is currently building two new factories: the innovation center in Haag, Switzerland, which is expected to be completed in early 2025, and the second factory in Penang, Malaysia, which is scheduled for completion in mid-2023.

In order to act sustainably, the new building in Haag was designed according to the principles of the LEED (Leadership in Energy and Environmental Design) Green Building Scheme. The LEED Green Building Certification is a globally recognized rating system for sustainable building design, construction and operation. It promotes environmentally friendly practices and evaluates buildings based on criteria such as energy efficiency, water conservation, materials selection, indoor environmental quality and sustainable site development. Based on current information, the new Innovation Center in Haag will achieve a LEED Gold Standard.

A Gold level certification signifies a high level of sustainability achievement, indicating that a building has met rigorous standards and demonstrates a commitment to environmental stewardship. It signifies advanced sustainability features and performance, including significant energy savings, reduced water consumption, healthier indoor environments and a reduced environmental impact, making it an esteemed recognition in the green building industry.

In addition, VAT uses sustainable materials in its offices to ensure a beneficial health-promoting work environment for our employees. When selecting office furnishings at the location in Switzerland, VAT supports efforts to establish a circular economy by sourcing from a local company that produces noise-absorbing partition walls from recycled PET bottles. In this way, VAT's office design resulted in the re-use of 24,956 PET bottles in 2021 and 41,540 PET bottles in 2022.

“Sustainability was a key element in the design of our new Innovation Center in Switzerland. Providing an attractive, healthy and energy-efficient workplace is part of our commitment to a greener future.”

Michael Zickar – Head of Core Technology

GHG emissions from Fuel- and Energy-Related Activities

	2022	2021
(not included in Scope 1 or Scope 2)		
GHG emissions – Category 3: Fuel- and Energy-related Activities ¹ (tonnes of CO ₂ -eq)	4,585	4,148

¹ Calculation considers upstream electricity emissions based on data for Scope 1 and 2 calculation (primary data) considering emission factors by DEFRA, Umweltbundesamt, IEA 2020 and Stromreport.

GHG emissions related to Business Travel

	2022	2021
GHG emissions – Category 6: Business travel ¹ (tonnes of CO ₂ -eq)	1,277	205

¹ This calculation considers business travel by employees in Switzerland only, covering more than 50% of the overall workforce. The data is based on the GHG emissions reports provided by the travel agency and covers only air travel.

GHG emissions related to Employee Commuting

	2022	2021
GHG emissions – Category 7: Employee commuting ¹ (tonnes of CO ₂ -eq)	1,431	1,260

¹ This calculation considers employee commuting based on the company's internal mobility concept in Switzerland as well as average commuting distances taken from secondary sources.

All local companies must comply with applicable laws and regulations relating to air emissions parameters. Air emissions are carefully monitored by VAT as part of our legal requirements. This topic is managed and controlled directly by local operational facilities in accordance with local regulations and internal guidelines.

Energy consumption

3-3 Management of material topic

Energy consumption is considered a material topic as it has significant implications for VAT's financial sustainability, environmental impact and operational efficiency. High energy consumption can lead to increased operational costs, making it essential to optimize energy use and reduce expenses. Moreover, energy consumption is closely tied to greenhouse gas emissions, contributing to climate change. By prioritizing energy management and implementing energy-efficient practices, there is the opportunity to enhance electrical stability, reduce the company's environmental footprint and ensure long-term operational resilience.

302-4 Reduction of energy consumption

Energy reduction in Switzerland

In early 2019, VAT concluded an electricity reduction target agreement with the Swiss Private Sector Energy Agency. The Swiss Energy Agency supports companies in developing CO₂ emission targets, lowering energy costs and increasing energy efficiency. VAT agreed to reduce energy consumption by 169,321 kWh by 2028 for the Swiss site alone. At present, VAT is on track to achieve this target – 128,412 kWh of energy have already been saved, which corresponds to about 75% of the total energy reduction target in the agreement and exceeds the expected to-date energy saving reductions by 30%.

To achieve this target, various measures were identified and implemented, such as the replacement of the lighting in the plants with energy-efficient LED lighting and the introduction of the periodic bi-annual search and sealing of compressed air leaks. In addition, existing heating systems were gradually converted to the latest, most energy-efficient technology for demand-oriented control of the infrastructure.

Reduction of Energy consumption as part of the Swiss Private Sector Energy Agency Program

In kWh	2022	2021	2020	2019
Reduction target (kWh)	99,378	66,252	33,126	0
Realized energy reduction (kWh)	128,412	101,311	65,705	23,405
Realization in relation to the overall objective (%)	76%	60%	38%	14%

302-1 Energy consumption within the organization**302-3 Energy intensity**

Energy Consumption – Production Sites	2022	2021	Change
In kWh			
Switzerland	21,494,044	20,008,601	+7%
Romania	4,123,549	3,839,118	+7%
Malaysia	19,302,891	16,872,198	+14%
Total Energy consumption – production sites (kWh)	44,920,484	40,719,917	+10%

Energy intensity

Revenues (CHF million)	1,145.5	901.2	+27%
Energy consumption (kWh) / revenue (CHF million)	39,214.7	45,184.1	-13%

Energy Consumption per Region and Energy Source	2022	2021	Change
In kWh			
Switzerland			
Energy consumption – renewable (total)	18,092,630	17,059,009	+6%
Self-generated (solar)	130,160	123,780	
Purchased renewable (green power mix ¹)	345,110	365,254	
Purchased renewable – with guarantee of origin ² (hydro-power)	17,617,360	16,569,975	
Energy consumption – non-renewable	3,401,414	2,949,592	+15%
Heating oil	1,758,367	–	
Natural Gas	1,643,047	2,949,592	
Total energy consumption Switzerland (kWh)	21,494,044	20,008,601	+7%

1 At the laboratory sites in Switzerland, electricity is purchased from the local utility provider without a guarantee of origin via a green electricity mix (hydro and solar power).

2 The source of the renewable energy is confirmed by certificates of origin in accordance with Art. 1d and 1e of the Energy Ordinance of 7 December 1998 (SR 730.01) and the DETEC Ordinance of 24 November 2006 on Proof of the Production Type and Origin of Electricity (SR 730.010.1).

Romania			
Energy consumption – renewable (total)	1,640,408	1,422,616	+15%
Purchased electricity (general power mix) ³	1,640,408	1,422,616	
Energy consumption – non-renewable	2,483,141	2,416,502	+3%
Natural gas	781,916	941,143	
Purchased electricity (general power mix)	1,701,225	1,475,359	
Total energy consumption Romania (kWh)	4,123,549	3,839,118	+7%

3 The purchased electricity mix in Romania consisted of 49.09% renewables in 2021, with a proportion of 33.7% hydropower, 11.8% wind power, 3.2% solar and 0.3% biomass. Since the energy mix values for 2022 were not available at the time of publication, with the following breakdown: 33.7% was calculated in accordance with the energy mix split of 2021.

Malaysia			
Energy consumption – renewable (total)	3,144,400	2,889,386	+9%
Self-generated (renewable- solar power)	2,056,129	1,947,647	
Purchased electricity (general power mix) ⁴	1,088,271	941,739	
Energy consumption – non-renewable	16,158,491	13,982,812	+15%
Purchased electricity (general power mix)	16,158,491	13,982,812	
Total energy consumption Malaysia (kWh)	19,302,891	16,872,198	+14%

4 The purchased electricity mix in Malaysia consisted of 6.31% renewables in 2021, with a proportion of 5.43% hydro power and 0.88 solar power. Since the energy mix values for 2022 were not available at the time of publication, with the following breakdown: 33.7% was calculated in accordance with the energy mix split of 2021.

Waste generation

3-3 Management of material topic

Excessive waste generation can lead to resource depletion and environmental pollution, which is why VAT considers waste reduction and recycling efforts to be a material topic. Proper waste disposal is crucial to ensure the health and safety of communities and minimize the negative impacts on the environment. By addressing waste generation and disposal and promoting responsible waste management practices, VAT demonstrates its commitment to environmental sustainability, meets its regulatory requirements and contributes to a circular economy.

306-1 Waste generation and significant waste-related aspects

306-2 Management of significant waste-related impacts

As a manufacturing company, most waste at VAT is industrial waste, generated at various stages in the production process; material handling, product assembly and packaging, where excess materials, scrap or defective components are produced. In 2022, VAT generated 1,499.2 tonnes of scrap metal (aluminum, steel and non-ferrous metals) at its production sites in Switzerland, Malaysia and Romania. This corresponds to about 60% of total production waste. However, VAT strives to continuously optimize product design to reduce waste and the scrap metal generated is fully recycled.

Scrap Metal Waste in 2022 – Production Sites

In tonnes	Switzerland	Malaysia	Romania
Aluminum	1,205.8	1,202.9	102.3
Stainless steel and non-ferrous metals	293.4	- ¹	140.1
Total scrap metal – production sites (tonnes)	1,499.2	1,202.9	242.4

1 In Malaysia, no distinction is made between the different types of metal.

A further 25% of total waste from production activities consists of 1,235 tonnes of cooling fluids and cleaning agents used in surface finishing and ensuring products are delivered at the very high levels of cleanliness and precision demanded by customers.

Since some of these substances are harmful to health, they are either recycled and reprocessed or converted to energy in energy-from-waste applications. VAT is continuously working to reduce this type of waste. For example, VAT in Switzerland successfully tested a method to extend lubricant life by using smart devices to measure the amount of particle contamination in the coolant and then filter out excess contaminants so the fluid can continue to be used. This practice enables us to use production materials more efficiently while ensuring product quality. VAT intends to roll out this approach at its other locations. The company has also replaced harmful acetone-based cleaning agents with safer and more environmentally-friendly alternatives.

Cleaning and Operational Fluids in 2022 – Production Sites

In tonnes	Switzerland	Malaysia	Romania
Emulsions and cooling fluids for machine operations	463.7	412.3	147.2
Cleaning agents	20.9	191.1	- ¹
Total fluid waste – production sites (tonnes)	484.6	603.4	147.2

1 In Romania, there are no production steps that require large amounts of cleaning agents.

The remaining 15% of total waste is generated through packaging shipping – in areas such as shipping and receiving, where packaging materials, pallets or shipping containers are often discarded – and office waste at its manufacturing, sales and service sites around the world.

More sustainable packaging

VAT has redesigned much of its packaging to reduce the amount of non-recyclable material used. As a result, more than 90% of the company's packaging material is now recyclable. While VAT continues to optimize its packaging concept and develop even more sustainable packaging methods, it has also introduced standardized and reusable shipping trays in line with circular economy practices. The company initially deployed the trays for use with local parts suppliers in Switzerland but has since expanded their use to include a number of customers. In addition to eliminating a source of packaging waste, the measure has improved overall supply chain efficiency.

VAT aims to minimize office waste by adopting practices such as paperless documentation, encouraging digital communication and file sharing. Additionally, promoting awareness and educating employees on waste reduction practices encourages their active participation in minimizing office waste and supports the company's efforts to create a sustainability culture among employees.

In addition, VAT runs extensive recycling programs for paper, plastic and other recyclable materials such as PET bottles. VAT continuously reduces single-use items like disposable cups and utensils. At its site in Penang, Malaysia, the local team is developing a new recycling concept with an external partner to process leftover food from the cafeteria into fertilizer used on the factory grounds.

The company's local Facility Management and Production teams are responsible for overseeing the waste disposal process, including the collection and monitoring of data. They also monitor the performance of their local waste management partners and carry out supplier audits at least every three years to ensure contractual and legal obligations. VAT considers its waste impact in the downstream value chain to be not material since vacuum valves typically have long lifecycles and are made primarily of recyclable aluminum.

Combined with scale efficiencies resulting from the increase in revenues in 2022, these measures contributed to a 12% reduction in waste intensity (waste generated as a share of revenue) in 2022. For 2023, VAT is working to harmonize waste data across all of its locations worldwide to improve comparability among the different sites.

306-3 Waste Generated

Waste Generation and Disposal – Production Sites	2022	2021	Change
In tonnes			
Switzerland ¹	2,570.4	2,322.3	+10.7%
Romania	473.3	416.3	+13.6%
Malaysia	1,832.5	1,608.0	+14.0%
Total waste – production sites (tonnes)	4,876.2	4,346.6	+12.2%
Waste intensity			
	1,145.5	901.2	+27%
Revenues (CHF million)	4.26	4.82	-11.6%
Waste (tonnes) / revenue (CHF million)	39,214.7	45,184.1	-13%

1 The sites in Buchs and Zurich, Switzerland are not included as the waste management is done directly via collective waste, so no detailed information is available.

Waste Generation per Region and Waste Type	2022	2021 (restated)	Change
In kg			
Switzerland			
Paper and cardboard	63,787	18,045	
Organic waste	-	-	
Plastic	2,473	131	
Municipal waste	323,604	306,361	
Industrial waste ¹	1,651,547	1,424,485	
Electrical and electronic equipment	7,283	5,589	
Other	521,709	567,663	
Total waste – Switzerland (kg)	2,570,403	2,322,274	+10.7%

1 Industrial waste: includes bulky waste, wood, scrap metal etc.

2 Electric and electronic equipment waste: printers, PCs etc.

3 Other: waste that cannot be assigned to the other categories.

Romania			
Paper and cardboard	6,685	5,484	
Organic waste	-	-	
Plastic	-	480	
Municipal waste	4,939	2,160	
Industrial waste	461,637	393,957	
Electrical and electronic equipment	-	-	
Other waste	-	14,170	
Total waste – Romania (kg)	473,262	416,252	+13.6%

Malaysia			
Paper and Cardboard	-	-	
Organic waste	-	-	
Plastic	-	-	
Municipal waste	333	749,060	
Industrial waste	1,222,794	858,950	
Electrical and electronic equipment	130	-	
Other waste	609,196	-	
Total waste – Malaysia (kg)	1,832,453	1,608,010	+14.0%

Water consumption

3-3 Management of material topic

water conservation is considered a material topic for VAT as it addresses the challenges of water scarcity and sustainable resource management. By implementing efficient water conservation processes, the company strives to reduce water consumption, lower operational costs and contribute to water conservation efforts. Moreover, responsible water conservation practices demonstrate VAT's commitment to environmental stewardship and align with its sustainability objectives.

303-1 Interactions with water as a shared resource

Water conservation is a pressing concern in the semiconductor value chain, particularly during semiconductor manufacturing, which traditionally consumes substantial amounts of water. It is essential for cleaning, rinsing and cooling purposes, as well as for chemical reactions and wafer fabrication. The quality and availability of water directly impact the efficiency, reliability and overall operability of semiconductor production.

VAT's water consumption as a share of the total used along the entire value chain is small and the company does not operate in areas considered "water stressed regions" by the World Resources Institute (WRI). Nevertheless, VAT is committed to water conservation and considers water consumption in every aspect of its operations, from sourcing to consumption and discharge. By implementing efficient water use practices, monitoring water quality and investing in water conservation technologies to improve water efficiency, VAT aims to minimize its water footprint. Compared with 2021, VAT was able to maintain its water consumption as a share of revenue at a stable level.

Low-energy cooling using groundwater

VAT uses water in various production processes, such as the meticulous cleaning required to achieve the extremely high levels of product precision demanded by customers. VAT also uses water for a groundwater cooling system at its site in Switzerland, effectively reducing the need for traditional energy-intensive air conditioning systems by circulating groundwater through heat exchangers to absorb excess heat from buildings. It is a more environmentally friendly cooling solution that minimizes the impact on local air quality and reduces GHG emissions.

The water required for production and other applications is sourced from municipal water supplies and groundwater wells. All sites have the required permits for water extraction and, if no local requirements are available, follow the company standard with regard to discharge testing and discharge quality.

303-2 Management of water discharge-related impacts

VAT ensures that its discharged water meets or exceeds the required standards by using advanced wastewater treatment systems and through strict adherence to environmental regulations. Water used for surface treatments in the production process is treated before being discharged to eliminate metal particles.

VAT monitors and assesses the quality and quantity of discharged water on an ongoing basis. The company regularly tests its water treatment processes and collaborates with stakeholders, such as governmental agencies, to continually improve its water discharge practices.

303-5 Water consumption

Water Consumption¹ – Production Sites

in m ³	2022	2021	2020	2019
Switzerland	49,313	45,611	35,638	28,991
Romania	4,874	5,250	5,010	4,875
Malaysia	59,894	40,546	24,766	16,829
Total water consumption – production sites	114,081	91,407	65,414	50,695
Water Intensity				
Revenues (CHF million)	1,145.5	901.2	692.4	570.4
Water consumption (m ³) / revenue (CHF million)	99.59	101.43	94.47	88.88

1. Water consumption is metered directly. There are no other water withdrawals.

Community and charitable engagement

3-3 Management of material topic

VAT considers its social responsibilities to be driven not only by the needs of its approximately 3,000 employees around the world, but also by a conviction 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.

But beyond providing employment, training, skills transfer and economic growth, VAT strives to contribute to its communities and to society as a whole.

Giving back to society

In 2022, after three years of particularly strong revenue growth, VAT launched the VAT cares program as a way to give back to society through charitable donations to those in the world who urgently need help. The company organizes fundraising activities and matches employee donations to global charitable organizations. Under the program, a total of CHF 170,000 was raised in 2022 and distributed among three international aid organizations: CHF 40,000 to the International Committee of the Red Cross to combat the food crisis in Africa, CHF 100,000 to the United Nations High Commissioner for Refugees and a further CHF 30,000 to Médecins sans Frontières to support their emergency response teams.

In addition to global activities, local employees are active in activities that directly benefit their communities. As part of a team-building activity, employees in Malaysia organized a clean-up day at Pantai Bersih, a coastal beach area located not far from VAT's facilities in Penang. A similar event was held by VAT employees in Romania, who organized a clean-up of the Mures Meadow Natural Park, located close to the VAT plant in Arad. The park is a protected wetland ecosystem and nesting area for some 200 bird species, including several protected species.

In Switzerland, VAT sponsored the Werdenberger Schloss-Festspiele, a cooperative based in the nearby town of Buchs that promotes culture in the region through opera, concerts, and other activities.

Occupational health and safety

3-3 Management of material topic

VAT considers the health and safety of its employees to be of utmost importance. It places great emphasis on creating a work environment that prioritizes the well-being and protection of its workforce. By fostering a culture of safety and well-being, VAT not only enhances employee morale and productivity but also demonstrates its dedication to the overall welfare of its workforce.

As a signatory to the Swiss Accident Insurance Fund (SUVA) Safety Charter, VAT is committed to ensuring that SUVA's rules and all of its own safety rules are observed in the workplace. As a responsible company, VAT requires all supervisors and employees to comply with the following principles at all times and in all places: stop in case of danger, eliminate danger and only then continue working.

In addition to prioritizing the health and safety of its employees, VAT also places a strong emphasis on ensuring the safety of its products. Stringent quality control measures and rigorous testing protocols are implemented to guarantee that its vacuum valves meet the highest safety standards. By ensuring the safety of its products, VAT aims to instill confidence in its customers, building trust and long-term relationships based on reliability and the well-being of end-users.

403-1 Occupational health and safety management system

VAT maintains and implements a corporate Health and Safety Management System, which applies to all of its locations, based on the requirements of the ISO 45001:2018 standard. Within the framework of its management system, VAT promotes a culture of safety awareness by regular communication, employee engagement and participation in safety committees. Each VAT location implements an Environment, Health and Safety (EHS) Management system in adherence with local regulations and legal requirements.

VAT encourages all employees to prioritize occupational health and safety and provides specific training and equipment, so they have the tools they need to work safely. VAT also employs specially trained EHS professionals who conduct regular risk assessments to identify and mitigate potential hazards, in accordance with local standards established by organizations such as SUVA in Switzerland and the Malaysian Department of Occupational Safety and Health (DOSH).

Depending on their location, EHS specialists report either to the Quality department or directly to the production or site management. These specialists maintain VAT's safety training programs for employees and ensure adherence to clear protocols for incident reporting and emergency response. VAT requires its employees to adhere to a comprehensive set of policies and guidelines when it comes to health and safety. By implementing robust health and safety measures, VAT aims to safeguard its employees from accidents, injuries, and illness. This commitment extends beyond compliance with regulations.

In 2022, VAT updated its Health and Safety Policy to reflect the latest standards, rules and regulations; available via the VAT website at: https://vatvalve.vatstatic.com/uploads/downloads/file/Corporate_Health_and_Safety_Policy-vat-health-and-sefety-policy-sep-2022-en.pdf.

403-3 Occupational health services

VAT strives to ensure that its employees are not affected by work-related risks by carrying out regular medical examinations, such as eye and hearing examinations.

In November 2022, VAT's site in Malaysia officially launched the VAT First Aid room, in line with the company's value "We care for your health." The clinic is available in both shifts and offers various services, such as advice on health and medical care, medical treatment and first aid, as well as other health services.

403-5 Worker training on occupational health and safety

VAT conducts EHS training based on comprehensive risk assessments of the company's workplaces. General safety training is mandatory for all employees upon joining the company and provides them with an overview of the most important safety principles, relevant telephone numbers and contact persons, as well as information on personal protective equipment (PPE). This training is provided using video presentations or in a face-to-face classroom environment. All participants are required to pass a test at the conclusion of the training.

Additional safety training relevant to particular production processes and equipment use is also provided. Furthermore, specialized training is given in specific processes such as the handling, storing and disposing of chemical waste generated through the production process. Comprehensive safety instructions for customers are also included with all products.

All safety-related training is provided free of charge to employees and takes place during working hours. The training is conducted by EHS specialists or process owners.

403-6 Promotion of worker health

VAT operates in a fast-moving and demanding global market that can place employees under considerable stress. In an effort to support its employees' overall well-being, VAT launched the Employee Assistance Program (EAP) in 2022 to support employees on topics such as balancing the demands of work and family, dealing with stress, anxiety or depression, or with grief and loss. The program, staffed by trained professionals, also provides advice regarding legal or financial questions or domestic concerns, such as substance abuse by family members. Employees can reach this confidential service via an online platform or a free telephone number.

To build healthy habits and promote collaboration across the company, VAT organized a second global VP GO Challenge in 2022, based on building a greater sense of community and purpose through friendly, team-based competition. More than 100 teams took part, consisting of almost 600 employees from around the world tracking their steps and activity over a period of six weeks during which they covered the equivalent of more than 310,000 kilometers.

In addition, VAT offers various other health services locally. At the Swiss site, vaccinations against influenza are made available to all employees free of charge during working hours. In addition, voluntary health checks are offered on a regular basis, where employees can have their blood pressure or pulse checked.

Occupational reintegration

In 2022, VAT Switzerland was rewarded for exceptional performance in the field of occupational reintegration by its accident insurer, the Swiss Accident Insurance Fund (SUVA). SUVA awarded VAT CHF 7,500 for reintegration measures undertaken in 2022. The money was donated to the OVWB St. Gallen, a competence center for people with a physical or brain disability.

403-9 Work-related injuries

VAT strives to avoid all types of occupational accidents and occupational illnesses. In 2022, VAT recorded a total of 49 occupational accidents. Compared to 2021, the average days lost per Lost Time Accident decreased by more than 50%, despite a 35% increase in working hours and the addition of approximately 450 new employees (full-time equivalents), a year-on-year increase of 17.8%. Work-related accidents in 2022 were mainly related to hand injuries and cuts.

Work-related Incidents – Production Sites

	2022	2021 (restated) ¹
Fatalities	0	0
Lost Time Accidents (LTAs) ²	49	44
Days lost due to LTAs	327	735
Average days lost per LTA	6.7	16.7
LTA/1,000 FTEs	16.4	17.3
LTIFR ³ per 1,000,000 hours	10.6	12.9
Cases of occupational illness ⁴	0	0

1 2021 data are for Switzerland only. 2022 data also include Malaysia and Romania.

2 Work-related accidents regardless of severity.

3 Lost Time Injury Frequency Rate, based on all work-related accidents regardless of severity. Considered total hours worked: 4,608,550 (2022), 3,411,521 (2021).

4 An occupational illness is any illness whose cause is attributable to the workplace environment or conditions.

Talent recruitment and people development

3-3 Management of material topic

VAT sees itself as a responsible and far-sighted employer that not only provides jobs, but also career and personal development opportunities through various talent development and training programs, including recruitment initiatives aimed at ensuring a strong and diverse pipeline of potential future employees. Building on its global scope, the company aims to foster a rewarding work environment for its people wherever VAT operates.

404-2 Programs for upgrading employee skills and transition assistance programs

VAT celebrated the 50th anniversary of its Apprentice Training Center (ATC) in Haag, Switzerland in 2022. The facility provides three- and four-year technical apprenticeship programs ranging from Design Engineer EFZ¹ (producing detailed technical drawings), to Polymechanic EFZ (working with advanced computer-controlled machines) and Production Mechanic EFZ.

The VAT apprentice center currently trains around 35 apprentices, 15% of whom are women. Starting in the summer of 2023, the center plans to expand its scope from currently three programs to a fourth apprenticeship as a Physics Laboratory Technician EFZ. VAT is also planning a training center in Penang, Malaysia, as part of its newly planned factory.

Currently in Malaysia, VAT collaborates with the Penang Skills Development Center (PSDC) to sponsor local students to explore science and technology-related career opportunities, providing hands-on experience and training at VAT facilities in Penang. The program also includes providing course content to selected schools in the area and is an addition to the company's ongoing partnership with PSDC in sponsoring technical certificate and diploma graduate students with industrial placements, internships and on-the-job training with VAT before joining the company.

“Providing our people with training and development opportunities is an investment in our future, and in the communities in which we operate.”

Mathias Goop, Head of Apprentice Training Center Switzerland

1. The Federal Certificate of Proficiency (EFZ) is an officially recognized Swiss vocational training degree.

Programs for Upgrading Employee Skills

	Training and Internship Programs	Professional Training Programs
Global	Global Graduate Elements Program aimed at university students	Leadership Program: IMD Action Learning Project: duration 6 months Core Competency Program: ongoing
Switzerland	Apprenticeship Training Programs offered: Design Engineer EFZ ¹ : duration 4 years Polymechanic EFZ: duration 4 years Production mechanic EFZ: duration 3 years Physics Laboratory Technician EFZ: duration 4 years	Foundation of Leadership: 1-2 weeks
Malaysia	Penang Science Cluster's In-School Program	Supervisor Development Program: duration 1 month

¹ The Federal Certificate of Proficiency (EFZ) is an officially recognized Swiss vocational training degree.

The company also provides professional development opportunities. In Malaysia, VAT provides a month-long Supervisor Development Program for front line managers. The program covers topics such as leadership development, building high-performance teams, coaching and mentoring.

Collaborating with universities around the world

VAT has also run a global graduates program for the last five years to build relationships with universities and other educational institutions in various countries and to showcase the company to prospective future talents. As part of this engagement, VAT partnered with Aurel Vlaicu University in Arad, Romania, and other local companies to hold a workshop dealing with the challenges of matching an advanced technical education with the rapid changes taking place through global digitalization, the Internet of Things and Artificial Intelligence. In Malaysia, VAT also sponsored a two-day recruiting event with the University of Science of Malaysia.

In addition, VAT participated in recruiting events at the Swiss Federal Institutes of Technology (ETH), the Eastern Swiss University of Applied Sciences in Buchs, Switzerland and a virtual career fair with some 1,400 students and graduates of the Polytechnic University of Milan, Italy's largest technical university.

For first-time operational team and project leaders in Switzerland, VAT also provides a Foundation of Leadership program, introducing basic leadership tools, such as conflict management methods, in short training sessions.

As part of its global Leadership Program, in 2022 VAT collaborated with the IMD Business School in Lausanne, Switzerland, to design a customized leadership program for high-potential VAT managers from around the world. The focus was on leadership, developing high-performance teams, providing opportunities for growth and giving individuals the skills, they need to drive change and make a profound impact on the organization. The program is conducted every two years and allows participants to learn and gain experience through working on business projects, workshop discussions, simulation activities and coaching.

One key pillar of VAT's success is its technology leadership, which is strongly based on the expertise and experience of its employees. To maintain and develop this competitive advantage, VAT established the Core Competency Program in 2018, consisting of 14 defined core competencies in which employees can develop their expertise in areas that directly support VAT's technology and market leadership, as well as advance their technical careers at the company.

By investing in such programs, VAT aims to cultivate a pool of future leaders, foster a culture of continuous learning, encourage talent retention and secure its succession planning for long-term organizational continuity, stability and growth.

In addition to these programs, VAT also offers an Educational Assistance program to provide employees with financial support for job-related training from external organizations, as well as opportunities to gain new skills that will help them advance their career at VAT.

Diversity, inclusion and equity

3-3 Management of material topic

VAT is committed to strengthening inclusion and diversity. The company works to create an environment where all its people have opportunities to develop and achieve their potential. VAT recognizes that a diverse workforce provides a competitive advantage. Different perspectives presented by engaged employees drive creativity and innovation, help the company better understand its customers and markets and make it a more attractive employer.

405-1 Diversity of governance bodies and employees

In 2022, VAT established a Lean-In Circle for female employees in Malaysia to provide peer mentorship, encourage skill building opportunities and create a space for women to share their experiences and get advice. Early in 2023, VAT set up its first Employee Resource Group (ERG), called eleVATe Equity, to promote gender equity in the company. The group, which has been directly supported by members of the executive management team, aims to bring gender balance, diversity and inclusion onto VAT's management agenda, act as a peer support group, explore personal and professional development opportunities and support gender diversity in talent recruitment.

“An inclusive and diverse workforce is critical for VAT as we become a more global player. Diversity fuels innovation and drives growth. We want our employees to feel that they can bring their best selves to work.”

Flora Tan, Head of Talent Development

Employee and Board Diversity

	2022	2021
Women as percentage of workforce	18.5%	17.3%
Women as percentage of management	19.25%	18.0%
Women on the Board of Directors	28.6% ¹ (2 out of 7)	14.3% (1 out of 7)

¹ As of the company's Annual General Meeting on May 17, 2023, the make-up of the Board of Directors is 37.5% women on the Board of Directors (3 out of 8)

Diversity of Employee Body

As of December 31, 2022	Executive Board	Senior Management	Management	Professional	Employee	Internship	Apprenticeship
Female	1	0	8	22	353	2	7
Male	8	13	32	115	1,660	7	38
Total	9	13	40	137	2,013	9	45

New diversity targets

To support VAT's commitment to strengthen diversity and inclusion, the company has set new targets to increase the share of women among new hires, to 23% by 2027 and to 25% by 2030. Additionally, VAT aims to increase the share of women in leadership positions to 25% by 2027 from 19% at the end of 2022. This is the first time VAT has set diversity targets and it reflects the growing importance placed by the Board of Directors and executive management on attracting a broader range of perspectives, skills and talent to drive long-term competitive success and create more value for a broader base of stakeholders.

New Hires by Age, Gender and Region

From Jan. 1 to Dec. 31, 2022	2022			2022	
	Age range			Gender	
	<30	30-50	>50	Men	Women
Europe	147	191	27	282	83
Switzerland	117	154	17	234	54
Romania	29	36	9	45	29
Asia	179	159	11	276	73
Malaysia	168	120	6	238	56
Rest of the world	1	11	4	12	4
Total					730

Turnover by Age, Gender and Region

From Jan. 1 to Dec. 31, 2022	2022			2022	
	Age range			Gender	
	<30	30-50	>50	Men	Women
Europe	50	111	47	169	39
Switzerland	39	80	31	127	23
Romania	11	31	15	41	16
Asia	56	63	6	101	24
Malaysia	52	45	4	86	15
Rest of the world	-	9	3	10	2
Total					345

405-2 Ratio of basic salary and remuneration of women to men

One way to demonstrate the company's commitment to equal pay for equal work is to ensure that people are recognized and fairly compensated for their contributions to the company. In 2021, VAT in Switzerland received the Fair-ON-Pay certificate, recognizing the company for its commitment to ensure equal pay for equal work between men and women as required by the Swiss Gender Equality Act.

The certificate is valid for four years but requires regular performance reviews to ensure that companies are maintaining their fair pay practices. The certification and maintenance analysis process involves a comprehensive audit of the organization's compensation policies and practices, as well as an analysis of the pay gaps between different groups of employees.

The process calculates the gross wage difference between men and women and attempts to explain the difference on the basis of personal qualification characteristics, job-related factors and gender. The goal is to determine how much of the wage difference between all women and men in a company cannot be explained by objective, non-discriminatory factors and is instead correlated primarily with gender.

In 2022, VAT conducted its first review of its Fair-ON-Pay performance, together with an external partner. The results showed that VAT has continued to prioritize fair compensation practices and made significant improvements in the areas of pay transparency and pay equity. The analysis showed that there are no statistically significant differences between pay levels for men and women and as a result, VAT received an upgraded certificate to Fair-ON-Pay Advanced.

VAT believes that this certification demonstrates its commitment to fair compensation practices and to creating a working environment in which employees feel their efforts are appreciated and fairly rewarded.

“Equal pay is not just a legal requirement, it's a moral imperative. We believe that all employees should be compensated fairly and this certification is a testament to our commitment to these values.”

Marika Staljon Bühler, Head of Compensation and Benefits

Ethics and integrity

Trust is vital to long-term and sustainable business success. It lays the foundation for strong and productive relationships with employees, customers, suppliers, shareholders and the communities in which we operate.

VAT strives to foster trust, honesty, respect and ethical conduct throughout the organization and across the entire value chain. One of the key tools the company uses to promote trust- and respect-based relationships is its Code of Conduct.

The VAT Code of Conduct

VAT instituted the code when it adopted the RBA's Code of Conduct as a model. 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.

The Code of Conduct is a way to provide a clear understanding of VAT's core values and the standards that govern the business. It lays the groundwork for how VAT treats its customers, suppliers, investors, employees, the communities where it operates and each other.

The most important elements are:

- Respecting human rights and the personal dignity of each individual
- Committing to the highest levels of health, safety and security in its own operations and those of suppliers and business partners
- Delivering 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
- Using natural resources sustainably, in a way that reduces negative impacts on the environment.

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. Being accountable, meeting commitments and open communication ensure that VAT can create competitive market value for all stakeholders.

2-23 Policy commitments

In addition to the VAT Code of Conduct, in 2022 VAT established a Human Rights Policy. The policy applies to all VAT entities and employees, including temporary, outsourced and contract employees. In addition, all VAT entities must ensure that their management of suppliers, service providers and subcontractors complies with elements detailed within this procedure.

The policy requires VAT and its employees to:

- Respect and promote the principles described in VAT's Code of Conduct
- Comply with all applicable national and local laws
- Respect and promote labor and human rights described in the Human Rights Policy, which are based on accepted international laws and practices, such as the United Nations Global Compact and the International Labor Organization (ILO).

All VAT employees must uphold labor and human rights in all business relationships, including dealings with suppliers, subcontractors, customers and other partners. Each VAT employee must apply these standards and policies at all times regardless of where they work. Employees are expected to speak-up and report any violation of these policies and/or clarify any concerns that may arise.

The human rights policy covers topics such as forced labor and freedom of employment, non-discrimination, freedom of association, prevention of underage labor and the protection of young workers, as well as working conditions and employee well-being.

2-24 Embedding policy commitments

At VAT, the CEO holds the ultimate responsibility for overseeing and implementing policy commitments for responsible business conduct, including respect for human rights, with day-to-day support provided by the compliance department. To ensure the efficacy of these commitments, regular audits, such as the RBA audit conducted in December 2022 at the Swiss site, are performed to test policy adherence and identify areas for improvement. Upholding the Code of Conduct is a non-negotiable requirement for all suppliers and any violation may lead to termination of business relationships. As part of ongoing efforts, a comprehensive training program on the Code of Conduct is currently being developed and is anticipated to be rolled out by the end of 2023. Moreover, specific roles, such as sales staff, already undergo mandatory training on anti-corruption and bribery to reinforce responsible practices throughout the organization.

2-26 Mechanisms for seeking advice and raising concerns

VAT's Code of Conduct aims, among other things, to foster a dedication among employees to uphold the highest integrity standards, in particular by committing to fair competition and strict compliance with national and international laws and regulations. The company supports this by providing employees with mechanisms to seek advice or raise any concerns.

In addition, any VAT employee or external person, who observes any violation of VAT's Code of Conduct can use an anonymous, on-line and multi-language reporting process to notify the company about their concerns. The concerns can be raised anonymously in any language. The company commits to protecting those who have reported misconduct or taken part in investigations in good faith from discrimination or retaliation. Reports of suspected misconduct are evaluated by a VAT manager responsible for compliance monitoring, usually within the company's Compliance Department.

Employees are encouraged to report any of the following matters:

- Breaches of the VAT Code of Conduct
- Actions or behavior that create a legal or other risk to VAT
- Improper application of VAT's values in management practices, business conduct and behavior, including inappropriate treatment of employees by the direct managers or any other employees
- Theft or embezzlement of VAT property or other assets, financial fraud, vendor fraud, acceptance of kick-backs, manipulation of accounts, breaches of internal accounting controls and auditing
- Conflicts of interest, bribery, facilitation payments, potentially unethical donations, gifts or entertainment provided to business partners or public officials
- Potential violations of antitrust or fair trading regulations, espionage or sabotage and violations of information security

Confirmed misconduct may result in sanctions and/or corrective actions. Suspected compliance misconduct and the results of investigations form part of management and audit reports submitted to VAT's executive management, VAT's audit committee and the board of directors on a regular basis.

2-27 Compliance with laws and regulations

The handling of compliance cases involves a thorough evaluation by the compliance department, assessing each case in accordance with internal policies and legal regulations. The compliance officer's evaluation plays a crucial role in the assessment process, providing valuable insights and expertise to determine whether a case is deemed non-compliant. The outcome of the assessment is documented to provide a clear record of the compliance department's evaluation and decision-making process. This approach ensures a fair and comprehensive determination of compliance status for each case.

There were no compliance violations in 2022.

VAT Management System

VAT established a robust management system to systematically implement the Code of Conduct. A certified management system plays a crucial role in ensuring compliant processes. In addition, it enhances transparency and builds trust among stakeholders, showcasing the company's commitment to compliance and quality. By obtaining various management system certifications, VAT demonstrates adherence to industry standards and regulations, establishing a framework for consistent and efficient operations. VAT maintains an externally certified combined Quality and Environmental Management System according to ISO 9001 and 14001 as certified under the ISO scope. VAT has established ISO 9001:2015 and 14001:2015 certification of 60% of our 17 national subsidiaries. In 2022, five subsidiaries were audited and re-certified, with an overall renewal of the ISO 9001:2015 and ISO 14001:2015 certifications for the whole company.

VAT also established a Supplier Code of Conduct to ensure ethical and responsible business practices throughout its supply chain. The code describes VAT's requirement that its suppliers operate in an ethical and responsible manner, in line with VAT's values and commitments. The Supplier Code of Conduct covers areas such as ethical conduct, labor practices such as human rights protection and prohibition of child labor and compliance with applicable laws and regulations.

VAT updated its Supplier Code of Conduct at the end of 2022 to reflect the latest industry supply chain standards. The roll-out of the new code to all suppliers in Switzerland began at the beginning of 2023 and as of the publication of this report, 51% had implemented the new version. The new code is also currently being applied to suppliers in Malaysia and other countries. Because the topic of sustainable supplier management is becoming more important, VAT is currently revising its supplier contract management and plans to introduce sustainability assessment criteria for its suppliers in 2023.

Management System Certifications according to ISO Standards¹

	2022	2021
Sites certified ISO 9001: 2015	60%	60%
Sites certified ISO 14001: 2015	60%	60%
No. of sites which were audited according to ISO 9001 and 14001	5	4

¹ Only production and distribution subsidiaries were taken into account. Holding companies were not included in the calculation, as they do not conduct any business operations.

In addition to these general management certifications, COMVAT, VAT's entity specialized in the development and manufacture of bellows, is certified according to IATF 16949:2016, a production standard relating to the automotive industry.

For the first time since the company adopted the RBA Code of Conduct, VAT conducted an audit of its operations in Switzerland to ensure they were compliant with the code. Further audits of this kind are planned at VAT's other production sites. Regular audits help the company to identify and address non-compliance, promoting a culture of continuous improvement and proactive risk management.

Information security

3-3 Management of material topic

Information security has emerged as a material topic for VAT due to the pervasive and evolving threat that cyberattacks pose to our business. With the increasing reliance on technology and interconnected systems, VAT, like other companies, faces significant risks from data breaches and theft of sensitive information, resulting in possible financial losses, reputational damage and legal liabilities as well as disruption of operations. By prioritizing information security measures, VAT safeguards its assets, protects customer and employee trust, ensures business continuity and complies with data protection regulations, ultimately ensuring the long-term sustainability and resilience of its operations in a digital world.

VAT's information security standards are based on the Cybersecurity Skills Framework (ECSF), the guidelines of the German Federal Office for Information Security (BSI) and the American Cybersecurity and Infrastructure Security Agency (CISA). The company enforces local legal requirements while the internal standard is based on the General Data Protection Regulation (GDPR). In 2019, VAT began to implement an Information Security Management System (ISMS), which is aligned with the requirements and best practices of ISO 27001 and applies to all subsidiaries and partners. In 2022, VAT established the framework and capabilities, including the hiring of dedicated information security system engineers, that enable the company to strengthen VAT's cyber resilience. For 2023, VAT plans a first audit at all sites to monitor the maturity of the ISMS, with the goal of achieving an ISO 27001 certification. In addition, VAT plans to roll-out third-party risk management evaluations of its suppliers.

Safeguarding sensitive data

VAT's employees serve as the first line of defense for information security and VAT strives to equip them to recognize and respond to potential security threats, such as phishing, social engineering or data breaches, through training and awareness programs. In 2022, VAT provided 16 different mandatory training courses to approximately 2,800 employees and temporary staff worldwide. By fostering a culture of security awareness, encouraging best practices, and promoting a sense of responsibility, VAT empowers its employees to actively participate in safeguarding sensitive information. By engaging employees as active stakeholders in cybersecurity, VAT strengthens its overall security resilience and creates a united front against potential threats. As a result, we had no security incidents in 2022.

Information and Cyber Security

	2022
Percentage of all operational sites with an information security management system (ISMS) based on ISO 27000	100%
Number of confirmed information security incidents	0
Percentage of employees with access to IT systems who have received IT security training	89% ¹
Hours invested into awareness training to prevent information security breaches	2,750

1. All directly employed employees who have access to information systems as part of their daily work are included in the training.

Governance structure

2-9 Governance structure and composition

VAT Group AG's highest governance body is the Board of Directors (BoD), which comprised seven members in 2022. The BoD is entrusted with the ultimate direction of VAT's business and the supervision of those entrusted with VAT's management, the Group Executive Committee (GEC). The BoD represents VAT in dealings with third parties and manages all matters that have not been delegated to another body of VAT Group AG by law, the Articles of Association or by other regulations. VAT's BoD has three sub-committees: the Audit Committee (AC), the Nomination and Compensation Committee (NCC) and the Technology Committee (TC).

VAT's BoD Committee Structure 2022

	Audit Committee (AC)	Nomination and Compensation Committee (NCC)	Technology Committee (TC)
Martin Komischke	–	Member	–
Libo Zhang	Member	Chairperson	–
Hermann Gerlinger	–	Member	Chairperson
Urs Leinhäuser	Chairperson	Member	–
Karl Schlegel	–	–	Member
Daniel Lippuner	Member	–	Member
Maria Heriz	–	–	–

In 2022, there were no executive BoD members and all BoD members were considered to be independent. In 2022, two of the seven BoD members (28%) were women.

Representation of Women on the BoD 2022

As of December 31	2022	2021	2020	2019	2018	2017
Women	2	2	1	1	1	0
Men	5	5	6	6	6	7
Total	7	7	7	7	7	7

At its Annual General Meeting on May 16, 2023, shareholders elected Petra Denk as an additional member to the BoD, increasing the share of women on the BoD to 38%.

Details on the duties of the BoD, its committee structure, the tenure of each member and additional mandates can be found in the Corporate Governance Section (pages 44–60) of VAT’s 2022 annual report. The annual report can be found at <https://ir.vatvalve.com/en/reports/annual-report-2022/downloadcenter>.

2-10 Nomination and selection of highest governance body

New BoD members are evaluated and selected by the incumbent BoD and subsequently proposed to the shareholders at the Annual General Meeting for election. In the evaluation process, the BoD looks for candidates who are independent, have specific knowledge of VAT’s industries and markets, strong financial backgrounds, proven managerial skills and the highest level of integrity. In addition, the BoD strives to achieve a diversity of cultural backgrounds and gender representation.

Each member of the BoD, including the Chairman, must be elected and may only be removed by a shareholders’ resolution. The maximum term of office is one year. In this context, a year means the period between one ordinary shareholders’ meeting and the next or, if a member is elected at an extraordinary shareholders’ meeting, between that extraordinary shareholders’ meeting and the next ordinary shareholders’ meeting. Members are eligible for re-election up until the end of their 72nd year of age.

2-11 Chair of the highest governance body

The chair of VAT’s highest governance body, the BoD, has no executive role in the company and is considered fully independent.

2-12 Role of the highest governance body in overseeing management impacts

VAT’s BoD has the following non-transferable and irrevocable duties:

- Ultimately directing VAT Group AG and issuing the necessary directives
- Determining the organization
- Organizing the accounting, the Internal Control System (ICS), the financial control and the financial planning as well as performing a risk assessment
- Appointing and recalling the persons entrusted with the management and representation of VAT Group AG and granting signatory power, ultimately supervising the persons entrusted with the management, in particular with respect to compliance with the law, the Articles of Association, regulations and directives
- Preparing the annual report, as well as the shareholders’ meeting and implementing the latter’s resolutions
- Preparing the compensation report and the report on non-financial matters pursuant to Art. 964c Swiss Code of Obligation
- Submitting a petition for a debt-restructuring moratorium and informing the court in the event of over-indebtedness
- Passing resolutions regarding the subsequent payment of capital with respect to non-fully paid-in shares and regarding the amendments to the Articles of Association entailed thereby
- Passing resolutions confirming changes in share capital, preparing the corresponding report and the amendments to the Articles of Association entailed required accordingly
- Examining compliance with the legal requirements regarding the appointment, election and the professional qualifications of the auditors
- Executing the agreements pursuant to Articles 12, 36 and 70 of the Swiss Merger Act

2-13 Delegation of responsibility for managing impacts

The BoD, as the highest governance body, has delegated the execution and management of the operational activities to the GEC.

Details on the roles of the highest governance body in overseeing the management can be found in the Organizational Regulations that are published on VAT's website at <https://ir.vatvalve.com/en/corporate-governance#c11>.

2-14 Role of highest governance body in sustainability reporting

In 2022, the BoD nominated two of its members to explicitly develop, oversee and steer VAT's strategy in the field of Environment, Social and Governance topics (ESG Council). In addition, one member of the GEC was given responsibility for executing this strategy.

The BoD approves the annual Sustainability Report prepared by the GEC and monitors the annual progress made by the organization towards its publicly stated ESG goals and ensures full compliance with any rules and regulations concerning ESG.

2-15 Conflicts of interest

VAT draws a line between private interests and the interests of the company. Employees must not engage in any activity or accept any task that might be in conflict with VAT's interests. Employees are prohibited from giving preferential treatment to any business associate for private reasons. This applies particularly to immediate family members and other relatives. Furthermore, employees must ensure that none of their decisions or activities could be construed as having been driven by personal interests. All BoD members are required to disclose to the company any mandate they have or intend to accept.

As such, there are no cross-board memberships and no cross-shareholdings with suppliers or other stakeholders. VAT's largest shareholder is a Swiss individual who owns 10% of the company's outstanding shares and is not considered a controlling shareholder.

2-16 Communication of critical concerns

Critical concerns are shared with the BoD by the GEC whenever they occur and/or during the regular BoD meetings and calls. Critical concerns include in particular the company's overall business development, which may potentially influence a variety of stakeholders in a positive or a negative way. Stakeholders include employees, suppliers, customers, communities or the financial community. In addition, any ad hoc development that needs attention is immediately shared with the BoD outside the regular meeting calendar.

During 2022, the BoD and the Committees conducted regular formal meetings and conference calls, as presented below:

	BoD	AC	NCC	VATmotion ¹	TC
Total number of meetings/calls in 2022	6/7	5/6	4/0	1/0	5/0
Average duration (in hours)	4/1	2/1	2/0	2/0	2/0
Martin Komischke	6/7	–	4/0	1/0	–
Heinz Kundert	2/3	–	1/0	–	–
Libo Zhang	6/7	5/6	2/0	–	–
Hermann Gerlinger	6/6	–	2/0	1/0	5/0
Urs Leinhäuser	6/6	5/6	2/0	1/0	–
Karl Schlegel	6/6	–	2/0	1/0	5/0
Daniel Lippuner	6/7	3/3	–	1/0	3/0
Maria Heriz	4/4	–	–	–	–

¹ For the term starting at the AGM 2022, the Board dissolved the VATmotion committee, as a result of the successful integration of the VATmotion goals into operational management processes.

2-17 Collective knowledge of highest governance body

The BoD engages in continuous learning by actively staying informed about industry trends, best practices and regulatory developments through extensive reading, research and participation in relevant conferences and seminars. When appropriate, they seek advice from professionals in relevant fields, engage with consultants and establish partnerships with educational institutions as well as industry associations.

More information on the areas of expertise and both past and present industry experience of the members of the Board can be found in the VAT Annual Report 2022 on pages 47–49. The annual report can be found at <https://ir.vatvalve.com/en/reports/annual-report-2022/downloadcenter>.

2-18 Evaluation of the performance of the highest governance body

VAT's BoD conducts annual self-evaluations, including rating its performance in areas such as strategic guidance, risk management and management oversight. In 2022, the Board evaluation was performed by an external company.

Details on the evaluation of the BoD's performance can be found in the VAT Annual Report 2022 on pages 44–60. The annual report can be found at <https://ir.vatvalve.com/en/reports/annual-report-2022/downloadcenter>.

2-19 Remuneration policies

In order to ensure their independence in exercising their supervisory duties, members of the BoD receive a fixed compensation only. This is delivered partially in cash and partially in shares, blocked for a period of three years, to strengthen the alignment to shareholders' interests.

Compensation for the members of the BoD does not contain any performance-related component, nor do they participate in the occupational pension plans of VAT Group. The annual compensation for each BoD member depends on the functions and tasks carried out in the year under review. It consists of an annual fixed basic fee for the BoD chair, a fixed basic fee for BoD members, plus additional fees for assignments to the BoD committees, either as chair or member.

The compensation period relates to the term of office, which starts with the election at the ordinary AGM and ends at the next ordinary AGM. The amounts of the fixed basic fee and the fixed committee fees reflect the responsibility and time requirement inherent to the function.

VAT Group's compensation principles for the GEC 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' interests
- market competitiveness
- simplicity and transparency

Details on the BoD and the GEC compensation principles and the compensation structure can be found in the VAT Annual Report 2022 on pages 65–66. The annual report can be found at <https://ir.vatvalve.com/en/reports/annual-report-2022/downloadcenter>.

2-20 Process to determine remuneration

The compensation of the Board is benchmarked every two to three years against the compensation of non-executive Board members of publicly traded companies in Switzerland that are comparable to VAT Group in terms of size and complexity. In 2021, a thorough review was conducted in order to determine the competitiveness of the Board compensation in terms of structure and overall level. For this purpose, a peer group of Swiss multinational industrial companies listed on the Swiss Stock Exchange (SIX) was selected. The total compensation for the highest governance body is put to a prospective vote at the Annual General Meeting. In addition, the shareholders also have a non-binding retrospective vote on the actual compensation as described in the Compensation Report which forms an integral part of the VAT Annual Report.

Details on the BoD and the GEC compensation principles and the compensation structure can be found in the VAT Annual Report 2022 on pages 65–66. The annual report can be found at <https://ir.vatvalve.com/en/reports/annual-report-2022/downloadcenter>.

2-30 Collective bargaining agreements

Neither VAT Group nor any of its entities has any collective bargaining agreements. VAT's terms of employment are based on local labor laws and regulations.

Reference

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 Vakuumentile AG. The company has its headquarters in Haag, Switzerland, with manufacturing sites in Haag (Switzerland), Arad (Romania), and Penang (Malaysia) and further sales and distribution sites in North America (USA), Europe (France, Germany, Netherlands and UK) and Asia (China, Japan, Singapore, South Korea and Taiwan).

The information published in this report is based on the 2022 calendar year (corresponding to the company's financial reporting year) and covers the whole VAT Group including all its entities unless otherwise stated in the dedicated relevant section. The Sustainability Report covers all entities consolidated in the financial reporting. A full list of VAT's entities is available in the VAT Group Annual Report 2022 on page 119.

The Sustainability Report is prepared annually in accordance with the rules and standards of the Global Reporting Initiative (GRI). This Sustainability Report was published on July 6, 2023. Restatements for data from 2021, as well as reasons for restatements, are clearly indicated in the relevant areas. Any restatements result from an improvement of the measurement methodology and represent an information enhancement for the reader.

This Sustainability Report and the company's sustainability strategy were created taking into account and involving all relevant stakeholder groups, representing those who are significantly affected by or who affect VAT's products, activities and actions. VAT is in continuous dialogue with all stakeholder groups via formal and informal channels. VAT's most relevant stakeholder groups are: employees, customers, suppliers, media, local communities, the financial community, academia, VAT's management, VAT's Board of Directors and regulators. The formal and informal channels used 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.

The Sustainability Report was approved by the company's highest governance body, the Board of Directors. No external assurance was performed.

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Our Membership Associations

Swissmem



SEMI Association



Semiconductor Climate Consortium



GRI Disclosures

This 2022 Sustainability Report has been prepared based on materiality and in accordance with the GRI Standards for the period from Jan. 1 to Dec. 31, 2022. This reference table indicates where to find the relevant information for each disclosure in the report.

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
General Disclosure					
GRI 1:	Foundation 2021				
Chairman and CEO's letter					
GRI 2:	General Disclosures 2021				
	2-22 Statement on sustainable development strategy	4-5, 16-17			
Our Business					
GRI 2:	General Disclosure 2021				
	2-6 Activities, value chain and other business relations	8-9			
Our People					
GRI 2:	General Disclosures 2021				
	2-7 Employees	10			
	2-8 Workers who are not employees	10			
Materiality Assessment					
GRI 3:	Material Topics 2021				
	3-1 Process to determine material topics	14-15			
	3-2 List of material topics	15			
VAT and the Sustainable Development Goals					
GRI 3:	Material Topics 2021				
	3-3 Management of material topics	16-17			
GHG Emissions and climate protection					
GRI 3:	Material Topics 2021				
	3-3 Management of material topics	19			
GRI 305:	Emissions 2016				
	305-1 Direct (Scope 1) GHG emissions	19-20			
	305-2 Energy indirect (Scope 2) GHG emissions	21-22			
	305-3 Other indirect (Scope 3) GHG emissions	23-24			
	305-4 GHG emissions intensity	21-22			
Energy consumption					
GRI 3:	Material Topics 2021				
	3-3 Management of material topics	25			
GRI 302:	Energy 2016				
	302-1 Energy consumption within the organization	26			
	302-3 Energy intensity	26			
	302-4 Reduction of energy consumption	25			

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Waste generation					
GRI 3:	Material Topics 2021				
	3-3 Management of material topics	27			
GRI 306:	Waste 2020				
	306-1 Waste generation and significant waste-related aspects	27–28			
	306-2 Management of significant waste-related impacts	27–28			
	306-3 Waste generated	29			
Water consumption					
GRI 3:	Material Topics 2021				
	3-3 Management of material topics	30			
GRI 303:	Water and Effluents 2018				
	303-1 Interactions with water as a shared resource	30			
	302-2 Management of water discharge-related impacts	30			
	303-5 Water consumption	31			
Community and charitable engagement					
GRI 3:	Material Topics 2021				
	3-3 Management of material topics	31			
Occupational health and safety					
GRI 3:	Material Topics 2021				
	3-3 Management of material topics	32			
GRI 403:	Occupational Health and Safety 2018				
	403-1 Occupational health and safety management system	32			
	403-3 Occupational health services	33			
	403-5 Worker training on occupational health and safety	33			
	403-6 Promotion of worker health	33–34			
	403-9 Work-related injuries	34			
Talent recruitment and people development					
GRI 3:	Material Topics 2021				
	3-3 Management of material topics	35			
GRI 404:	Training and Education 2016				
	404-2 Programs for upgrading employee skills and transition assistance programs	35–36			
Diversity, Inclusion and equity					
GRI 3:	Material Topics 2021				
	3-3 Management of material topics	37			
GRI 405:	Diversity and Equal Opportunity 2016				
	405- 1 Diversity of governance bodies and employees	37–38			
	405-2 Ratio of basic salary and remuneration of women to men	39			
Ethics and integrity					
GRI 2:	General Disclosures 2021				
	2-23 Policy commitments	40–41			
	2-24 Embedding policy commitments	41			
	2-26 Mechanisms for seeking advice and raising concerns	41			
	2-27 Compliance with laws and regulations	42			

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Information security					
GRI 3:	Material Topic 2021				
	3-3 Management of material topics	43			
Governance Structure					
GRI 2:	General Disclosures 2021				
	2-9 Governance structure and composition	44-45			
	2-10 Nomination and selection of the highest governance body	45			
	2-11 Chair of the highest governance body	45			
	2-12 Role of the highest governance body in overseeing the management of impacts	45			
	2-13 Delegation of responsibility for managing impacts	46			
	2-14 Role of the highest governance body in sustainability reporting	46			
	2-15 Conflicts of interest	46			
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	2-17 Collective knowledge of the highest governance body	47			
	2-18 Evaluation of the performance of the highest governance body	47			
	2-19 Remuneration policies	47-48			
	2-20 Process to determine remuneration	48			
	2-21 Annual total compensation ratio		Compensation ratio	Confidentiality constraints	
	2-30 Collective bargaining agreements	48			
References					
GRI 2:	General Disclosure 2021				
	2-1 Organizational details	49			
	2-2 Entities included in the organization's sustainability reporting	49			
	2-3 Reporting period, frequency and contact point	49			
	2-4 Restatements of information	49			
	2-5 External assurance	49			
	2-28 Membership associations	49			
	2-29 Approach to stakeholder engagement	49			

Abbreviations

AC	Audit Committee
AGM	Annual General Meeting
BoD	Board of Directors
BSI	German Federal Office for Information Security
CISA	Cybersecurity and Infrastructure Security Agency
CSRD	Corporate Sustainability Reporting Directive
DOSH	Malaysian Department of Occupational Safety and Health
EAP	Employee Assistance Program
ECSF	Cybersecurity Skills Framework
EES	Employee Engagement Survey
EFZ	Federal Certificate of Proficiency
EHS	Environment, Health and Safety
EoL	End of Life
ESG	Environment, Social and Governance
ESRD	European Sustainability Reporting Standards
ETH	Swiss Federal Institute of Technology
FTE	Full-Time Equivalent
GEC	Group Executive Committee
GHG	Greenhouse Gas
HJT	Heterojunction
ILO	International Labour Organisation
ISMS	Information Security Management System
LEED	Leadership in Energy and Environmental Design
LTA	Lost Time Accident
LTIFR	Lost Time Injury Frequency Rate
NCC	Nomination and Compensation Committee
OECD	Organization for Economic Cooperation and Development
OEM	Original equipment manufacturer
SUVA	Swiss Accident Insurance Fund
WFE	Wafer Fabrication Equipment

5-Year Key Figures

In CHF million	2022	2021	2020	2019	2018
Order intake	1,209.9	1,227.9	724.5	585.0	648.0
Order backlog as of December 31	517.7	461.2	145.3	114.5	113.6
Net sales	1,145.5	901.2	692.4	570.4	698.1
Gross profit	733.7	570.5	430.1	345.4	419.5
Gross profit margin	64.1%	63.3%	62.1%	60.6%	60.1%
EBITDA	400.4	307.9	210.5	148.2	214.0
EBITDA margin	35.0%	34.2%	30.4%	26.0%	30.7%
EBIT	359.4	264.9	169.8	102.5	178.8
EBIT margin	31.4%	29.4%	24.5%	18.0%	25.6%
Net income	306.8	217.4	127.9	70.3	134.9
Net income margin	26.8%	24.1%	18.5%	12.3%	19.3%
Basic earnings per share (in CHF)	10.23	7.25	4.27	2.34	4.5
Diluted earnings per share (in CHF)	10.22	7.24	4.26	2.34	4.5
Cash flow from operating activities	294.0	239.8	166.2	151.9	170.5
Capex ¹	66.2	44.1	19.2	12.1	46.6
Capex margin	5.8%	4.9%	2.8%	2.1%	6.7%
Free cash flow ²	228.2	195.7	147.0	139.9	123.9
Free cash flow margin	19.9%	21.7%	21.2%	24.5%	17.7%
Free cash flow conversion rate ³	57.0%	63.6%	69.8%	94.4%	57.9%
Free cash flow to equity ⁴	224.6	192.0	143.0	135.4	119.6
As of December 31 in CHF million	2022	2021	2020	2019	2018
Total assets	1,274.8	1,064.9	989.1	966.5	967.3
Total liabilities	494.5	430.5	444.5	448.3	403.9
Equity	780.3	634.4	544.6	518.2	563.4
Net debt	36.8	79.7	128.5	144.3	147.6
Net debt/EBITDA	0.1	0.3	0.6	0.9	0.7
Invested capital ⁵	642.6	463.9	411.1	350.0	357.4
NOPAT ⁶	317.0	235.5	155.6	99.0	163.4
Return on invested capital (ROIC)	57.3%	53.8%	40.6%	28.8%	47.7%
Dividend per share (in CHF) ⁷	6.25	5.50	4.50	4.00	4.00
Payout ratio ⁸	83.5%	85.9%	94.4%	88.6%	100.4%
Number of employees ⁹	2,991	2,540	2,041	1,810	1,712

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

2 Free cash flow: cash flow from operating activities minus cash flow from investing activities.

3 Free cash flow conversion rate: free cash flow as a percentage of the EBITDA.

4 Free cash flow to equity: free cash flow less interest paid.

5 Invested capital is defined as total assets less non-current liabilities.

6 Net operating profit less adjusted taxes (NOPAT) is calculated as EBITDA minus depreciation and amortization plus finance income less taxes at the average Group rate of 15.9% (previous 16.1%).

7 2022 dividend confirmed at the AGM on May 16, 2023.

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

9 Number of employees expressed as full-time equivalents (FTE).

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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.

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OUTLOOK 2023:

Further integrating ESG principles into VAT's business strategy, operational processes and company culture will remain a management priority in 2023. In line with the company's newly published ESG targets, VAT will focus on climate protection, sustainable resource use, and increased employee diversity.