Sustainability Report 2024

Creating value sustainably

We are celebrating 60 years of inspiring technology

60 years of VAT

In 2024, VAT made significant progress on its sustainability journey. We substantially reduced Scope 1 and 2 carbon emissions thanks to great efforts in energy efficiency and green energy supply in Malaysia. We also met our targets for female new hires, strengthening VAT's position as a fair and inclusive employer.

Our organization evolved with the creation of a Sustainability Committee, and additional full-time resources dedicated to sustainability. Besides, we developed a sustainability strategy to enhance resilience and minimize negative social and environmental impacts.

Throughout the year, we engaged with suppliers and other stakeholders to drive collective action, including through our membership in the Responsible Business Alliance (RBA).

We invite you to explore our achievements and future outlook in this 2024 edition of our Sustainability Report.

The picture on the cover of this Sustainability Report shows metal waste from the milling process at our plant in Haag, Switzerland. VAT presses the loose metal swarf into briquettes, which reduces the volume by 90%, increases recyclability, and reduces metal waste loss. In 2024, VAT recycled 408 tonnes of aluminum waste (2023: 180 tonnes).

Contents

Chairman and CEO's letter 2
Sustainability highlights 5
Our business 9
Sustainability strategy 15
Sustainability governance 25
Extended information 31
TCFD 83
GRI index table 93

Dear Stakeholders

The 2024 edition of our Sustainability Report is the fourth issued as a separate document. We have made great advances since 2021, which we will be elaborating on later in this letter.

As we shared in our Annual Report, 2024 was a year of transition for VAT. Semiconductors, our main growth market, saw continued growth in wafer fabrication equipment (WFE), and total sales in the broad semiconductor market are expected to reach USD 1 trillion by 2030. At the same time, geopolitics and market developments led to growing uncertainty as the year progressed. Over 50 percent of the global population participated in democratic votes and elections, resulting in shifts of power. The US responded to the increasing importance of computing technology by ushering in a new round of trade restrictions. Major conflicts remained unresolved.

These uncertainties have also impacted the way sustainability topics are perceived globally. While regulators are pushing forward with an ever-increasing number of new demands, a certain counter-movement has been observed within the corporate world and among policymakers.

For VAT, however, the direction is clear: we will continue building a true sustainability culture in our company and pursuing our ambition to become industry leaders in sustainability. This drive forward isn't just focused on ourselves. It's also designed to support our customers, suppliers, and communities – in short, all our stakeholders – in their sustainability efforts. In doing so, we will contribute to addressing global challenges, while also mitigating corporate risks and making our business more resilient. We believe that long-term economic success can only be achieved by embracing our responsibility to operate in a way that minimizes our impact on the environment, supports our people and the communities in which we operate, and complies with the highest ethical standards. The aim of VAT's sustainability strategy is to help us achieve lasting business success and position VAT as the preferred partner for our employees, customers, suppliers, local communities, and shareholders.

Reflecting our origins in Switzerland, over the past 60 years we have always paid attention to the impact our manufacturing activities have on the environment and on the people who work at or with our company. Building on this, we started to include sustainability as a key element in our strategy some years ago, and in 2024, we further enhanced our sustainability framework. Our sustainability strategy is designed to make us more resilient, ensure compliance with regulatory requirements, and meet the increasing demand for sustainable solutions and practices. For this to happen, it must be aligned with our wider business strategy and executed effectively. This framework includes the material topics identified around our environmental impact, our social responsibility, and our governance structure. By addressing these areas, we also strengthen VAT's financial performance and its resilience.

Last year was thus a truly eventful twelve months for our company. First, we anchored sustainability firmly in the highest governing

Dr. Martin Komischke
Chairman of the Board of Directors

Urs Gantner
CEO

> VAT's sustainability ambitions are a key strategic component of lasting value creation for all our stakeholders. As such, they are deeply embedded in everything we do.

body of VAT, the Board of Directors, by establishing a Sustainability Committee, responsible for the strategic steering of sustainability across the entire organization. We have also invested in people and in training on sustainability matters. Internally, we have enlarged our sustainability team at both the group and functional levels. More on this can be found in the governance section of this report. We also became an affiliate member of the Responsible Business Alliance (RBA). We started work on collecting Scope 3 baseline data, allowing us to commit to the Science Based Target initiative (SBTi) towards the end of 2024. We are now working on detailed greenhouse gas (GHG) reduction initiatives in line with the requirements for near-term targets of SBTi.

In addition, our shareholders were given the opportunity to vote on the 2023 Sustainability Report at last year's annual general meeting (AGM). One indication that our efforts are recognized is the annual Sustainalytics ranking, which we improved again in 2024. While we still have room to improve this ranking, it proves that we are on the right track on our sustainability journey.

On a practical level, VAT continues to embed sustainability considerations – in the broadest sense – within all its activities. We are committed to reducing the GHG footprint stemming from our own production, as well as the activities in our value chain. One key area of focus lies in our innovative efforts to design new products and solutions that not only save resources while being manufactured but also have a lower environmental impact over their complete life cycle. The life cycle assessments (LCAs) conducted in 2023 now serve as the basis for VAT to develop future products with a greater focus on the use of manufacturing resources, while ensuring more resource-friendly deployment by our customers and their customers. Given the nature of our business, where many products have a life cycle of more than 15 to 20 years, the full benefits of our efforts today will only grow over time; nevertheless, they form a key aspect of our continued market success, and sustainable design is therefore a decisive factor.

One great example of how we address the sustainability aspects in our efforts is the development of a valve free of per- and polyfluoroalkyl substances (PFAS) for the semiconductor industry. This is remarkable, as it again shows what made VAT the technology and market leader it is today. The development of this PFAS-free product is the result of close cooperation between one of our customers and VAT. It thus not only considers the environmental impact of the valve, but also the whole value for our customers: a true win-win situation.

VAT also made further progress in achieving its inaugural sustainability targets, first communicated in 2022.

In terms of our GHG reduction target for Scope 1 and 2 emissions, we are now at approximately 81% below our 2022 levels and have thus achieved our target. As for our second major target, inclusion, we can confirm our aim of raising the proportion of women in leadership positions to 25% by 2027. And we can report that we have already exceeded our 2030 target of filling 25% of all vacancies with women, with a hiring ratio of 28% in 2024. However, we anticipate that there could be some variation in the mix from year to year, as will be the case for our leadership diversity ambitions.

In addition to these inaugural targets set in 2022, we have now broadened the set of individual targets substantially to cover all dimensions of our sustainability strategy. You will learn more about this later in this report.

We hope you find this Sustainability Report informative as we share what we have accomplished so far and outline some of the challenges that lie ahead. We look forward to working with all our stakeholders to make VAT a truly sustainable company.

Dr. Martin Komischke
Chairman of the Board of Directors

Urs Gantner
CEO

Sustainability highlights

Sustainability highlights

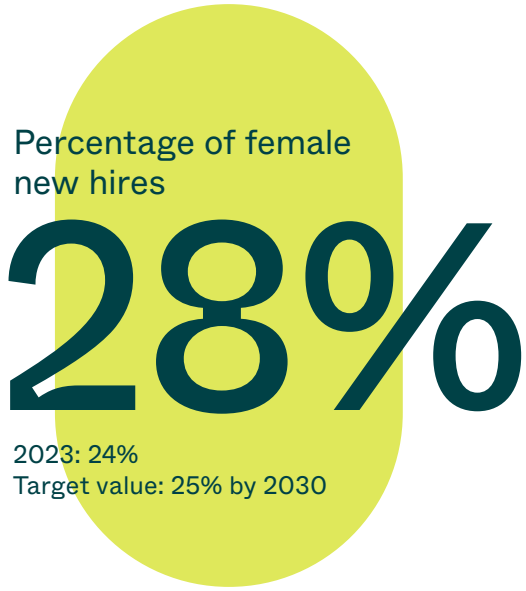
VAT saw another year of significant progress in its sustainability journey. Building on the profound work done in past years, the company has continued to pursue its aim of tackling some of the biggest challenges society faces today with the ambition of leading in sustainability the way we lead in vacuum solutions. VAT believes that collaborating with partners along the entire value chain – as well as with other stakeholders – is essential to developing successful long-term strategies. That is why our 2024 sustainability highlights feature internal actions showcasing teamwork, innovation, and engagement from people across the company, as well as external partnerships and commitments.

Sustainability strategy 2025 to 2029 defined and approved

To enhance the strategic steering of sustainability at the highest governance level, in 2024, VAT introduced a Sustainability Committee to provide guidance and oversee the implementation of all sustainability matters at VAT. One of the first tasks the committee completed in 2024, together with the Group Executive Committee (GEC) and the sustainability management team, was to define the sustainability strategy, now fully aligned with VAT's group strategy, for 2025 to 2029. This sustainability strategy builds on the double materiality assessment (DMA) performed in 2022 and includes an updated set of sustainability targets for the years to come. However, it goes beyond the mere technicalities of a DMA, taking a holistic view rooted in the company's business model and building on the passions that define VAT. More details of our sustainability strategy are provided on page 16 of this report.

Joining the RBA as affiliate member

VAT has applied the Responsible Business Alliance (RBA) Code of Conduct since 2018. In 2024 we stepped up our commitment even further by joining the RBA as an affiliate member. This means that we continue to make sure our workplace is a safe and healthy environment, to respect human and labor rights, to eliminate conflict minerals from our products, and to make our operations more environmentally friendly. It also means that we are actively monitoring our suppliers' compliance with these standards. Thus, we want to ensure that at least 90% of suppliers have signed VAT's supplier code of conduct by 2025, and 100% by 2026.



Progress on our sustainability targets

In the past year, VAT has made further progress on the sustainability targets outlined in the company's 2023 Sustainability Report.

The following highlights are particularly worthy of mention:

- We reduced GHG emission intensity (Scope 1 and 2) by 68%. This is closely related to an increase in renewable energy from 63% in 2023 to 86% in 2024. The share of renewable electricity is already 100% in Switzerland, and our Malaysian facility management team put in a strong effort to increase the share as well. This is especially remarkable given that Malaysia traditionally has a fossil-fuel-heavy grid mix. VAT is on track to meet the goal of increasing the share of renewable energy to >90% and has achieved its goal to reduce its Scope 1 and 2 emissions by 50%.
- In 2024, 28% of VAT's new hires were women. This already surpasses the medium-term goal of increasing the female share of new hires to 24% by 2027 and 25% by 2030. While this share can fluctuate owing to developments outside VAT's control, the continuous trend is clear vindication of the diligent work done by our HR department to focus on diversity when looking for young talents. Beyond gender, VAT values other important diversity dimensions such as age and cultural background, featuring employees from 55 different nationalities.

VAT's endeavors to further strengthen sustainability through a dedicated strategy have included putting an updated set of targets in place. These will serve as the basis of our reporting on progress going forward.

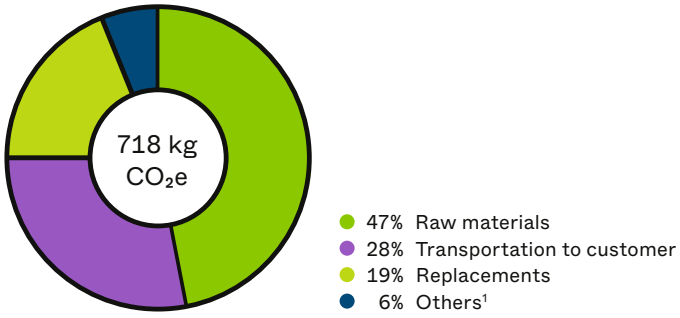
Greenhouse gas (GHG) emissions calculated for all scopes and committed to the Science Based Target initiative (SBTi)

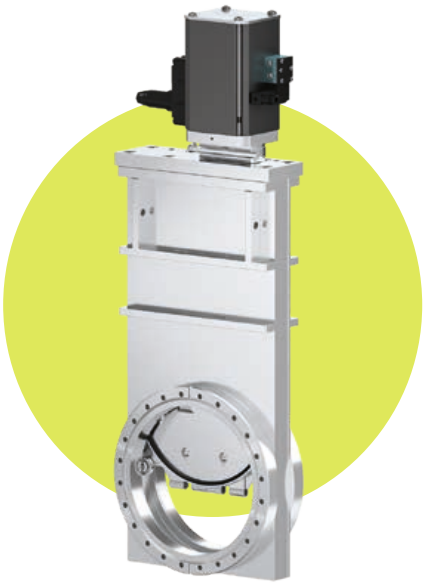
Climate change resulting from industrial activities is undoubtedly a major challenge for the environment and therefore also ranks high in VAT's strategic sustainability priorities. Building on the data that was already available from the past years' GHG inventory, for the first time VAT carried out a full GHG emissions data collection across all scopes. The GHG inventory revealed that over 95% of emissions are in Scope 3, relating in particular to materials purchased and the use phase of the company's products. With this information at hand, VAT is confident that the main levers for a continuous GHG emission reduction are known and can be addressed. VAT underscored this confidence in 2024 by committing to the Science Based Target initiative, and in the next two years will be establishing a robust set of reduction targets in line with SBTi requirements. The detailed corporate carbon footprint for VAT in 2024 can be found on page 55.

Product-specific environmental information made available

In addition to the corporate carbon footprint, VAT has established environmental product declarations (EPDs) for two of its bestselling products, the 65.3 and 10.8 valves. The results are shown below. Both EPDs reveal that the product-specific carbon footprint is driven on the one hand by the input materials, particularly aluminum and steel, and on the

Product Carbon Footprint 10.8 Gate Valve





other hand by the use of the products in the operations of semiconductor-manufacturing. While both electric and pneumatic use entail energy consumption, running VAT valves electrically is assumed to be significantly more energy-efficient. Ultimately, the emissions from the use phase depend on the grid mix where the device is being used.

In the coming years, VAT will use this information to develop its design criteria, further invest in sustainable R&D, and work closely with suppliers and customers to reduce the environmental footprint of its products. Additionally, more information will be gathered on a wider range of products to create a solid basis for taking decisions in line with the group's sustainability ambition.

Including sustainability in operational decision-making and incentives

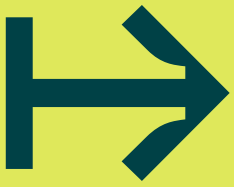
Thanks to its leading global position in vacuum solutions, VAT has a strong customer base in Asia, which accounts for 67% of net sales. Proximity to customers has been crucial to our recent success and gains in market share. VAT acknowledges that with such a global production footprint, efficiency and sustainability are constant challenges. The wafer path solution (WPS) business unit (BU) therefore has the goal of optimizing the local production portfolio in Malaysia and the utilization of our two factories. While this goal was already part of the BU's short-term incentive plan in 2023, the management team – in alignment with VAT's Group Executive Committee – included specific sustainability considerations in the incentive plan in 2024. As a result, emissions saved by improving logistics routes increase the variable compensation. In 2024, more than 10% of the achievement level for the short-term incentive came from these efforts, and we expect savings of 157t CO_2e in 2025 from parts that were subject to this improvement. We are convinced that while this is only the first step, it significantly impacts the way our organization considers sustainability in the decision-making process.

Inclusion is rooted in our organization

In 2023, the first employee resource group (ERG), called eleVATe Equity, started as a grassroots movement to promote gender equity in the company. Given the importance of diversity to our organization, the group has been directly supported by our CEO, and now holds quarterly meetings providing a platform to network, inspire, and support each other. This platform is open to all genders, and in 2024, more than 70 people attended the meetings; the corresponding group on our intranet already has more than 100 members. Ultimately, eleVATe is also an important enabler of gender diversity in talent recruitment.

1 Including transportation to manufacturer, manufacturing, and operational use

Our business



Our business

VAT's business model: Empower your tomorrow

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 for 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. During the manufacturing process of semiconductor chips, for example, major steps take place under a vacuum atmosphere. To run through the whole production process, the wafers need to be automatically transferred between different vacuum chambers. The complete process from start to finish often involves more than 1,000 steps, with control of the environment being crucial at every step. The need for reliable high-precision manufacturing environments is growing in many industries and applications where VAT is the market and technology leader.

R&D investment 2024 in CHF million

61

2023: CHF 54 million

Global megatrends driving growth

Several long-term technological, economic, and environmental trends based on the use of semiconductors are providing VAT with significant growth opportunities. The ongoing process of digitalization is among the most important, pointing to growing global demand for computers, phones, and other electronics. As a result, demand continues to grow for more, and increasingly powerful, semiconductors used in these personal digital devices, data centers, smart factories, and homes. The rapid growth in applications using artificial intelligence (AI) has further increased demand for advanced semiconductors.

Renewable energy and the need to address climate change is another growth driver 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, at existing nuclear power generation facilities, and in research into 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 in high-performance optical elements, biomedical parts, industrial coatings, and other applications. These trends are expected to continue and can only be harnessed by using the most advanced vacuum valves.

The fast pace of many of the industries in which VAT operates, with new products and processes emerging on a frequent basis, requires the company to always stay at the forefront of innovation, while considering its social and environmental impact. This is key to VAT's long-term success.

Leading technology and market position are the basis for VAT's ongoing profitable growth

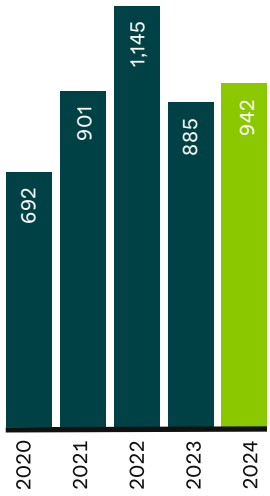
VAT benefits from these trends – growing investment needs and higher technological requirements – in two ways.

The first is simply the growing volume of semiconductor units needed as chips are used in more and more devices. There is ever-increasing demand for more digital devices in industry, greater interconnectivity in consumer electronics, expanded cloud computing and data storage related to growth in AI. Together, these developments require the fabrication of a larger number of chips, which drives increasing investments in additional manufacturing tools, thus generating growing demand for vacuum valves.

The second factor is the increasing complexity involved in the manufacture of leading-edge semiconductors with node sizes of 3 nanometers or less. These more powerful and more energy-efficient chip designs typically pack more transistors into the same or a smaller space, which in turn requires more process steps, higher manufacturing purity, and longer times in the process chambers. Vacuum valve performance becomes even more critical to meet these new demands.

As the global technology and market leader in vacuum valves, VAT is poised to benefit accordingly from these two growth drivers.

Net sales development in CHF million



The semiconductor equipment market

The semiconductor industry is VAT's largest end market, accounting for close to 80% of net sales in 2024. The overall value of semiconductor sales is expected to reach more than USD 1 trillion by 2030, up from about USD 680 billion in 2024. This represents a compound annual growth rate (CAGR) of about seven percent over the period from 2024 to 2030 and almost double the pace of growth during the previous decade.

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 services, from spare parts to customized retrofits, that allow customers to adjust production without having to invest in new equipment.

As a result of this and its major exposure to the semiconductor industry, VAT's most useful measure of demand through the business cycle is investment on the part of semiconductor manufacturers in large

fabrication facilities – both new capacity and the retrofitting and upgrading of existing equipment. Investments in semiconductor manufacturing equipment, as measured by WFE spend, grew by approximately 4% in 2024, to just over USD 100 billion. This indicates a slow recovery in market demand overall, and market experts now predict that an acceleration will be seen in 2026.

Business segment structure and global scope

VAT is structured in two segments. The Valves segment is focused on VAT's core vacuum valve technology and consists of the two business units aligned with its biggest markets: Semiconductors and Advanced Industrials. The Semiconductor business unit also includes the company's display business, while its solar-related activities are embedded in the Advanced Industrials business unit. This allocation relates to the specific business drivers and customer needs of these two units.

The second segment, Global Service, supplies a growing range of services and solutions to help customers improve their competitiveness through increased productivity and uptime. Developing our service business allows us to improve the circularity of our products while bringing value to our clients and strengthening customer relationships.

VAT employs approximately 3,000 people, with 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, the Netherlands, and the UK), and Asia (China, Japan, Singapore, South Korea, and Taiwan).

In 2024, VAT started the construction of a new production facility in Romania to replace an existing facility once in operation. The new factory, expected to start operation in early 2026, will not only boost our production capabilities in Romania, but will also improve the working environment for current and future employees. It reaffirms our position as a trusted employer offering optimal working conditions. Located close to the current facility in Arad, the new plant will ensure a seamless transition for our employees, minimizing the impact on their daily commutes and reducing their relocation efforts. The new facility will be a model of sustainability and innovation, aligning with our green initiatives and supporting our goals of reducing our environmental footprint. Boasting BREEAM[1] Excellent energy status, the plant also features efficient insulation, LED lighting, and solar panels.

EBITDA
as % of net sales

31.2

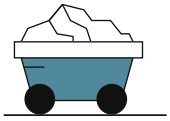
2023: 30.6

1 Building Research Establishment Environmental Assessment Methodology

The VAT value chain

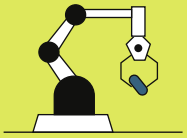
Upstream

Raw material extraction and production of preliminary products



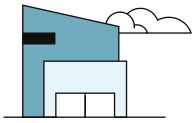
VAT

Own business (manufacturing, R&D, administration, services, sales and logistics)

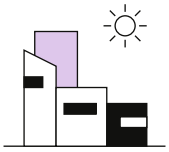


Downstream

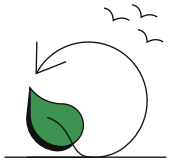
OEMs (original equipment manufacturers)



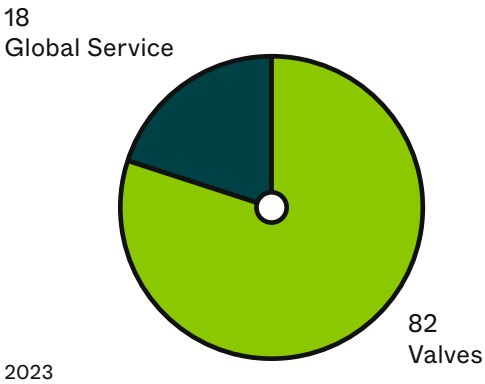
Device manufacturers (use-phase)



End-of-life (recycling)

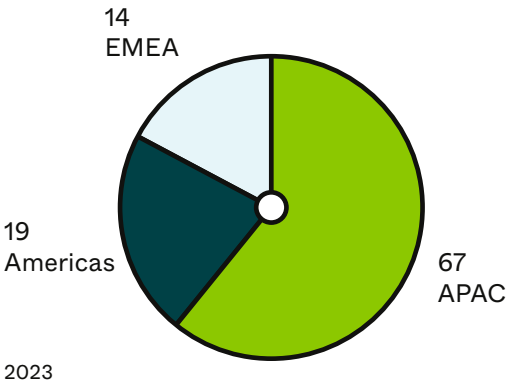


Net sales by segment in %



2023
80 Valves
20 Global Service

Net sales by region in %



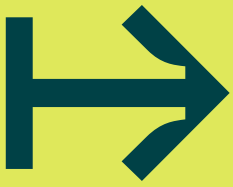
2023
61 APAC
22 Americas
17 EMEA

The construction of our new production facility in Penang, Malaysia, was completed in August 2024, adding additional capacity to cope with the expected increase in demand for VAT's products in the coming years. Investment also continues in Switzerland. VAT's new Innovation Center will be completed during the spring of 2025 and will offer state-of-the-art research and development space for up to 350 engineers. The new facility will allow VAT to bring all its Swiss-based R&D efforts under one roof. The new building will be LEED[1] Gold certified and for the first time in VAT's history also contain a fully-fledged restaurant for our employees in Haag.

Many of VAT's largest customers have their main 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 ever more important to maintain and expand technology leadership, customer relationships, and market share. In this respect, our production footprint plays a significant role in promoting our proximity to customers, helping us cut transport costs and the resulting environmental impacts.

1 Leadership in Energy and Environmental Design

Sustainability strategy



Sustainability strategy

Taking responsibility for the outstanding quality of our products has made us successful over the past 60 years. As a leading manufacturer of vacuum valves, we at VAT understand the importance of taking responsibility not only for the quality and performance of our products, but also for our environmental and social impact. Such impacts may be directly related to our company or indirectly related to our value chain.

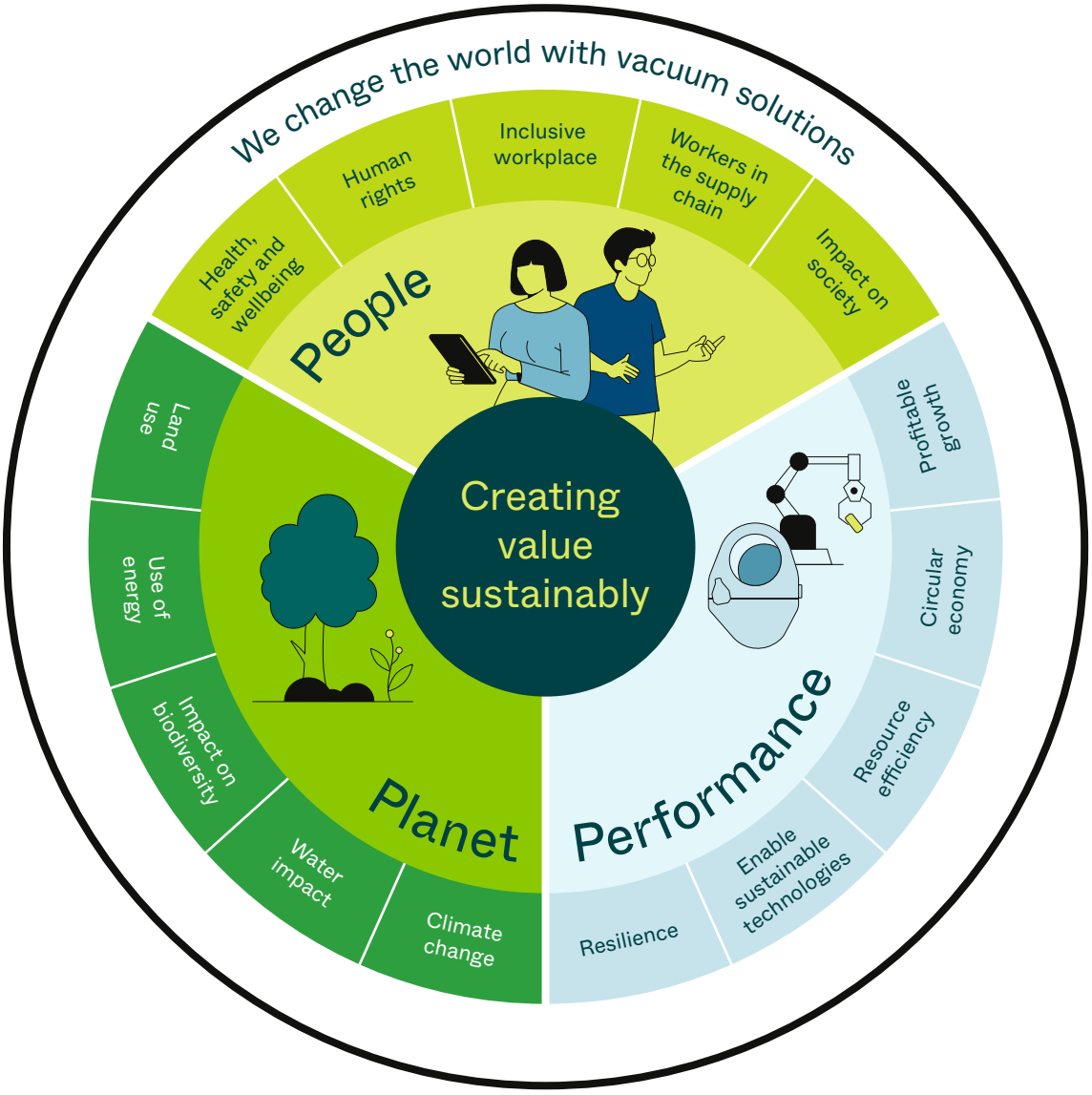
Futureproofing the company is another critical aspect of VAT's sustainability strategy. We recognize that sustainability risks can have a significant impact on our business, and we are committed to addressing these risks. At the same time, we believe that sustainability represents significant strategic opportunities for value creation, innovation, and growth.

Lastly, sustainability matches our culture and is reflected in the four passions which define us: *integrity, teamwork, customer centricity,* and *innovation.*

> Sustainability is a crucial part of our business strategy as it serves as a key prerequisite for the current and future success of VAT and all our stakeholders.
>
> Michel R. Gerber, Head of Sustainability and Investor Relations

For VAT, sustainability means creating long-term value not just for the company, but also for the environment and the people we affect. We can only create value sustainably if our actions ensure a prosperous future for the company, the planet, and the people impacted by our work. Sustainability at VAT is therefore built around three key pillars: people, planet, and performance. *People* represents the social dimension, *planet* the environmental dimension, and *performance* the economic dimension. All the sustainability efforts undertaken by VAT contribute to one (or more) of these three dimensions.

VAT builds sustainability into its business strategy using a framework based on the material topics identified in the double materiality assessment (DMA) performed in 2022. Our strategy also allows us to further contribute to the UN's Sustainable Development Goals (SDGs), to define clear targets for each topic, and to follow a prioritized roadmap of measures to progress towards these goals. In line with our governance structure, the sustainability strategy has been endorsed by VAT's Group Executive Committee as well as the Sustainability Committee of the Board of Directors.



People – the social dimension
Internally, we foster a diverse and inclusive work environment where all employees can be their unique selves, no matter their gender, racial and ethnic background, sexual orientation, physical and mental disabilities, age, religion or socioeconomic background. We believe that an inclusive and diverse team can increase productivity, creativity, and innovative ideas, and we therefore promote employee learning development. Externally, we make sure that the same ethical standards are applied across our supply chain, protecting workers' rights. We also take initiatives to increase our positive impact on the communities where we operate and society at large.

Planet – the environmental dimension
Our priority is to implement measures to reduce climate risks and VAT's environmental impact in the most relevant dimensions. Therefore, VAT's primary environmental goal is to decrease the CO_2 emission intensity of our sites, as well as across our value chain, to limit climate change. Additionally, we strive to use resources including water, energy, and land more efficiently. We are aware that global warming as well as the use of water and land may also have repercussions on biodiversity. In the future, we want to assess our impact on biodiversity accordingly, primarily for our own business but also for our value chain.

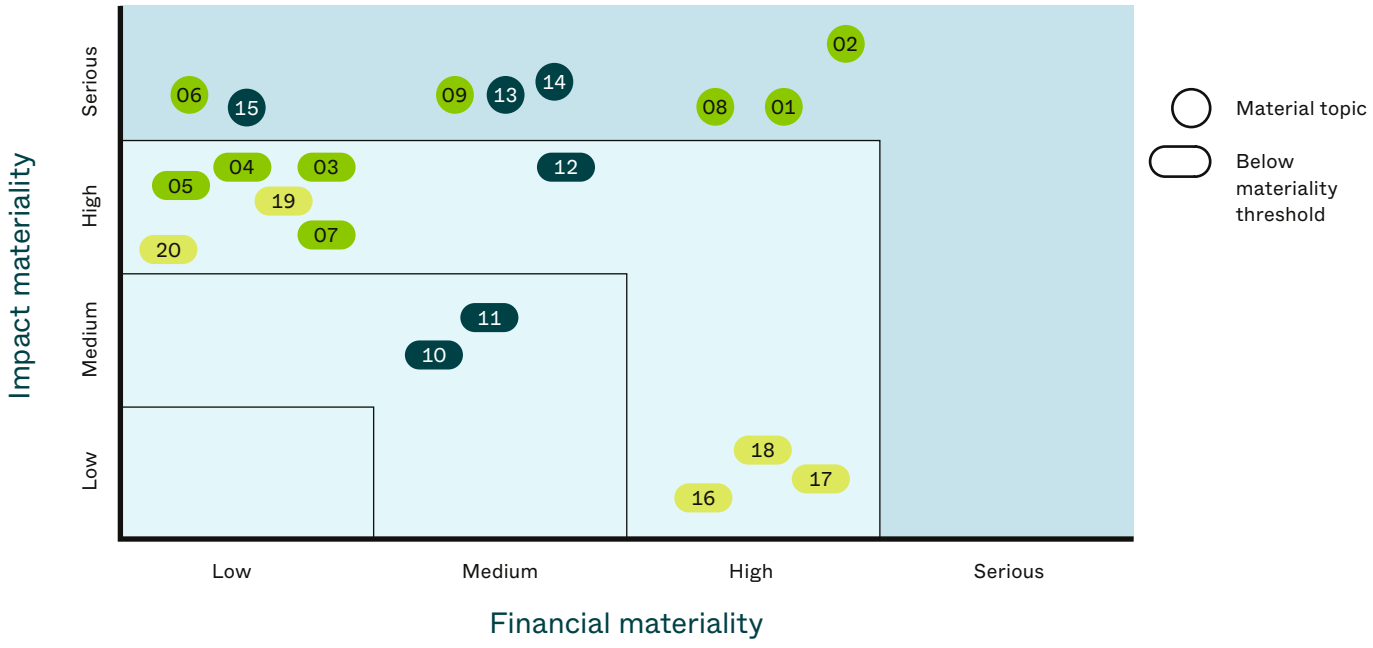
Performance – the economic dimension
We at VAT believe that considering the environment and people goes hand in hand with both increased efficiency and continued business success. We want to harness the benefits of resource efficiency, circularity, and sustainable innovation to continue creating value and growing our business. Given that both economic and environmental considerations require the most efficient use of resources, this is a source of opportunity. Besides that, we incorporate sustainability criteria in our product design early on, enabling better solutions for our clients and opening up new business opportunities.

Materiality assessment

In 2022, VAT conducted a double materiality assessment (DMA). This was a fundamental first step in defining our sustainability strategy and evaluating topics to prioritize as part of our work. It also allowed us to identify the sustainability-related risks and opportunities affecting VAT and the social and environmental impact of our activities. The assessment was performed 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). While there are differences between ESRS, the global reporting initiative (GRI), and the requirements of the Swiss Code of Obligations in the way that the results of the DMA translate into reporting requirements, we decided to consider the most comprehensive requirement, namely the ESRS. In 2025, the materiality assessment will be refined, and updated results will be communicated next year. In line with best practice, the materiality assessment is updated every 3 to 4 years or upon significant changes to VAT's business model.

The guiding concept of "double materiality" is to consider 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 to the financial development of the company. For both dimensions and for positive as well as negative impacts, a rating scale was defined considering the severity and likelihood of an impact. The assessment was based on a model of VAT's value chain that extends from the extraction of raw materials 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 end customers, the manufacturers of semiconductors, solar panels, digital displays, and other products.

Materiality matrix



Environment

01 Energy (consumption, mix and efficiency)
02 Greenhouse gas emissions
03 Air pollution
04 Water pollution
05 Soil pollution
06 Water management (incl. of suppliers)
07 Impacts on biodiversity and ecosystem services from production and production sites
08 Use of resources, materials and circular economy
09 Waste, disposal, and recycling processes

Social

10 Working conditions (own workforce)
11 Health and safety (own workforce)
12 Diversity and equal opportunities (own workforce)
13 Working conditions (workers in the value chain)
14 Other human rights (workers in the value chain)
15 Economic, social and cultural rights

Governance

16 Governance
17 Risk management
18 Internal control
19 Anti-corruption
20 Anti-competitiveness

Topics considered serious both from an impact and financial materiality perspective are classified as material. Financial materiality is measured by combining severity (in terms of revenue losses) and risk likelihood over the next 5 years. Impact materiality combines severity and likelihood, where severity is based on scale, scope, and remediability of the impact.

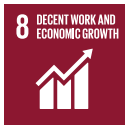
From this process, the topics listed above were identified as material, either from a risk or opportunity perspective. On the social topics, VAT decided to ease manageability of the topics by clustering them into three items, which are in line with CSRD topics: workers in the value chain, affected communities, and VAT's own workforce.

Even though biodiversity was not deemed a material topic, VAT is committed to further assessing the impact of VAT on biodiversity, primarily directly via sites that are located near biodiversity-sensitive areas or indirectly via the impact of activities and products on biodiversity and we will explore the possibility of reporting on this in more detail in the future.

Ambition and status

Based on VAT's industry-leading position, in recent years the company has already made efforts to reduce its environmental footprint and enhance its position as a socially responsible employer, as shown in past sustainability reports. On the grounds of this development, the ambition for the years 2025 to 2029 is to become an industry leader to the same extent that VAT already leads with its products. Building on our previous targets, we used our sustainability framework to better structure and refine our sustainability strategy, encompassing the entire organization. Global frameworks such as the UN SDGs, and SBTi for emission reduction, are taken as guidance when setting targets. To reach our goals, our approach is to foster a continuous dialogue within the company and between VAT and external stakeholders.

People

Topic	Target	Current value	Status
Health, safety and wellbeing			
	Maintain accident severity[1] below 10 by 2026	12.9	On track
	Set up ISO 45001 (Health and Safety) management system by 2025	n/a	New target – planned
Human rights			
	Conduct human rights risk assessment at all VAT manufacturing sites	n/a	New target – planned
	Train at least 95% of employees in human rights	n/a	New target – on track
Inclusive workplace			
	Increase the share of women among new hires to 24% by 2027 and 25% by 2030	28%	Achieved
	Increase the share of women in leadership positions to 25% by 2027	14%	Under review
Workers in the supply chain			
	Conduct supply chain RBA assessment with 80% of suppliers (by spend) in 2025	n/a	New target – planned
	At least 90% of suppliers have signed VAT's supplier code of conduct by 2025, and 100% by 2026	73%	New target – on track
Impact on society			
	By 2029, 30% of employees are taking part in a social activity organized or supported by VAT	21%	New target – on track

[1] Lost Time Accidents (LTA)/1,000 FTE

Planet

Topic	Target	Current value	Status
Climate change			
	Reduce Scope 1 and 2 emissions by 50% by 2025 (versus 2022)	–81%	Achieved
	Reduce Scope 3 emissions in line with SBTi by 2033 (versus 2023)	n/a	New target – on track
Water impact			
	Conduct a water stress assessment[1] for each VAT manufacturing site by 2025	n/a	New target – planned
Use of energy			
	Increase the share of renewable energy consumed at VAT to over 90% by 2027	85.6%	On track

[1] A water stress assessment is designed to assess operational risks based on how individual sites depend upon and potentially impact water resources.

Performance

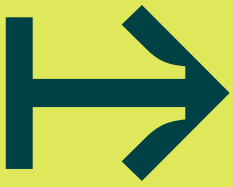
Topic	Target	Current value	Status
Profitable growth			
	Provide product-specific information on sustainability and circularity to clients for 20% of sales by the end of 2025	17%	New target – on track
Circular economy			
	By 2029, increase the value of VAT's service offering by ensuring longevity and the promotion of product circularity	Addressed	New target – on track
Resource efficiency			
	Increase the recycling rate of the scrap metal at all VAT manufacturing sites to 100% by 2025	100%	Achieved
Enable sustainable technologies			
	By 2029, step up R&D efforts to ensure thought leadership in sustainable technologies	Addressed	New target – planned
Resilience			
	By 2025, have mitigation plans for sustainability risks in place and managed in the group-wide risk management process	n/a	New target – planned
	Over 95% of employees have completed the cybersecurity training by 2025	86%	New target – on track
	Maintain zero confirmed cases of corruption	0	New target – on track
	By 2025, 100% of reported whistleblowing concerns are investigated and closed	100%	New target – on track

Engaging with stakeholders

True to our ambition to excel in sustainability the way we excel in vacuum solutions, our goal is to play a role in the transformation of the way our industry works. We therefore lead an open dialogue, encouraging all stakeholders to play their part in addressing some of our planet's biggest issues. By following a strategic approach to sustainability, VAT can generate profitable growth and at the same time consider and meet other stakeholders' interests.

Stakeholder group	Main sustainability concerns	Method of interaction
Customers	Customers play a key role in VAT's efforts to reduce its impact on the environment. We partner with customers to increase the circularity of our products, reduce the impact of, for example, energy consumption, and design the sustainable technologies of tomorrow.	– Communicating on sustainability goals and actions from both sides – Considering customers' objectives when defining the sustainability strategy
Authorities/Regulators	Authorities define the legal framework within which VAT must operate in terms of its own activities and supply chain, particularly in areas such as human rights, carbon emissions, energy use, and waste management. VAT needs to ensure compliance with existing standards, anticipate future developments, and take on an advocacy role through its memberships to ensure environmental considerations are reflected.	– Complying with current national and international regulations and anticipating future rules – Participating in relevant industry organizations to foster dialogue with policymakers
Employees	VAT cares for its employees, guaranteeing their safety and well-being at the workplace. VAT corporate culture cultivates inclusion to fully harness the benefits of having a diverse workforce and attract talent. Employees are also responsible for making our operations more sustainable by innovating and designing new processes that reduce negative environmental or social impact.	– Fostering dialogue within VAT, e.g., through resource groups such as eleVATe – Increasing sustainability awareness within the company and further integrating sustainability in both our company culture and operational processes
Society (Community/ NGO/Media)	VAT strives for a positive impact on the communities in which it operates. Beyond creating jobs, VAT partners with local civic organizations to support sports and education and inspire young talent.	– Fostering awareness of society regarding sustainability – Promoting transparent and open communication of VAT's sustainability journey – Social engagement such as blood donation, bike to work, etc.
Investors (Equity and Debt)	Investors support VAT's long-term growth and enable it to continue innovating and supporting sustainable technologies.	– Making our business more sustainable means improved risk management and long-term shareholder value – Communicating about sustainability goals and strategy with the financial market (shareholders, advisors, etc.)
Suppliers	VAT works closely with suppliers to reduce its CO_2 emissions. VAT also fosters an open dialogue and advocates for workers' rights across the supply chain. VAT strives to select suppliers whose values and conduct are aligned with its own. Supplier management is a fundamental aspect of making our organization more resilient.	– Openly communicating and collaborating with suppliers to make our businesses more sustainable across the entire value chain – Improving transparency, accountability, and ethical practices throughout the supply chain ecosystem

Sustainability governance



Sustainability governance

Our sustainability strategy is designed to allow us to be more resilient, comply with regulatory requirements, and meet the increasing demand for sustainable solutions and practices. To fulfill this ambition, VAT Group is committed to the highest principles of good corporate governance, aimed at ensuring transparency, achieving a balanced relationship between management and control, and safeguarding stakeholder interests. The ultimate strategic steering of sustainability across the entire company lies with the newly established Board of Directors Sustainability Committee. VAT is also dedicated to further enhancing its structures and has thus invested both in people and training on sustainability matters, with four dedicated full-time colleagues working on all aspects of the topic.

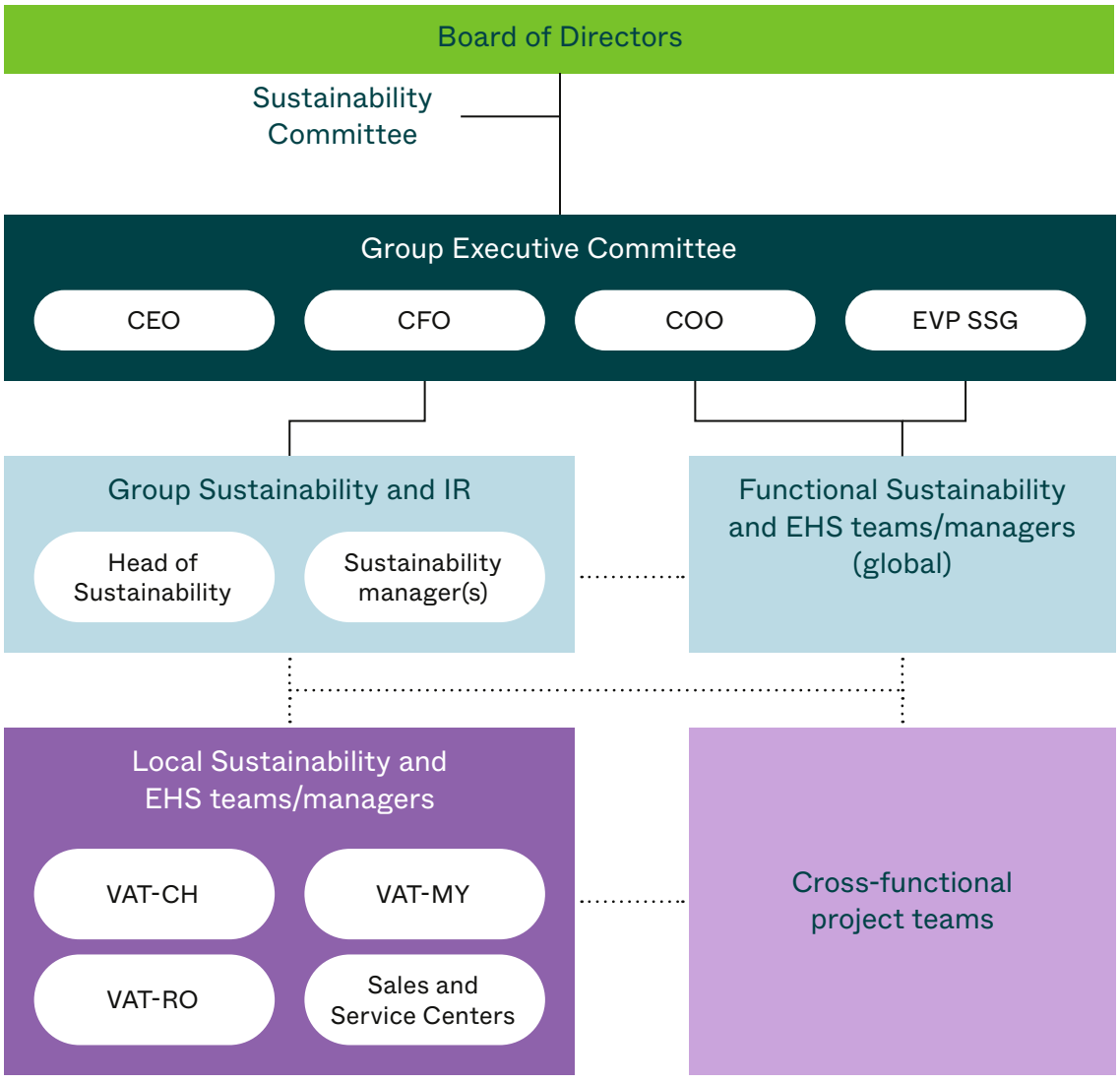
VAT Group regularly reviews its corporate governance framework and discloses information on corporate governance in accordance with the SIX Swiss Exchange Directive on Information relating to Corporate Governance, the Swiss Code of Best Practice for Corporate Governance, and the corporate governance provisions of the Swiss Code of Obligations.

Responsibilities and monitoring

Board of Directors
The Board of Directors 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 board 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 other regulations.

Details of the duties of the board, its committee structure, the tenure of each member and additional mandates can be found in the corporate governance section (pages 48 to 64) of VAT's Annual Report 2024, which can be found here or online at www.vatgroup.com/investor-relations.

Board of Directors' Sustainability Committee
A dedicated Sustainability Committee comprising members of the Board of Directors has been established. The Sustainability Committee, which meets every quarter, is charged by the board to oversee and steer the implementation of the sustainability strategy in close collaboration with the Group Executive Committee. The Sustainability Committee ensures that sustainability is considered in VAT's strategic decision processes, such as action plans, risk management guidelines (including those related to climate risks), annual budgets, business plans, as well as setting VAT's long-term targets, monitoring implementation and performance, and overseeing major investments, acquisitions, and divestitures. The detailed guidelines that define the work of the Sustainability Committee are defined in the committee charter, which can be found here.



Organization chart as of April 4, 2025

Group Executive Committee
The CEO has ultimate responsibility for overseeing and implementing policy commitments to responsible business conduct, including respect for human rights, with day-to-day support provided by the compliance department.

The responsibility for sustainability is delegated to the CFO, who ensures that the full Group Executive Committee is involved in sustainability matters, including decision-making, target setting and budgeting, where needed. As sustainability is inherently a cross-functional topic, close alignment is imperative across all departments. As part of the natural integration of sustainability into the decision-making process, the variable short-term incentive for the Group Executive Committee depends on the company's sustainability performance among other factors.

Group Sustainability and Investor Relations
In operational terms, sustainability is steered by the group sustainability team, which reports to the CFO, in collaboration with local and functional experts within VAT, including people in the supply chain team. The group sustainability team is responsible for cross-functional alignment between the teams working on sustainability in the various departments and for fostering dialogue, discussing and agreeing on the demarcation of tasks, as well as for other daily operational tasks that come up and are not clearly allocated to a specific function. The group sustainability team is also responsible for group-wide sustainability awareness-building and coordinating training and education.

Functional Sustainability and EHS teams (global)
The functional teams involved in the sustainability process include areas such as supply chain management and operational health and safety that are key to ensuring that VAT's strategic sustainability ambitions are actively pursued in the business. The supply chain sustainability team is responsible for making sure that the supply chain fulfills VAT's expectations and regulatory sustainability requirements by steering the continuous improvement of supplier performance in terms of social responsibility, environmental practices, ethical business conduct, and climate emission reductions. Environmental, health and safety (EHS) teams promote a safety culture by planning awareness campaigns, making sure procedures for operational controls are in place, and defining policies, standards, and manuals in line with the required industry standards.

Local Sustainability and EHS teams
Local responsibilities for sustainability matters, especially environment, health, and safety-processes, are delegated to dedicated resources in the country organizations, while project teams are put in place to achieve specific results that support the overall sustainability vision. The projects are defined in line with the set targets and are structured along a comprehensive project roadmap.

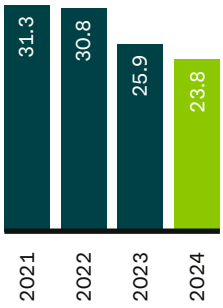
Cross-functional project teams
A project team is established whenever a topic is sizeable and significant enough to form a separate team and work on a solution for a set time. Examples include the SBTi reduction path and the development of new or updated products.

Information process and monitoring
Sustainability Committee meetings are held every quarter to oversee and steer the implementation of the sustainability strategy in close collaboration with the Group Executive Committee. Where alignment or a decision is required, sustainability topics are brought to the attention of the GEC by the CFO as part of its regular meetings. Group and Functional Sustainability teams also hold regular meetings to share key information and align on project advancement. The group sustainability team and CFO have a bi-weekly alignment meeting to discuss sustainability matters, target setting, and budgeting, where needed. The Functional Sustainability or group sustainability teams share sustainability-related news and achievements with the whole company through internal network posts.

In early 2024, a Head of Internal Audit was appointed to assess and evaluate the effectiveness of the organization's internal controls, risk management processes, and governance mechanisms.

Sustainability ratings and memberships

Sustainalytics

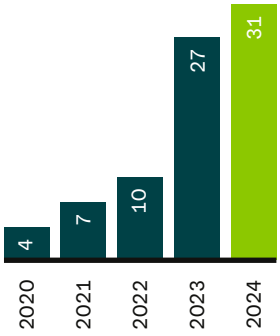


risk rating:
negligible (0–10)
low (10–20)
medium (20–30)
high (30–40)
severe (40+)

MSCI

ratings ranging from CCC to AAA

S&P Global



(out of 100 points)

CDP

Rating

C

Disclosure (D/D-)
Awareness (C/C-)
Management (B/B-)
Leadership (A/A-)

Memberships and commitments

Semi, the leading microelectronics industry association, helps members grow their business and address industry challenges worldwide.

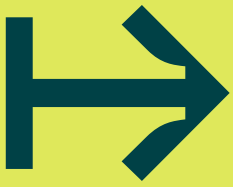
SwissMEM is an industry association for both SMEs and major corporations in the Swiss technology industry.

The Semiconductor Climate Consortium (SCC) is 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. For this reason, VAT decided to join the SCC as a founding member.

The RBA is the leading industry initiative for companies committed to improving social, environmental, and ethical practices in their supply chains.

The SBTi is a globally recognized initiative that helps companies set greenhouse gas (GHG) emission reduction goals aligned with climate science to limit global warming in line with the Paris Agreement.

Extended information



Extended information

People

We at VAT are convinced that our employees are our key competitive advantage. Their skills, experience, engagement, and flexibility have been crucial to the company's ability to innovate and build strong, long-term relationships with both customers and suppliers, thus driving VAT's leading market position.

Training, education, and thorough safety measures lead to improved labor practices. Together with a better work-life balance, fair wages, and social benefits this results in more qualified, satisfied, motivated, and productive employees, which can positively impact productivity. Likewise, these efforts can be of significant value when it comes to recruiting more qualified staff in the future to secure the long-term success of VAT.

Talent management

In the rapidly evolving semiconductor sector, having the right talents is essential for adapting to new challenges, enhancing innovation, and ensuring overall organizational growth. Therefore, the knowledge and expertise of VAT's employees are foundational to VAT's operations, playing a significant role in shaping its performance and competitive standing. As talent management is a key enabler for all aspects of our company, it is covered as an underlying structural element for the entire company and not as a self-contained sustainability topic in our strategic framework.

As a forward-thinking and responsible employer, VAT is committed to providing not only jobs, but also opportunities for career and personal development. Through a range of talent development and training programs, we help employees to reach their full potential. Alongside attractive working conditions and opportunities for further education, VAT fosters a culture of appreciation within the organization. We therefore encourage the retention of talented personnel and mitigate the risk of high turnover rates, which can result in the loss of critical knowledge and significant costs associated with the recruitment, hiring, and training processes. Caring for our employees also reduces risks related to work-related ill health and dissatisfaction. Leveraging its global reach, VAT strives to create a fulfilling work environment for its employees in all its operations.

Regular talent reviews

Regular talent reviews are a vital component of our organizational strategy, ensuring that all employees receive a thorough assessment of their skills and performance. In 2024, 100% of our employees underwent talent reviews where the leadership team calibrated their performance and potential as well as their succession plans. These reviews, conducted as part of our annual talent review cycle and succession planning, provide ample opportunity for assessments and feedback between the supervisor and the employee regarding alignment with the company's values. By incorporating regular performance and career development discussions, we promote employee engagement and bolster organizational performance, upholding our commitment to fair and equitable evaluation. This transparent approach underscores our dedication to monitoring and nurturing the skill sets of our workforce, driving continual growth and success.

Programs for upgrading employee skills

For more than 50 years, VAT has been training apprentices in Switzerland through its apprenticeship program. It now covers four technical professions and lasts between 3 to 4 years. In 2024, we welcomed eight apprentices in Switzerland, three of them women. This makes us particularly proud given the challenges our industry faces when it comes to attracting young female talents.

VAT also implements and promotes apprenticeships in countries where this is not already the norm. The site in Malaysia launched its own apprentice training center in 2023 and welcomed the second cohort of eight apprentices in 2024. VAT Malaysia continues to participate in the German dual vocational training program in precision machining, a collaborative initiative between the Penang Skills Development Center (PSDC), the Malaysian-German Chamber of Commerce (AHK: Auslandshandelskammer), and the Malaysian Department of Skills Development (DSD). On successful completion of the three-and-a-half-year program and passing the exams, the apprentices will receive both a precision mechanic certification from the AHK and an advanced skills diploma in precision machining from the DSD.

In 2023, VAT launched a program in Romania in collaboration with the Aurel Vlaicu Technological High School in Arad. Through this three-year program, students acquire both theoretical knowledge and hands-on experience in their chosen field of study. At the end of the internship period, they have the opportunity to be employed by VAT. In 2024, a cohort of 14 dual students started the program. With these initiatives, we aim to attract talented students while also upskilling the workforce in the communities where we operate.

For more experienced employees, VAT offers both leadership and technical development tracks. The aim of the core competency program is to connect and enhance the skills of our technical specialists, while the newly created CultiVATe leadership development journey is designed for employees who have the potential for managerial responsibilities. The CultiVATe program rolled out globally in 2023 and was conducted for the first time in 2024 with 3 cohorts of 72 employees in total. The program brings together the best elements of other former management and leadership programs at VAT. By investing in such programs, VAT aims to cultivate a pool of future leaders, promote a culture of continuous learning, encourage talent retention, and secure its succession planning for long-term organizational continuity, stability, and growth. Additionally, targeted leadership programs are conducted in Malaysia to foster skills and talents our people need to thrive in their roles at VAT.

	Training and internship programs: apprentices and university students	Professional training programs
Global		CultiVATe leadership: a journey enhancing leadership skills and fostering personal growth for employees aspiring to managerial roles Core competency program: an ongoing platform connecting competence communities to foster and hone the skills of our employees through regular exchange
Switzerland	Apprenticeship programs: – Designer EFZ – Polymechanic EFZ – Production mechanic EFZ – Physics laboratory technician EFZ	
	Various internship opportunities for university students offered all year and continuous close relationships with universities in central Europe (university job fairs, projects, etc.)	
Malaysia	Apprenticeship training programs offered for precision machining as a dual program between AHK and DSD	Supervisor development program: five-month training program to help line managers develop the skills and knowledge necessary to excel in supervisory roles and people management
	Graduate trainee scheme: 18-month program for postgraduate students Internship: 3-to-6-month program for undergraduate students	Advanced leadership program covering three phases: strategic thinking and analysis, leading growth, and leading change and innovation
Romania	Apprenticeship (dual study program): 3-year program giving both theoretical knowledge and hands-on experience in welding and machining Ongoing internships and relationships with universities (university job fairs, projects, sponsorship for workshops)	

Training

Besides the targeted development programs outlined above, VAT offers a wide range of ongoing training programs that ensure that relevant information is provided to employees. In 2024, we improved our data accuracy and included attendance at training events in the training data collection, which resulted in a strong increase in the total number of training hours. Online training content addressed topics such as information security, diversity, equity and inclusion, our code of conduct, and other compliance subjects.

	2024	2023
No. of training hours invested (total)	99,142	24,963
Hours of training per employee (women)	34	-
Hours of training per employee (men)	33	-
Total hours of training per employee	34	9
Data coverage (% of employees covered)	>95%	>95%

> Through CultiVATe, leadership becomes a continuous journey of learning, reflection, and growth, tailored to individual and organizational success. It empowers leaders to embrace challenges, innovate, and inspire.

Sucharita Rath, HR Business Partner

Health, safety and wellbeing

VAT takes care of the health, wellbeing, and safety of its employees and aims to provide a positive and supportive working environment to foster all aspects of good health. Our ambition is that all VAT employees are safe and well at work, and safeguarded from accidents, injuries, and work-related illnesses.

Our organization recognizes its responsibility to prevent or mitigate significant negative occupational health and safety impacts that are directly linked to our operations, products or services entailed in our business relationships. We have established policies and processes to ensure that our business relationships prioritize the health and safety of all workers involved at all sites.

Risk identification and management

VAT acknowledges that as a manufacturing company, accidents pose a significant risk to its workers. Health and safety risks also include absenteeism due to accidents or sickness leading to production declines or fines in case of legal violations. VAT is committed to promoting health beyond legal requirements.

We have implemented robust processes to identify work-related hazards and assess risks both on a routine and non-routine basis, including potential emergencies. Our hazard identification and risk assessment processes are regularly reviewed and revised, especially if there are changes in terms of equipment, process, and layout, to ensure their quality and effectiveness. We employ platforms such as routine workplace inspections by the EHS team, Gemba walks by management, safety observation by employees, and management of change (MOC) protocols for new processes or equipment to identify work-related hazards and assess risks. In 2024, more than 200 safety walks were performed.

The employees responsible for carrying out these processes are health and safety officers registered with local authorities who have received the required training to keep them up to date with the latest health and safety standards. We also encourage open communication among our employees to ensure that any potential hazards are promptly identified and addressed.

The results of our hazard identification and risk assessment processes are used to evaluate and continually improve our occupational health and safety management system. This includes updates to policies, procedures, and training programs to address identified risks and trends. We prioritize the elimination of hazards, followed by substitution, engineering controls, administrative controls, personal protective equipment (PPE), and the minimization of risks by applying the hierarchy of controls.

Our organization has a process for employees to report work-related hazards, and we encourage them to report any hazards or incidents immediately to ensure prompt resolution. We have a zero-tolerance policy when it comes to retaliation, and we ensure that employees are protected from any reprisals if they report unsafe acts and conditions. Employees can report hazards, including unsafe acts and conditions, through multiple channels, including our intranet, designated platforms using a QR code, dedicated hotlines, and verbal reporting to supervisors. To support our target of incident reduction, in 2025 we will set up an application that can be used by all employees using desktop or mobile across all major sites to submit reports of unsafe acts and conditions.

VAT is a signatory of the Swiss Accident Insurance Fund (SUVA) Safety Charter and is committed to enforcing SUVA's rules in addition to its own safety rules. Our employees are empowered to remove themselves from hazardous work situations they believe could cause injury or ill health, and we ensure that they are protected from any reprisals with no fear of retaliation. If the "stop work" order is given, activities are ceased immediately until safety concerns are addressed. Reports of unsafe conditions are treated as a priority, with the worker actively involved in the resolution process.

Prevention and mitigation of occupational health and safety impacts

The incident prevention plan created by the Global EHS team is a comprehensive strategy to prevent incidents and mitigate risks within the organization. The plan outlines specific actions to address gaps in the EHS management system, implement new policies and procedures, and promote a culture of safety. It identifies potential risks and hazards and outlines the steps to mitigate them, including training and education programs. The plan is regularly monitored and evaluated to ensure its effectiveness in maintaining a safe and healthy working environment. Furthermore, we regularly monitor and evaluate our business relationships to ensure that they meet our health and safety standards. We also work closely with our suppliers and other business partners to ensure that they prioritize employee health and safety in their operations.

In line with the ambition of ensuring that all VAT employees are safe and well at work, we strive for zero accidents and zero work-related ill health at VAT. Progressing on this journey, we are striving for another reduction in accident frequency and severity in 2025 to meet our medium-term goal of an LTA (lost time accident) metric below 10/1,000 FTE.

Health and safety training

General safety training is mandatory for all employees upon joining the company and provides them with an overview of the most important safety principles and relevant contacts 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 training in operating safely on a specific workstation in the production processes – such as milling, assembly or vulcanizing – is provided by the respective supervisor. Specialized training, for example on the handling, storage, and disposal of chemical waste generated in the production process, is provided by the EHS teams. 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. Frequently used individual PPE such as safety shoes, safety goggles, and hearing protection is provided free of charge to every employee. Process-specific PPE such as shields and chemical gloves is provided at the respective workstations. Throughout all premises, first aid stations and equipment are located in such a way that an immediate response is ensured in case of an emergency.

Health services

VAT strives to ensure that its employees are not affected by work-related risks by carrying out regular medical check-ups such as eye and hearing examinations. Furthermore, VAT offers voluntary health services as part of its company benefits. At the Swiss site, vaccinations against influenza are made available to all employees free of charge during working hours. Thanks to this initiative, 55 employees got vaccinated in 2024. In addition, voluntary health checks are offered on a regular basis.

In addition to our EHS personnel, a significant portion of our production staff are trained by the company as first responders. At our Switzerland site, for instance, the proportion of first responders is 11%. This training enhances responsiveness in emergencies. It also ensures that work deployments are planned so that a first responder is present in every work area and for every shift, thus ensuring prompt on-site assistance in emergencies. All production sites have first aid equipment and first aid rooms. At our factory in Malaysia, there is also an on-site clinic staffed with a dedicated nurse who provides various health services in additional to emergency medical assistance.

In relation to the Employee Assistance Program (EAP) launched in 2022, in 2024 VAT continued its efforts to support employees in areas such as balancing the demands of work and family, dealing with stress, and identifying signs of burnout, anxiety, and depression. The EAP offers confidential, no-cost professional counseling to our employees and their dependents, 24/7. Expert counselors are available to help with everything from mental wellness to relationship challenges, budgeting, and legal advice. A total of 324 employees attended webinars providing information on the EAP in 2024.

To build healthy habits and promote collaboration across the company, VAT also encourages its employees to engage in sporting events or join social clubs. The internal health community was launched globally in 2024. In Switzerland, groups of employees regularly come together to participate in corporate running events, which in return receive financial support from the company. In Malaysia, employees have established various social clubs offering a wide range of sports and leisure activities including badminton, football, table tennis, hiking, and yoga. Our new manufacturing site in Malaysia is therefore also equipped with a state-of-the-art fitness center designed to cater to a wide range of preferences and fitness levels and open 14 hours per day.

Work-related incidents and ill health

In addition to the processes to prevent and mitigate work-related incidents outlined above, our organization has a thorough process for investigation if an incident occurs nevertheless. This process was further enhanced last year. It includes immediate notification, observation, an interview, identifying hazards, and assessing risks related to the incident, determining corrective actions using the hierarchy of controls, and identifying improvements needed in our occupational health and safety management system. Insights from investigations are documented, shared with relevant stakeholders, and incorporated into system updates such as revised standard operating procedures (SOPs) and enhanced training programs.

VAT strives to avoid all types of occupational accidents and occupational illnesses. In 2024, it recorded a total of 38 occupational accidents at its production sites, a small increase versus last year that nevertheless confirms the long-term downtrend. At 14.7 days on average, recovery times after accidents were shorter than in 2023. The lost time accident (LTA)/1,000 full-time equivalents (FTEs) metric went down accordingly and the target of below 14 for 2024 was successfully achieved.

The accident frequency as measured by the LTIFR[1] per 1,000,000 hours slightly increased from 6.4 to 7.1 between 2023 and 2024. This is due to increased scrutiny in terms of also reporting minor accidents that may not have led to absences. Reducing this number while continuing the diligent reporting of all accidents remains a top priority for VAT. In 2024, no cases of ill health were recorded. Work-related illnesses and accidents are monitored and managed through a unified process, ensuring that VAT effectively addresses all health and safety risks.

	2024	2023	2022
No. of fatalities	0	0	0
No. of lost time accidents	38	32	49
No. of days lost due to lost time accidents	560	517	327
Average no. of days lost per lost time accidents	15	16	7
LTA/1,000 FTEs (rate)	12.9	13.4	16.4
LTIFR per 1,000,000 hours (rate)	7.1	6.4	10.6
No. of cases of recordable work-related ill health	0	0	0
Data coverage (% of employees covered)	>95%	>95%	>95%

Governance of health and safety matters

Our global EHS manager defines and monitors company policies and initiatives related to environmental, health and safety, focusing on production, sales and service centers. They ensure compliance and audit-readiness of manufacturing sites, plan operational controls, monitor global KPIs related to EHS, and organize learning and development activities for local EHS teams and employees. They also drive awareness campaigns and improvement programs to promote VAT's safety culture.

At a local level, EHS specialists maintain VAT's safety training programs for employees and ensure adherence to established protocols for emergency response and incident reporting. Depending on their location, they report either to the quality department or directly to the production or site management.

VAT employees are required to adhere to the health and safety policy, which reflects the latest standards, guidelines, and rules. It is a comprehensive set of policies and guidelines that extend beyond compliance with regulation. Details can be found in VAT's corporate health and safety policy on the VAT website (corporate health and safety policy) as well as in the governance section of this report (see pages 75 to 82).

Occupational health and safety management system

VAT has in place a health and safety management system based on the requirements of the ISO 45001:2018 standard. It applies to all VAT sites. Within this framework, VAT promotes a culture of safety awareness by means of regular communication, employee engagement, and participation in safety committees.

We foster worker participation and consultation in the development, implementation, and evaluation of our occupational health and safety management system. We provide our employees with training and relevant information on occupational health and safety through bulletins, newsletters, pass-down and shop floor meetings, and encourage open communication through feedback mechanisms.

1 The lost time injury frequency rate (LTIFR) measures the number of lost-time injuries per million hours worked during a year.

We have also established formal joint management/worker health and safety committees, which meet regularly to discuss health and safety issues, review safety performance, investigate incidents, and make decisions. All workers are represented on these committees, and we prioritize their input in making decisions related to occupational health and safety improvement.

We have a monthly meeting at the global level named the global safety forum that is attended by EHS teams from all the sites, including site leaders, and led by global EHS. The objective of the meeting is to create a platform for local EHS teams to share EHS performance and incidents and get alignment on any improvement plans with site leaders and general managers before implementation.

In 2024, VAT also held a competition where employees who submitted proposals for improving EHS matters through the continuous improvement program (CIP) were able to win attractive prizes. This fostered awareness of health and safety topics even further and will therefore be continued in the next years. Generally, the CIP mindset is deeply rooted in VAT's culture, which is shown by the fact that in 2024, over 2,500 suggested improvements were submitted.

Safety of VAT products

In addition to ensuring the health, safety, and wellbeing of its employees, VAT also places great emphasis on the safety of its products. Stringent quality control measures and rigorous testing protocols guarantee that its vacuum valves meet the highest safety standards and legal requirements. Comprehensive safety instructions for customers are included with all products.

Outlook

Building on the foundations of a strong health and safety system, in 2025 we aim for certification of our ISO 45001 occupational health and safety management system at all sites, in particular Switzerland, Malaysia, and Romania.

Furthermore, a new function, product compliance, will be established. It will primarily focus on enhancing product safety and the environmental footprint as well as ensuring that our products comply with regulations, be they product-, market-, or country-specific. This new function will further support VAT's objective of instilling confidence in our customers as well as cultivating trust and long-term relationships based on reliability and the well-being of end-users.

Target	Current value	Status
Maintain accident severity below 10 by 2026[1]	12.9	On track
Set up ISO 45001 (Health and Safety) management system by 2025	n/a	New target - planned

1 Accident severity is measured as lost time accident (LTA)/1000 FTE

Human rights and workers in the supply chain

At VAT, respecting the fundamental internationally recognized human rights as set forth in the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work is quintessential to ethical business conduct and long-term success. We recognize that strong human rights practices are needed to foster trust, ensure compliance with evolving regulations, and maintain the resilience of our business and global supply chain. By integrating human rights considerations into our policies and business processes, we aim to protect our employees' rights and well-being and create an environment where people and businesses can thrive.

Taking responsibility

As a global provider of vacuum solutions for advanced industries, VAT operates manufacturing facilities at three sites and a complex global supply chain with tiered suppliers providing raw materials, components, and services to our facilities worldwide. Taking responsibility for all the people impacted by the actions of our business is therefore a challenging yet important aspect of our sustainability ambition.

Our approach is guided by internationally recognized frameworks, including the UN Guiding Principles on Business and Human Rights (UNGPs), the OECD Guidelines for Multinational Enterprises, and the RBA Code of Conduct, which VAT integrated as part of its code in 2018. Our manufacturing facilities are regularly audited to ensure compliance with human rights standards and our human rights policy, and an anonymous reporting tool for any compliance concern is available to all stakeholders to facilitate identification and reporting of potential cases.

Responsible Business Alliance

To further strengthen our commitment to responsible business, in 2024 VAT joined the Responsible Business Alliance (RBA). Membership provides us with access to specialized tools and resources that facilitate our oversight of our own facilities and suppliers in terms of social responsibility, environmental performance, and ethical business practices. VAT's supplier code of conduct requires suppliers to comply with the RBA Code of Conduct as the minimum requirement. As an RBA member, we also promote responsibility at all stakeholders along our supply chain.

Involving local suppliers

VAT supports local communities and economies by conducting business with local suppliers whenever possible. By sourcing goods and services from nearby businesses, we contribute to the economic growth and resilience of the regions where we operate and reduce transportation-related climate emissions.

We aim to create opportunities for mutual growth and shared success with our suppliers and cultivate long-term partnerships. We believe that strong, lasting relationships lead to greater trust, improved collaboration, and increased innovation, ultimately enhancing supply chain efficiency and reducing costs. From an ethical procurement perspective, maintaining close relationships with our suppliers enables us to drive positive change, uphold responsible business practices, and promote sustainability throughout our supply network.

	Switzerland [1]	Malaysia	Romania
Percentage of the procurement budget spent on local suppliers [2]	72%	46%	18%

1 Procurement budget for significant locations of operations based on value creation (CH, RO, MY)
2 Switzerland's share of local procurement: spending destined for VAT's manufacturing site in Malaysia is excluded from the total spend in the calculation of the local share of spend

Human rights in the supply chain

Due diligence
We apply a risk-based approach to human rights due diligence, addressing the most salient risks as a priority and placing rightsholders at the core. We are committed to increasing transparency in our supply chain and proactively identify social, environmental, and compliance risks. We support our suppliers in adopting responsible practices through awareness-building and training; we monitor their performance and ensure that necessary corrective actions are taken to effectively remediate any harm.

Based on our preliminary risk assessment, the most salient potential human rights risks in our supply chain are related to workers' health and safety, working hours and wages, and conditions affecting migrant workers in particular such as forced labor, recruitment fees, and inadequate living conditions. The people involved in our supply chain in Southeast Asia are most at risk of being affected.

As in the previous year, in 2024, VAT conducted the checks on its supply chain in accordance with the Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour (DDTrO) to determine the applicability of due diligence and reporting obligations. The results of these checks are presented in the following.

Child labor
VAT's supplier code of conduct (SCoC) prohibits child labor and other fundamental human rights violations, requiring suppliers to have adequate systems in place to ensure compliance. We monitor this through regular supplier audits. To date, no evident cases and no suspicion of child labor have been identified in VAT's supply chain, reported through our publicly available compliance hotline or brought to our attention in any other form. Most of VAT's direct suppliers operate in countries with a low risk of child labor according to UNICEF's Children's Rights in the Workplace Index, but we have a growing number of suppliers in Asian countries where the risk is more elevated.

Potential risks of child labor therefore remain, particularly in electronics supply chains where we have limited visibility and control beyond tier 1. To address these challenges, we continuously work to improve traceability and transparency to mitigate any adverse impacts across our supply chain. We also recognize that risk levels and locations can shift over time owing, for example, to geopolitical developments, conflicts, and increasing climate-related impacts. We therefore conduct ongoing assessments to stay ahead of emerging challenges. The largest portion of spend in a country with a heightened risk of child labor is in Malaysia, where the risk is associated with our local business presence. Consequently, we strive to track the social performance of our suppliers particularly closely by means of local supply chain measures.

Country	Share of spend 2024	RBA: Child Labor risk	UNICEF: Children's Rights in the Workplace Index
Malaysia	13.00%	High	Enhanced
Singapore	5.10%	Medium	Enhanced
United States	1.90%	High	Enhanced
Sri Lanka	1.10%	Medium	Enhanced
China	0.70%	Extreme	Enhanced
Turkey	0.50%	Medium	Enhanced
Thailand	0.20%	Medium	Enhanced
Vietnam	0.03%	Extreme	Enhanced
Total spend in enhanced risk countries	**22.1%**		
Total spend in low-risk countries	**77.9%**		

Conflict minerals

VAT has a publicly available conflict minerals policy and expects suppliers to comply with responsible sourcing practices under its supplier code of conduct.

VAT is committed to responsible sourcing and ensuring that minerals used in our products are sourced ethically and in line with international best practices. Although VAT does not import or process 3TG minerals - tantalum, tin, tungsten or gold - listed under the Swiss DDTrO and is therefore not subject to the ordinance's reporting or due diligence obligations, we recognize the importance of transparency and accountability within our supply chain.

To uphold responsible sourcing standards, VAT conducts ongoing minerals due diligence in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. VAT conducts due diligence through supplier surveys using templates provided by the Responsible Minerals Initiative (RMI). These surveys aim to gather information on the presence of conflict minerals in the supply chain and identify smelters or refiners associated with these minerals. To address the challenge of compiling accurate information, we rely on third-party audits through the Responsible Minerals Initiative to enhance transparency and verify responsible sourcing practices.

In 2024, VAT strengthened its commitment to responsible minerals sourcing by joining the Responsible Minerals Initiative. Through this collaboration, we gain access to specialized tools, data, and best practices, enabling us to evaluate and mitigate mineral sourcing risks more effectively. By leveraging RMI's expertise and resources, we aim to further enhance due diligence efforts, improve supplier engagement, and drive positive change across our supply chain.

Supplier audits and assessments
We monitor the performance of our suppliers in key areas such as health and safety and human rights, focusing particularly on child and forced labor, environmental management, and ethical business practices. In 2024, we conducted 42 audits on tier 1 suppliers where social and environmental responsibility were part of the assessment scope.

When non-conformances are identified, suppliers are required to implement corrective actions within a set timeframe, and VAT monitors their progress to ensure compliance and positive progress. We also support our suppliers by providing targeted support and training when needed. However, if the supplier is not taking adequate action to correct any priority or major findings, VAT reserves the right to terminate the business relationship with the supplier as the last resort of action.

Towards the end of 2024, taking advantage of our RBA membership, we launched a pilot program using the RBA's self-assessment questionnaires to gain deeper insights into supplier performance in terms of human rights and labor practices, environmental practices, and business ethics across a broader segment of our supply base. Based on the results, we work with suppliers to address identified gaps by helping them develop corrective action plans and providing training in areas where challenges are most prevalent. Any supplier identified as a high risk in any key area of the assessment will be further assessed in an independent third-party audit. In 2025, we aim to expand these assessments to all key suppliers globally.

Human rights and supply chain policies

VAT's commitment to respect and promote human rights and labor standards is underpinned by our code of conduct, supplier code of conduct, and human rights policy. These policies clearly set forth our expectations of every individual who works for VAT or engages with us as a business partner or through our supply chain. Details of our code of conduct can be found in the governance section of this report (pages 76 to 77).

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. The human rights policy is based on accepted international laws and practices such as the United Nations Global Compact and the International Labor Organization (ILO). The policy applies to all VAT entities and employees. All VAT employees, including temporary, outsourced, and contract employees, are expected to consistently apply the standards and policies laid out in the human rights policy, regardless of their location or role within the company. They are also expected to uphold labor and human rights in all business relationships, including dealings with suppliers, subcontractors, customers, and other partners. Additionally, all VAT entities must ensure that their management of suppliers, service providers, and subcontractors complies with the elements detailed within this procedure. Read the human rights policy here.

VAT has in place a supplier code of conduct (SCoC) 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 SCoC 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. By the end of 2024, 73% of our suppliers globally by spend had acknowledged it.

Share of suppliers that have signed VAT's supplier code of conduct

	2024	2023
Based on spend	73%	79% [1]
Based on number of suppliers	51%	n/a

1 In 2023 report, only suppliers for VAT Switzerland were reported while in 2024 all suppliers globally were included in the tracking of the SCoC acknowledgement.

Outlook

Our ambition is that zero human rights violations occur at VAT, and that human and labor rights are respected and monitored in our supply chain. VAT thus strives to identify, prevent, mitigate or stop adverse human rights impacts throughout its organization. We also aim to make sure that the same ethical standards that we apply to our own business are met by our suppliers.

VAT has therefore implemented multiple channels for raising concerns on human rights. Employees can choose to discuss their concerns directly with their manager or contact Legal and Compliance for assistance. Support is also available from Human Resources or Internal Audit. External individuals or VAT employees who wish to maintain anonymity or feel uneasy contacting any of the parties mentioned, can use VAT's compliance hotline, which offers an online reporting process which is available in multiple languages. Find more information here.

Target	Current value	Status
Conduct supply chain RBA assessment with 80% of suppliers (by spend) in 2025	n/a	New target – planned
At least 90% of suppliers have signed VAT's supplier code of conduct by 2025, and 100% by 2026	73%	New target – on track
Conduct human rights risk assessment at all VAT manufacturing sites	n/a	New target – planned
Train at least 95% of employees on human rights	n/a	New target – on track

Inclusive workplace

Inclusion is one of VAT's key sustainability focus areas. For us as a company it means fostering a diverse workforce that brings together the best of multiple generations, cultures, genders, skillsets, and perspectives. Embracing diversity enhances our reputation as an employer of choice and enables us to harness the benefits of varied backgrounds, experiences, and viewpoints to increase innovation and improve decision-making. We see significant opportunities for VAT in the fact that diversity in the workforce can lead to new perspectives and ideas for company structures, processes, products, and services, which in turn lead to higher productivity and revenue. It also strengthens relationships with customers, suppliers, local communities, and other partners who share our values and prioritize diversity and inclusion in their own practices. VAT is therefore committed to fostering an inclusive workplace where all employees have equal opportunities for advancement so they can grow and realize their potential.

Our employees

True to our ambition of making VAT the preferred employer for employees of all genders, cultures, skills, and perspectives, we are proud to have 28% of women among our new hires in 2024. We have thus already surpassed our stated goal of 24% by 2027 and 25% by 2030. While this achievement underpins a positive long-term trend, we know that such shares can also be impacted by factors outside VAT's control. This is why the stated targets remain unchanged. We also hold true to the target of a 25% share of women in leadership positions, knowing that this will be challenging to achieve. Beyond gender diversity, the company also has a cultural richness, with people of more than 50 nationalities working in the VAT family. The top three nationalities represented within VAT's workforce are Malaysian (30%), Swiss (14%), and Austrian (13%).

At the end of 2024, VAT employed close to 3,000 people on a full-time equivalent (FTE) basis, including direct full-time, part-time, and fixed-term employees[1]. Switzerland, Malaysia, and Romania account for around 90% of total employees. To increase flexibility and adapt the business to the cyclical nature of the semiconductor industry, VAT employs up to 15% temporary workers from local agencies with whom we have longstanding business relationships. Furthermore, VAT offers several fixed-term positions such as internships that give young talents the opportunity to get insights into our business, learn on the job, and eventually join the company on a permanent basis.

1 We define fixed-term employees as employees with a fixed-term contract, such as internships. Part-time employees have a permanent or indefinite contract directly with VAT but work fewer hours than the typical full-time position. Workers whose place of work is VAT but whose employer is not VAT (referred to as temporary workers) are not included in VAT's headcount. They are employed, for example, by temporary staffing agencies, which handle their employment contracts and remuneration.

Employees by country[1]

	Full-time employees	Part-time employees	Fixed-term employees
Europe	1,659	135	52
of whom in Switzerland	1,299	117	52
of whom in Romania	337	15	0
Asia	1,090	0	26
of whom in Malaysia	877	0	25
Rest of the world	65	0	0
Subtotals	**2,814**	**135**	**78**
Total full-time and part-time employees 2024	**2'949**		
Total full-time and part-time employees 2023	**2'677**		

Representation of women on the Board of Directors

	2024	2023	2022
Women	2	3	2
Men	6	5	5
Total	**8**	**8**	**7**

At the annual general meeting on 29 April 2025, one board member will not stand for re-election. Two new board members, one man and one woman, will be proposed for election instead. With this new composition, three of the nine members will be women, in line with our self-imposed ambition of >30% women on the Board of Directors.

Diversity of employee body

	Executive Board		Senior management		Management		Professional		Employee		Internship		Apprentice-ship	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Europe	0	9	5	18	13	83	112	482	200	812	5	9	6	40
of whom in Switzerland	0	9	5	17	10	75	65	415	137	638	5	9	6	25
of whom in Romania	0	0	0	1	3	7	45	55	56	170	0	0	0	15
Asia	0	0	0	4	6	28	65	151	163	643	6	1	7	16
of whom in Malaysia	0	0	0	1	3	13	50	85	121	574	6	1	7	16
Rest of the world	0	1	0	0	1	7	4	26	11	15	0	0	0	0
Subtotals	**0**	**10**	**5**	**22**	**20**	**118**	**181**	**659**	**374**	**1,470**	**11**	**10**	**13**	**56**
Percentage of women	**0%**		**19%**		**14%**		**22%**		**20%**		**52%**		**19%**	
Total employees	**2,949**													
Total employees in mgmt. positions	**175**													
of whom women	**14%**													

1 The numbers are shown as of year end 2024. Therefore, for part-time employees and temporary staff a higher number of employees during the year may have been employed at VAT.

In 2024 we adjusted management levels across the group, leading to changes in the management category and resulting in a higher number of men in management positions than the previous year. The change in the share of women in leadership positions (14% versus 20% in 2023) is therefore technical in nature. Nonetheless, it underpins the importance for us as a company to develop female talents and remain an employer of choice for women.

New employee hires and employee turnover

Employee turnover in 2024 was reduced from the previous year (11.1% versus 12.4% in 2023), a fact that we believe can be attributed both to our competitive training and employee development programs and efforts to create positive work environments for all our people. This favorable development also puts VAT in a strong position to tap the potential of its employees and build on the competitiveness of its teams.

Employee turnover by age group, gender, and region

		Age group			Gender
	<30	30-50	>50	Male	Female
Europe	52	88	47	146	41
of whom in Switzerland	43	61	32	112	24
of whom in Romania	9	26	14	32	17
Asia	46	67	8	89	32
of whom in Malaysia	43	43	4	65	25
Rest of the world	0	4	0	4	0
Subtotals	**98**	**159**	**55**	**239**	**73**
Total turnover	**312**				
In % of total employees	**11.1%**				

New hires by age group, gender, and region

		Age group			Gender
	<30	30-50	>50	Male	Female
Europe	98	184	36	223	95
of whom in Switzerland	70	124	23	156	61
of whom in Romania	28	55	12	62	33
Asia	138	132	14	210	74
of whom in Malaysia	131	100	7	175	63
Rest of the world	1	4	1	5	1
Subtotals	**237**	**320**	**51**	**438**	**170**
Total new hires	**608**				
of whom women	**28%**				

Promoting an engaged and high-performing workforce

VAT has a wide range of initiatives in place to further promote employee engagement and develop women in our workforce.

Employee engagement survey (EES)
One important way we evaluate our efforts to create a positive working environment is through the company's employee engagement survey (EES), based on Gallup. Since 2017, VAT has conducted an annual survey together with an external consultancy to measure how well the interests of employees align with those 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. Line managers are given training in how to build employee engagement and are required to report regularly on what measures they have taken in this area. The EES is an important tool for establishing a dialogue with one of the company's most important stakeholder groups. In 2024, 91% of employees participated in the survey; at 4.02 out of 5, the engagement score was close to the record high of 4.09 in 2023.

eleVATe network
As mentioned in the highlights section of this report, eleVATe was set up in 2023 as VAT's first employee resource group (ERG) for women, aligned with VAT's passions of *integrity* and *teamwork*. In 2025, eleVATe will continue offering quarterly gatherings, workshops, and celebrations of Women in Engineering and International Women's Day. In addition, it is going to stabilize the core team, introduce more consistent metrics and regularly report to the executive team, and establish a stronger connection across teams and sites (particularly Malaysia and Romania) to collaborate on global events and provide support if needed.

Inclusive hiring training
To attract more diverse talents, VAT partners with universities, allowing us to increase female participation in the intern program and successful conversion to permanent roles. In 2024, VAT also launched a global e-learning series on inclusive hiring. In Malaysia, behavioral interview training was introduced to enhance hiring skills, address biases, and promote fair hiring decisions.

Lean-in circle
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. Since its launch, a total of 24 female employees have participated in coaching sessions.

Our commitment to equal pay
Based on 2024's salary data, VAT Switzerland renewed its Fair-ON-Pay+ certificate in early 2025, recognizing the company's commitment to ensuring equal pay for men and women for equal work, as required by the Swiss Gender Equality Act. 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. Fair-ON-Pay is based on the Logib analysis methodology, which has been recognized as best practice by the Equal Pay International Coalition. Based on a statistical analysis, the gender pay gap is within the demanding statistical threshold of 2.5% and complies with the "advanced" requirements regarding structure and confidence interval. The results show that VAT has continued to prioritize fair compensation practices and has applied scrutiny in the areas of pay transparency and pay equity.

> With eleVATe we want to foster the professional and personal growth of our female talents, and we count on women and men in VAT to make this company a place where everyone feels included.

Miranda Secco, Safety Officer
and eleVATe team leader

Outlook

Our ambition is to make VAT the preferred employer for employees of all genders, cultures, skills, and perspectives. VAT fosters a diverse workforce that brings together the best of multiple generations, cultures, genders, skillsets, and perspectives for VAT. To attract female talents, we are updating our hiring processes by implementing inclusive and behavioral hiring techniques, as well as offering flexible work policies. We also foster an inclusive workplace culture and support internal women's networks. Building on the successful equal pay analysis that VAT has already conducted in Switzerland, we plan to perform a similar type of analysis for Romania and Malaysia in 2025.

Target	Current value	Status
Increase the share of women among new hires to 24% by 2027 and 25% by 2030	28%	Achieved
Increase the share of women in leadership positions to 25% by 2027	14%	Under review

Impact on society

VAT not only defines itself through the outstanding quality of its products but also through the passions that are lived by its employees every day. In addition to offering employment, training, skills transfer, and fostering economic growth, VAT is deeply committed to making significant and lasting contributions to the communities in which it operates, as well as to society at large. True to its roots as a medium-sized Swiss company, VAT's ambition is to act as a good corporate citizen that takes responsibility beyond the factory gates and has a positive impact on society. This goes further than the processes for remediating the negative impacts of work on our employees and their families. The commitment is demonstrated in various initiatives that can be clustered into local education programs beyond VAT's own internal operations, various external social activities, and sponsorship. In 2024, VAT had more than 600 participants in events for social causes. The fact that employees from all departments come together to engage in a good cause is clear evidence that the company lives up to its passions *integrity* and *teamwork*.

VAT is also aware that its business can have negative societal impacts, especially when it comes to activities that take place in the up- and downstream supply chain. Such an impact may arise from raw material extraction and production of preliminary products, device manufacturing, and the end-of-life treatment of VAT's products. Negative societal impacts can be related to emissions such as dust or noise, water and air pollution or conflicts surrounding the mining of metals with repercussions on local social structures. Such negative impacts also entail the risk of reputational damage or conflicts and protests that would disrupt operations. VAT therefore seeks to further strengthen the positive impacts on society while better understanding and ultimately mitigating the negative ones.

Promotion of science, technology, engineering, and mathematics (STEM) education

Support education in Malaysia
VAT particularly supports programs designed to help young people intending to go into the field of STEM. Since the apprentice training center's inception, VAT Malaysia has been widely promoting our apprenticeship program to the public. We have collaborated with the Penang Skills Development Center (PSDC) to sponsor local students exploring science- and technology-related career opportunities, providing hands-on experience and training at VAT facilities in Penang. In 2024, VAT, together with the PSDC, coordinated an awareness program with a nearby secondary school to spark interest among students in pursuing technical education.

In all our activities we consistently cooperate with other companies around Penang, as well as authorities and schools, to present and foster multiple career pathways in the STEM industry, highlight current industry needs, and help schools guide their students into prosperous career pathways.

Sponsorship and partnership with Smartfeld
In 2024, VAT Switzerland contributed to the educational project Smartfeld as a Platinum sponsor. Smartfeld is an interdisciplinary initiative designed to promote creativity and future skills and preparing children and young people for the challenges of the digital age. Smartfeld's philosophy and credo, "Technology + Creativity," aligns with VAT's ambition of promoting STEM subjects and fostering inspiring learning and experimentation spaces by integrating expertise from education, research, and practice. As an active partner, VAT regularly hosts joint activities with Smartfeld students. In 2024, VAT's apprentice training center held a production workshop with 18 students.

Future day Switzerland
In 2024, VAT participated in the National Future Day in Switzerland. Nearly 70 girls and boys had the chance to explore fields of work and life areas that may be atypical for their gender. By participating in the National Future Day, we want to encourage girls to consider a technical profession, thus promoting early gender equality in career choices and life planning. At the same time, we foster the positive and strong relationship we have as a company with our employees.

Social activities and sponsoring

In 2024, we structured our sponsorship activities and defined four topics of sponsorship that align with and support our ambition of empowering others, namely education, sports, culture, and community. In many cases, these sponsorship activities relate to initiatives that are suggested by our employees; we believe this makes the exercise particularly valuable because it not only gives us the opportunity to engage with society but also strengthens the ties with our staff.

Support for medical and healthcare NGOs
VAT supports women and children in eastern Chad, Bangladesh, and Madagascar via a campaign run by Médecins Sans Frontières (Doctors Without Borders). In 2024, VAT organized a step challenge that resulted in a donation of CHF 40,000 to Médecins Sans Frontières. Colleagues from all over the world participated in the 45-day initiative to promote a healthier and more active lifestyle. VAT also carried out awareness campaigns, namely Breast Cancer Awareness Month and Movember. Over 100 VAT employees participated and the company donated funds to Pink Ribbon Switzerland and the Movember foundation.

Local initiatives with a positive impact
In addition to global activities, our employees are active in local initiatives that directly benefit their communities. VAT's site in Malaysia organized a blood drive in cooperation with the Seberang Jaya Hospital in Penang, encouraging voluntary blood donations, thereby supporting healthcare efforts and potentially saving lives. More than 60 of our employees participated in this important initiative. In 2024, VAT cooperated with the Penang Development Corporation (PDC) Tree Planting Program, with employees at VAT Malaysia planting over 1,400 trees and shrubs at our site on Batu Kawan Industrial Park. We also supported employees who organized a motorcycle charity ride out in Switzerland to raise money for Viv., a Swiss civic organization that fosters self-determined living and housing for people with brain injuries.

Promoting culture and sports
VAT is aware that as part of its corporate citizenship, it is important to enable both a lively local culture and sporting events, especially activities that enable young talents to grow. This is why, for example, we are a longstanding sponsor of the Fabriggli theatre in Buchs and supported a range of other cultural events in 2024, such as the Mels music festival and the Werdenberger Schlossfestspiele. Knowing that the health and wellbeing of the society we operate in depends to a great extent on volunteers in sports clubs, we continue to support sports events such as the inter-company badminton tournament in Penang, in which our employees also participated, the Rhyathlon, and the football tournament organized by Buchs football club. Lastly, we are proud to sponsor the Swiss biathlon national team and world cup biathlete Amy Baserga.

Outlook

True to our ambition of making a positive impact on the society in which VAT operates, we continue to empower our employees to engage in social activities beyond their work. We also have a dedicated sponsorship policy in place that allows targeted support of good causes. This enables us to promote positive societal effects through local engagement in the areas where VAT is present. We also strive to continue our promotion of education to motivate young talents to pursue a career path in the field of STEM.

Knowing that business activities may have an inherent negative impact on society for the various reasons outlined above, VAT will further work on quantifying and addressing these impacts along the value chain.

Target	Current value	Status
By 2029, 30% of employees are taking part in a social activity organized or supported by VAT	21% [1]	New target – on track

1 (620 out of 2,949)

Planet

Climate change

The accelerating impacts of climate change, such as rising temperatures, severe weather events, and resource scarcity, accentuate the urgent need for action. VAT acknowledges the imperative to combat climate change by curtailing its emissions. By significantly decreasing its GHG emissions across Scopes 1, 2 and 3, VAT aims to mitigate its impact on climate change, contribute to global efforts to reduce carbon emissions, and safeguard the environment for future generations. This aligns with international climate agreements and regulatory frameworks but also positions our company as a responsible and forward-thinking leader in our industry.

Emission reduction requires long-term planning and ongoing infrastructure upgrades and investments. In 2024, VAT committed to the Science Based Target initiative (SBTi) and is currently calculating the near-term targets to submit them in time within the two-year timeframe granted by the SBTi.

By proactively considering regulatory requirements and developments as part of its growth strategy, VAT can incorporate them into the design of new products and production sites, thereby mitigating risks.

Governance

In line with the governance structure outlined in chapter 4 of this report, the Sustainability Committee of the BoD is responsible for the overall steering of VAT's actions related to climate change. At group level, the Group Sustainability VP and manager are responsible for tracking KPIs, setting targets, and supervising overarching projects related to emissions reduction, especially Scope 1 and 2. They do this in direct cooperation with the CFO, who is the owner of the topic among the Group Executive Committee (GEC). Our sustainability supply chain (SSCM) manager leads Scope 3 upstream emission reductions and runs related supplier engagement. In line with the strategic importance of the topic, executive management's variable pay is tied to these emission reduction objectives.

Risks and opportunities

Switching to renewable energy to reduce greenhouse gas emissions can reduce operating costs in the long term, as it can be assumed that renewable energies will be cheaper in the future compared with fossil energy sources.

Moreover, downstream companies are increasingly introducing ambitious emission reduction targets across the value chain. A low carbon footprint and robust action plans to reduce emissions can lead to advantages over direct competitors and thus greater market share, as potential customers are expected to use greenhouse gas reduction measures as a weighted criterion for establishing or expanding business relationships.

Companies with ambitious targets and a clear strategy to reduce their emissions may also have an advantage over their direct competitors when recruiting specialists, as it can be assumed that their own carbon footprint and that of their employer will become an increasingly important criterion for employees.

Green energy is also creating new opportunities for our business. The shift to a low-carbon economy will trigger a large-scale economic transformation requiring substantial investments in net-zero technologies and clean energy industries. With VAT's products contributing to the creation of emission-reducing technologies such as solar photovoltaic, solar thermal technologies, and nuclear power, VAT stands to benefit from this trend through the growth of its related business segments.

For more information on climate-related risks and opportunities and a detailed assessment in line with Swiss Climate Ordinance, see pages 84 to 88.

Greenhouse gas emissions

To calculate its greenhouse gas emissions (GHG) emissions, VAT followed a comprehensive methodology in line with the Greenhouse Gas Protocol, based on verifiable data gathered from various emission sources at each site. The next step was to apply the specific emission factors provided by recognized standards and guidelines to convert the collected data into CO_2-equivalent (CO_2e) 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 when devising emissions reduction strategies.

In 2024, VAT for the first time publishes a full GHG inventory across all scopes. To be able to compare the results to the previous year, identify developments and analyze underlying reasons for changes, the same calculations were applied to 2023 data as well. With this, we are confident that we have a solid ground to continue our efforts to reduce GHG emissions.

Total Scope 1,2 and 3 GHG emissions

In tonnes of CO_2e	2024	2023	2022
Scope 1	1,449	1,061[1]	1,219
Scope 2 (market-based)	1,106	6,351	12,351
Scope 3	451,553	369,895	–
Total Scope 1,2 and 3 GHG emissions	454,108	377,306	–

1 Scope 1 published value in 2023 was 1,067, calculation corrected.

Emission intensity

In tonnes of CO_2e/net sales in CHF million	2024	2023	2022
Net sales	942.2	885.3	1,145.5
Scope 1 and 2 emissions (market-based) intensity	2.71	8.37	11.85
Total GHG emission intensity	481.97	426.19	–

In tonnes of CO_2e/order intake in CHF million	2024	2023	2022
Order intake	1,033.3	691.9	970.9
Scope 1 and 2 (market based) intensity	2.47	10.71	13.98
Total GHG emission intensity	439.47	545.32	–

Scopes 1 and 2

Scope 1: VAT considered direct emissions from sources it owns or controls. This includes factors such as the diesel and gasoline consumption of vehicles, oil and natural gas consumption for heating, as well as refrigerant and volatile organic compound (VOC) consumption. This input data, including fuel and consumption quantities, was used to determine the corresponding CO_2e emissions using appropriate emission factors and methodologies.

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 by considering the specific electricity mix procured, including renewable energy certificates, or by 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. VAT was able to reduce Scope 2 emissions particularly by using a significantly higher share of renewable energy in 2024 in Malaysia. The origin of this renewable energy is both VAT's own production and Renewable Energy Certificates (RECs). More details on VAT's energy mix can be found on pages 63 to 65.

Scope 1 emissions per energy source

In tonnes of CO_2e	2024	2023	2022
Scope 1 – Stationary combustion (heating)	1,063	680	1,029
Scope 1 – Mobile combustion (vehicles)	193	187	170
Scope 1 – Process gases (production)	0	0	7
Scope 1 – Fugitive emissions (refrigerant)	194	194	12
Total Scope 1 emissions	1,449	1,061	1,219

Scope 1 emissions per region

In tonnes of CO_2e	2024	2023	2022
Europe	1,120	768	1,103
thereof Switzerland	1,004	654	937
thereof Romania	117	114	166
Asia	159	167	9
thereof Malaysia	159	167	9
Rest of the world	170	125	107
Total GHG emissions	1,449	1,061	1,219

Scope 2 emissions (market-based) per region

In tonnes of CO_2e	2024	2023	2022
Europe	450	451	584
thereof Switzerland	0	0	0
thereof Romania	450	451	584
Asia	0	5,225	11,274
thereof Malaysia	0	5,225	11,274
Rest of the world	655	675	492
Total GHG emissions	1,106	6,351	12,351

Scope 2 emissions (location-based) per region

In tonnes of CO_2e	2024	2023	2022
Europe	1,318	1,260	1,361
thereof Switzerland	427	374	445
thereof Romania	891	886	916
Asia	14,598	8,329	11,274
thereof Malaysia	14,598	8,329	11,274
Rest of the world	730	708	601
Total GHG emissions	16,646	10,296	13,236

In 2024, significant projects were completed to reduce our footprint in line with our targets. At the Malaysian site, where most emissions are generated, approximately 12,000 square meters of roof space were commissioned for solar installations, with the first projects completed and operational by early 2024. As a result, the capacity of the solar panels increased by 2,770 kWp. Once all the solar installations are completed and these new rooftop solar panels at the two existing factories in Malaysia are fully utilized, a total additional solar capacity of 3,384 MWh is projected for 2025.

Scope 3

VAT systematically identifies and calculates indirect emissions along the whole value chain. In 2024, we enhanced the calculations in the purchased goods and services category (Scope 3, Cat. 1) and included it into our comprehensive GHG inventory. Achieving this result required extensive cooperation on the part of VAT's suppliers and across its supply chain.

By identifying VAT's Scope 3 activities according to the GHG Protocol, the categories listed in the table below were identified as significant for VAT when calculating a complete GHG inventory and were therefore included in the Scope 3 boundaries. All other Scope 3 categories were identified as outside the operational boundaries and not included in the GHG inventory.

In tonnes of CO_2e	2024	2023
Scope 3.1 Purchased goods and services	292,578	216,353
thereof direct spend	267,435	207,917
thereof weight-based	33,570	36,739
thereof indirect spend [1]	25,143	8,436
Scope 3.2 Capital goods	11,676	15,701 [2]
Scope 3.3 Fuel- and energy-related activities	5,116	3,324 [3]
Scope 3.4 Upstream transportation and distribution	3,813	5,218
Scope 3.5 Waste generated in operations	505	676
Scope 3.6 Business travel	2,160	1,325
Scope 3.7 Employee commuting	2,911	1,608
Scope 3.9 Downstream transportation and distribution	12,945	9,480
Scope 3.11 Use of sold products	119,849	116,208
Total Scope 3 GHG emissions	**451,553**	**369,895**

1 For indirect spend 2023 only Switzerland was considered, in 2024 all locations were included.
2 Scope 3.2 published value in 2023 was 18,421, updated to reflect correct allocation of DEFRA emission factors.
3 Scope 3.3 published value in 2023 was 3,324, calculation corrected.

Purchased goods and services increased both in absolute and relative terms. This is caused by two factors: Firstly an increase in direct spend as a result of the upswing in sales, and secondly a higher purchase volume of approximately 20% versus 2023 due to a build-up of stock to address the foreseen growth as well as to mitigate risks associated with a change in our ERP landscape. All other categories developed in line with our business development or the number of employees, respectively.

VOC emissions

As a constituent of cleaning agents, VOC emissions are of particular concern owing to their contribution to air pollution and associated health risks. Responsibly managing these compounds is of paramount importance for worker safety and environmental integrity. The reduction of VOC emissions, including those stemming from ethanol usage, is therefore imperative to mitigate these risks and safeguard both human health and environmental quality. VAT is continuously working on reducing ethanol consumption and substituting VOC-based cleaning agents wherever possible. Since 2021, VAT has eliminated the use of acetone. In addition, our facilities are equipped with filtering, ventilation, and extraction systems at relevant workstations.

Target	2024	2023	2022
Direct VOC emissions (in kg)	20,010	20,010	14,435
Data coverage (in %)	100%	100%	60%

Outlook

In the medium term, VAT aims to significantly reduce its GHG emissions across the entire value chain in accordance with our SBTi commitment. We strive to reduce the adverse impact of our greenhouse gas emissions on the environment by actively tackling emission sources across the entire value chain. This includes close collaboration as part of our ongoing supplier engagement.

Target	Baseline	Current value	Status
Reduce Scope 1 and 2 emission by 50% by 2025 (versus 2022)	13,570	2,555 (-81%)	Achieved
Reduce Scope 3 emissions in line with SBTi by 2033 (versus 2023)	369,895	Target setting ongoing	New target – on track

Water impact

Water is crucial for VAT, as our valves require high levels of purity and the manufacturing process relies on substantial quantities of fresh water for cleaning, rinsing, and cooling purposes, as well as for chemical reactions and wafer fabrication. The quality and availability of water directly impacts the efficiency, reliability and overall operability of semiconductor production.

Since water pollution is an ever-increasing problem in large parts of the world, changes in regulations related to water pollution result in increasing operation costs and capital expenditures to ensure compliance. Companies using hazardous substances in their manufacturing are especially affected. At the same time, societal expectations in the field of water conservation continue to grow stronger and customer demands are increasing. Lastly, reducing water consumption can also be a competitive advantage in light of potential water shortages in the future.

Water-related challenges

While VAT does not produce in areas confronted with high water stress, according to the water risk atlas published by the World Resource Institute, water scarcity is an increasing problem worldwide. VAT therefore recognizes the crucial significance of water conservation, especially within the semiconductor industry, which traditionally consumes substantial amounts of water.

Original equipment manufacturers (OEMs) face increasing scrutiny for their extensive water consumption, as semiconductor fabrication requires significant quantities of water. While VAT's water consumption is minimal compared with semiconductor fabrication plants (fabs), the company faces similar pressure to reduce its water usage within the industry.

Globally, improper wastewater discharge often disrupts ecosystems, especially when local biodiversity and wastewater disposal infrastructure are not adequately considered. 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.

> "In facility management, responsible wastewater handling is crucial. By implementing innovative solutions, we strive to minimize our environmental footprint while maintaining operational efficiency.
>
> Andreas Fickl, Head of Facility Management

Water consumption

Overall water consumption at VAT went in 2024, both in absolute and intensity terms. Overall, the cleaning process represents 90% of water consumption. In Malaysia, the increase in water consumption is therefore due to a rise in production output and headcount, as well as new cleaning machines in plant 1A. Moreover, the completion of plant 1B building in September 2023 was followed by a gradual relocation of production machines and employees, as well as new capacity starting in October 2023 and continuing throughout 2024. The calibration of this new capacity required higher amounts of water. In total, the new capacity in plant 1B accounted for an additional 29,000 m^3 in water consumption compared to 2023.

In Switzerland, water consumption for building infrastructure is increasing in some cases with the expansion of the energy reference area. However, most of our water consumption is based on the cleaning process of parts and is directly related to the factory output. There, the requirements for high purity are increasing, which tends to require more and more water for cleaning parts.

In m^3	2024	2023	2022
Switzerland (Haag) Third-party water (public water supplier)	36,183	31,406	49,313
Romania Third-party water (municipal water supplier)	6,708	4,193	4,874
Malaysia Third-party water (municipal water supplier)	115,325	72,308	59,894
Total water consumption	158,216	107,907	114,081
Data coverage (as % of employees covered)	>95%	>95%	>95%

Water efficiency

	2024	2023	2022
Revenue (CHF million)	942.2	885.3	1,145.5
Water (m^3)/revenue (CHF million)	167.9	121.9	99.6

Water discharge

In m^3	2024
Switzerland (Haag)	30,468
Romania	6,708
Malaysia[1]	5,895
Total water discharge	43,071
Data coverage (% of employees covered)	>95%

1 Only the water discharged into public drains is considered.

Water cooling systems

VAT uses water for a groundwater cooling system at its site in Switzerland, effectively reducing the need for traditional energy-intensive air conditioning systems. It achieves this by circulating groundwater through heat exchangers to absorb excess heat from buildings, which is a more environmentally friendly cooling solution that minimizes the impact on local air quality and reduces GHG emissions.

In 2024, we completed the transition from air cooling to a water cooling technology system in Malaysia (Factory 1A). Rainwater is collected, filtered, and stored in tanks for use in the air conditioning system. During rainy periods, the air conditioning system can be powered for several hours using the collected rainwater. After implementing the final unit of the system, we estimate that we will save 291,538 kWh a month.

Outlook

Our objective is to source fresh water and discharge wastewater without VAT's operations or those of its suppliers negatively impacting ecosystems. Minimizing our water footprint also allows us to decrease operating costs and increase production resilience. Ultimately, we must also make sure that our operations do not have a negative impact on water resources at the locations we operate in. This is why we envisage completing a water stress assessment for each site in 2025.

Target	Current value	Status
Conduct a water stress assessment for each VAT manufacturing site by 2025	n/a	New target – planned

Use of energy

When it comes to addressing Scope 1 and 2 emissions, VAT is prioritizing the reduction of emissions associated with electricity consumption. VAT seeks to ensure the efficient use of energy while transitioning to renewable energy sources for its production and service sites, as well as its supply chain. This involves implementing three primary approaches. Firstly, VAT intends to maximize self-generated electricity by fully utilizing all available roof areas for solar power. Secondly, the company is committed to transitioning to 100% renewable energy for its purchased electricity across its operational sites. Lastly, VAT is actively working to reduce its electricity requirements by enhancing energy efficiency throughout its operations, for example by using groundwater cooling.

By increasing energy efficiency in production areas and reducing reliance on grid-supplied electricity, for example by increasing the share of self-generated solar power from solar plants, VAT can stabilize energy expenditure, mitigate future price fluctuations, and enhance electrical stability.

Risks and opportunities associated with energy

On-site energy production can stabilize energy costs, as companies are no longer exposed to a fluctuating market. This is especially true for energy-intensive production processes. Energy-efficient buildings and transportation can lower ongoing operating costs. In addition, renewable or low-emission energy is experiencing drastic spikes in demand, with promising future outlooks. Serving associated markets (e.g., solar, nuclear, and coating (batteries)) creates massive opportunities for increasing revenue, as vacuum technology plays a major part.
The energy efficiency of individual machine components has a long-term impact on energy consumption in downstream production processes. This is especially relevant in light of rising energy prices and for industries with high energy requirements (e.g., the semiconductor industry). Therefore, offering products that are more energy-efficient than those of direct competitors may enable us to increase demand and market share.
For more information on climate-related risks and opportunities, see pages 84 to 88.

Energy consumption, energy intensity, and progress so far

In the last five years, VAT has always been able to exceed its energy savings targets. This was possible thanks to investments in technical improvements, such as the purchase of energy-efficient boilers, boiler pumps and air compressors. The widespread installation of LED lighting in production also reduces energy consumption. An additional measure is the regular maintenance and inspection of the production infrastructure. This allows compressed air leaks to be detected at an early stage and sealed promptly, which further increases the energy and resource efficiency of production.

VAT has been a participant in the Swiss Private Sector Energy Agency since 2018. Together with other large energy companies in the canton of St. Gallen, VAT contributes to a more careful and efficient use of energy by participating in the Energy Agency program.

Energy consumption, both in absolute and relative terms, has increased in line with the higher business activity of VAT in 2024. This is reflected on the one hand in our sales figures and on the other in an increase of semi-finished and finished goods in inventories that went up by more than 20%. Details can be found in the Annual Report on page 105.

Energy consumption – production sites

In kWh	2024	2023	2022
Switzerland	20,494,087	17,216,478	21,827,709
Romania	3,757,690	3,779,620	4,125,601
Malaysia	17,017,696	15,491,943	19,490,740
Total energy consumption - production sites	41,269,472	36,488,041	45,444,050

Energy intensity

	2024	2023	2022
Revenue (CHF million)	942.2	885.3	1,145.5
Energy consumption (kWh) / revenue (CHF million)	43,801	41,215	39,672

Energy consumption by region and energy source

Switzerland	2024	2023	2022
Renewable (total)	16,898,788	14,605,359	18,092,637
Self-generated (solar)	100,930	113,530	130,160
Purchased renewable (green power mix)	368,172	374,439	345,110
Purchased renewable – with guarantee of origin (hydropower)	16,429,686	14,117,390	17,617,367
Non-renewable (total)	3,595,299	2,611,119	3,735,072
Heating oil	2,194,799	978,701	1,850,605
Natural gas	1,257,433	1,379,685	1,643,047
Diesel	115,392	217,542	211,237
Gasoline	27,676	35,191	30,184
Total energy consumption Switzerland	20,494,087	17,216,478	21,827,709

Malaysia	2024	2023	2022
Renewable (total)	17,016,098	7,037,803	4,624,872
Self-generated (solar)	1,849,804	2,035,325	2,210,325
Purchased electricity (general power mix)	0	-	2,414,547
Green energy tariff (GET)	15,166,294	5,002,478	0
Non-renewable (total)	1,598	8,454,140	14,865,868
Purchased electricity (general power mix)	0	8,420,487	14,832,215
Diesel	0	-	0
Gasoline	1,598	33,653	33,653
Total energy consumption Malaysia	17,017,696	15,491,943	19,490,740

Romania	2024	2023	2022
Renewable (total)	1,416,048	1,431,424	1,470,653
Purchased electricity (general power mix)	1,416,048	1,431,424	1,470,653
Non-renewable (total)	2,341,642	2,348,195	2,654,949
Natural gas	529,035	525,976	781,916
Purchased electricity (general power mix)	1,801,511	1,821,074	1,870,980
Diesel	897	1,146	2,053
Gasoline	10,200	–	–
Total energy consumption Romania	3,757,690	3,779,620	4,125,601

Malaysian new energy-efficient water-cooling chillers
Due to the country's climatic conditions and VAT's high-purity product requirements, our factory infrastructure in Malaysia requires a comparatively high baseline energy consumption for air conditioning. Thus, in 2024, we completed a project to upgrade the air conditioning system for one of our factories. The implementation of new energy-efficient water-cooling chillers required a one-time investment of approximately USD 1 million, covering the necessary chiller, pumps, electrical systems, building automation and construction work to integrate the new system into the existing infrastructure. Thanks to the new system, we estimate monthly energy savings to reach approximately 291,538kWh. By implementing such initiatives, VAT decreases its electricity consumption, yielding cost savings that promptly recover the initial investments, while at the same time contributing to the company's emission reduction objectives.

Self-generated and purchased green energy in Malaysia
VAT Malaysia managed to receive access to the Green Energy Tariff (GET), allowing the company to purchase renewable energy backed by Malaysia Renewable Energy Certificates (mRECs). Through the combination of various initiatives, the share of renewable energy at the Malaysia site increased from nine percent in January 2023 to 100% in 2024. This development is further underpinned by an increase in VAT's own production of renewable energy as a result of the substantial increase in solar panels on the roofs of our factories in Malaysia. However, in 2024, the rooftop installations of factory 1A were unfortunately hit by a fire, which forced a shutdown of the photovoltaic (PV) installation for five months and negatively impacted the production of self-generated renewable energy.

Outlook

With the restoration of the existing PV installation as well as the commissioning of new capacities, we are planning to increase the share of self-generated renewable energy in 2025. Our goal is to further reduce VAT's use of energy per unit produced and improve the energy efficiency of our products. VAT strives to ensure an efficient use of energy while promoting renewable energy sources for our own operations as well as across our supply chain.

Target	Current value	Status
Increase the share of renewable energy consumed at VAT to over 90% by 2027	85.6%	On track

Performance

Profitable growth

In light of the ambiguous political and regulatory developments, we as a society face the challenge of steering economic systems towards sustainable growth that considers ecological and social impacts while enabling long-term economic success. VAT is therefore convinced that sustainable innovation cannot be achieved through compliance with regulations alone. Sustainability must be understood as a strategic tool to enable more efficient, cost-effective, and resilient business models. Specifically, this approach will help us gain competitive advantages, for example by making sustainability information and the respective value-add transparent for our customers. This goes hand in hand with our efforts along the entire value chain, namely understanding and improving the impact of our own products as well as taking responsibility for our supply chain.

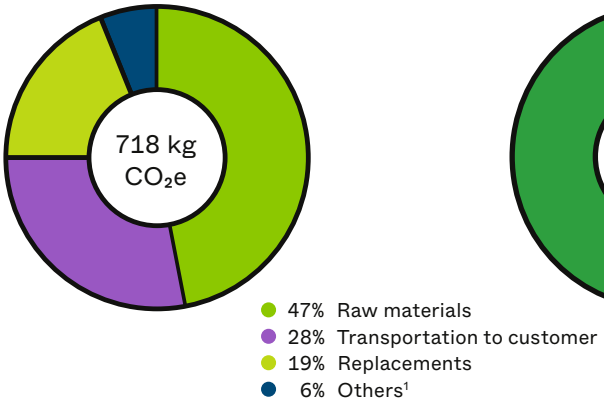
Understanding and managing the impact of our own products

In 2024 we began to foster an understanding of the environmental impact of our products by taking a deep dive into the environmental aspects of two of our valves. We therefore conducted a life cycle assessment (LCA) providing input for an environmental product declaration (EPD) outlining the products' impacts. The scope of the LCA spanned the sourcing of the raw materials from the mine, through manufacturing and use to end-of-life recycling or disposal, taking into account resource and energy use at each stage.

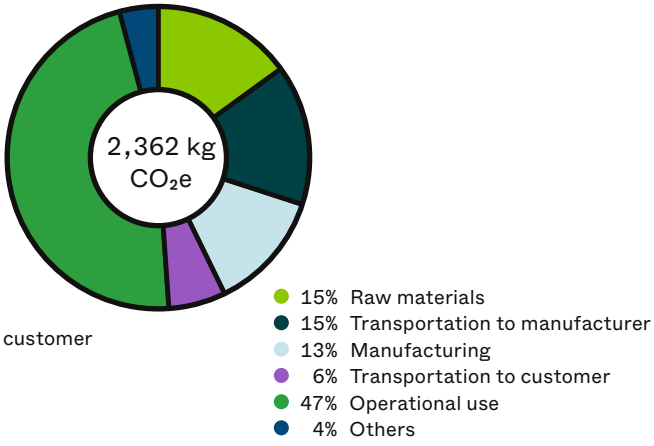
1. Valve 10.8 is a steel isolation valve used by our OEM customers in their semiconductor manufacturing tools. This valve is also widely applied in many of the advanced industrial markets VAT serves. The 10.8 isolation valve is manufactured in Switzerland.

2. Valve 65.3 is a heated aluminium control valve used by our OEM customers in their semiconductor manufacturing tools. It is produced at VAT's facilities in Malaysia, while a similar product manufactured in Switzerland gave insights into comparable values.

Product Carbon Footprint 10.8 Gate Valve



Product Carbon Footprint 65.3 Control Valve



1 Including transportation to manufacturer, manufacturing, and operational use

The main insights drawn from these two LCAs are as follows:

- Raw materials make up the largest part of the environmental footprint of the 10.8 valve and the second largest part of the 65.3 valve. This means that, in line with the findings of VAT's corporate carbon footprint, the use of input materials is one of the biggest levers of decarbonization.
- The largest part of the environmental footprint of the 65.3 valve comes from the use phase of the product, due to the energy use of the heater. One important consideration is that these emissions occur at the site of the final use of the product and are thus outside VAT's control. However, by moving to more energy efficient products, we can enable the reduction of emissions in the use phase.
- For both valves, transportation represents the third major impact on the environment. We have therefore undertaken first steps to improve our logistics routes and manufacture the products closer to our customers, thereby optimizing production capacities and transportation.

These insights were discussed with our R&D and product teams to understand where possible improvements might be made to the design of the products, the sourcing of raw material, production, and customer-bound logistics. We are currently working on an update of one of our best-selling products and we integrated the learnings from the two EPDs outlined above to consider environmental improvements early in the design stage. These cross-functional efforts help us improve both our sustainability and business performance.

Outlook

Going forward we aim to increase the availability of detailed sustainability information on our products and make this information accessible. Lastly, it is important to highlight that the insights we gained from calculating the EPDs, as well as the corresponding measures we took in product design, are important levers when it comes to meeting our decarbonization goals in line with SBTi.

Target	Current value	Status
Provide product-specific information on sustainability and circularity to clients for 20% of sales by the end of 2025	17%	New target – on track

Circular economy and resource efficiency

Most waste at a manufacturing company like 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. The remaining waste is generated in areas such as shipping and receiving, where packaging materials, pallets, and shipping containers are often discarded, and office waste at its manufacturing, sales, and service sites around the world.

VAT is aware that excessive waste generation can lead to resource depletion and environmental pollution, which is why we consider waste reduction and recycling efforts to be a material topic. Proper waste disposal is also crucial to ensure the health and safety of communities and minimize the negative impacts on the environment. By prioritizing waste reduction, recycling, and proper disposal methods, we aim to minimize our ecological footprint, conserve resources, and promote a circular economy. Regarding our downstream value chain, vacuum valves typically have a long lifetime and are primarily made of recyclable aluminum, which limits additional waste.

We recognize that economic growth and a growing workforce lead to higher production volumes and consumption, which in turn may generate more waste. We therefore strive to implement local initiatives that divert potential waste from landfill.

Companies implementing circular design in their products create opportunities to increase their market share in refurbishment and remanufacturing services. More efficient use of resources and materials in production processes can also reduce ongoing operating costs. By managing the sustainability attributes of product packaging (including sustainable materials, recyclable materials, weight reduction, etc.), we have the potential to reduce input and transport costs.

For more information on waste-related risks and opportunities, see pages 84 to 88.

Prevention and recycling of waste

At all our manufacturing locations, we recycle 100% of scrap metal generated during manufacturing processes. In Switzerland, we have also 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 sites. The company has also replaced harmful acetone-based cleaning agents with safer alternatives.

In July 2024, we started the implementation phase of a recycling program in Malaysia. By separating recyclables (like paper, cardboard, plastics, and foam) from non-recyclables, a substantial portion of waste can be diverted from landfills. However, it may have resulted in an initial increase in waste generation as systems were adjusted and optimized.

VAT is also raising awareness of e-waste and adequate ways of disposing of electronic items, thus ensuring that hazardous materials are handled safely and valuable resources are recovered through recycling.

VAT generally 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 them to actively participate in minimizing office waste, and supports the company's overall efforts to create a sustainability culture among employees.

Waste generated

In tonnes	2024	2023	2022	Change
Switzerland[1]	1,945.1	1,754.2	2,570.4	11%
Romania	991.0	407.5	473.3	143%
Malaysia	2,273.5	2,371.7	1,832.4	–4%
Total waste	**5,209.6**	4,533.5	4,876.0	15%
Waste intensity				
Revenue (CHF million)	942.2	885.3	1,145.5	6%
Waste (tonnes) / revenue (CHF million)	5.5	5.1	4.3	8%

1 The laboratory sites in Switzerland (Grabs, Zurich) are not included as waste management is done directly via collective waste – no detailed information available.

Waste by treatment

In tonnes	2024	2023	2022	Change
Total waste recycled / reused	3,960.6	3019.6	3360.1	31%
Total waste disposed	1,249.0	1513.8	1516.0	–17%
Waste landfilled	320.0	596.5	257.2	–46%
Waste incinerated with energy recovery	928.9	917.4	835.9	1%
Waste incinerated without energy recovery	0.0	0.0	216.7	0%
Data coverage (as % of employees)	>95%	>95%	>95%	

Hazardous waste

In tonnes	2024	2023	2022	Change
Total hazardous waste recycled / reused	327.9	802.2	199.7	–59%
Total hazardous waste disposed[2]	408.8	847.0	1096.5	–52%
Hazardous waste landfilled	0.0	468.8	0.4	–100%
Hazardous waste incinerated with energy recovery	408.8	378.2	486.9	8%
Hazardous waste incinerated without energy recovery	0.0	0.0	609.2	0%
Data coverage (as % of employees)	>95%	>95%	>95%	

2 Hazardous waste is defined according to the definition of the Basel Convention – Annex III as any waste which is explosive, flammable, poisonous, infectious, corrosive, toxic, ecotoxic, etc.

VAT strives to prevent waste by developing new production processes or optimizing existing ones to ensure that resources are kept in the material loop. This contributes to the overall ambition to reduce the environmental and social impact of resources used per product. Thus, we will further develop new processes or optimize existing ones to ensure that resources are kept in the material loop.

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 are met.

Target	Current value	Status
Increase the recycling rate of the scrap metal at all VAT manufacturing sites to 100% by 2025	100%	Achieved

Circular business

Taking a full life cycle view of value creation and reducing the need for virgin materials, VAT seeks to extend the lifespan of its products and take ownership of their end of life. VAT also strives to use its production assets for as long as possible before they are discarded as waste.

We want to improve our design principles, adopting practices that promote the efficient use of aluminum, water, and other resources. VAT can thereby enhance cost-effectiveness, reduce environmental impact, and contribute to the overall sustainability of our operations. The portfolio of our Global Service (GSE) business unit already comprises important circular business offerings such as upgrades and retrofits, spare parts, fixed-price refurbishment, and repair.

Vacuum valves – transfer valves or control valves – are a key component of semiconductor production plants (fabs), where their availability, performance, and maintenance are a decisive factor in fab efficiency. VAT offers a comprehensive range of upgrades and retrofits for existing production systems, which offer an instant improvement in performance in terms of enhanced particle avoidance, cycle speed, controllability, and extended maintenance intervals. This example shows how VAT is able to deliver substantial throughput improvements in industrial processes while lowering our client's cost of ownership and at the same time reducing environmental impact along the entire value chain.

Our ambition therefore is to continue to maximize the potential life cycle of our products and retrofit fabs with products with better sustainability performance. We will continue to take a full life cycle view of value creation, reducing the need for virgin materials, prolonging the lifespan of VAT's products, and taking ownership of their end of life.

Target	Current value	Status
By 2029, increase the value of VAT's service offering by ensuring longevity and the promotion of product circularity	Addressed	New target – on track

Enable sustainable technologies

VAT aims to position itself as a key player in the development and scaling of sustainable technologies across all industries. We innovate to offer vacuum solutions enabling tomorrow's sustainable technologies.

At VAT, our strength is the wide range of our product portfolio, which comprises approximately 140 series of valves with more than 8,000 customized and 2,500 standard products. We offer solutions for all vacuum levels from sub-atmospheric to extremely high vacuum (XHV). This product range and functionality is important because generating and maintaining high-purity vacuums – capabilities in which VAT is the technology leader – is vital to the creation of many of the products and processes required 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 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. Scientists and researchers use our vacuum technology to push the boundaries of technology as they seek new ways to improve existing low-carbon power generation. For example, while VAT technology has been present in the conventional low-carbon nuclear power generation sector for many years, both at the generation and waste treatment ends of the process, we are also active in research and development in nuclear fusion.

Our goal is to further strengthen this position in the next years.

Target	Current value	Status
By 2029, step up R&D efforts to ensure thought leadership in sustainable technologies	Addressed	New target – planned

Resilience

Strengthening VAT's resilience is at the core of our sustainability strategy. We recognize that sustainability risks, whether operational, legal, financial or reputational, can significantly impact our business. That is why we are committed to proactively monitoring and mitigating these risks.

At VAT, climate risks are monitored by the sustainability team in collaboration with EHS and Sustainability Supply Chain managers. Decisions regarding climate risk mitigation, transfer, acceptance, and control are made by the sustainability team upon agreement of the Group Executive Committee and the Sustainability Committee. VAT has conducted a climate risk analysis based on different scenarios (see page 84). Our climate strategy is particularly equipped to meet various climate scenarios, including a global warming of below 2 degrees by 2070 and greater than 3 degrees by 2080.

We recognize the importance of integrating climate risk management into our broader risk management framework. As part of our ongoing efforts, we are working to enhance this integration, ensuring that climate-related risks are systematically assessed and managed alongside other business risks. This will allow a more comprehensive approach to risk mitigation and long-term resilience.

Our ambition is to have an exhaustive overview, and to be able to manage all sustainability risks affecting VAT. Inadequate risk management increases the occurrence of potential risks and reduces the company's ability to respond to them, which can entail increased costs (e.g.,

regulatory fines). Companies in the downstream value chain are increasingly placing higher demands on their suppliers' risk management. Failure to meet these requirements can result in a loss or decline of customers for VAT, while inadequate internal control and documentation of the requirements could lead to a deterioration in our reputation in the eyes of investors and customers. We therefore seek to mitigate sustainability-related risks by establishing stable and reliable supply chains, and climate adaptation and scenario planning for regulatory updates, natural disasters, etc.

Overview of risks associated with sustainability

In addition to the requirements set down in the Swiss Ordinance on Climate Disclosures and the corresponding risk assessment according to the TCFD (see chapter 7, pages 84 to 88), VAT keeps constant track of sustainability-related risks and the respective mitigation measures. A summary of the key risks identified is provided in the table below.

Direct		
	Legal and regulatory compliance	Legislation in all relevant jurisdictions has significantly evolved (e.g., the Swiss counterproposal to the responsible business initiative including the climate ordinance; EU CSRD), while voluntary standards (e.g., RBA) have become de-facto standards to do business. Proactively managing these requirements avoids financial risks (fines) and negative impacts on VAT's business relationships.
	Supply chain interruption	Suppliers not complying with sustainability standards face a direct risk of losing their license to operate and indirect business risks by missing quality requirements. Additionally, natural catastrophes may impact production facilities or transportation routes. Mitigations include developing alternative suppliers, improving business continuity management, and remediating potential supply chain bottlenecks.
	Market developments	Increased customer attention to sustainability topics in combination with intensified competition may have an adverse commercial impact on VAT if sustainability is not considered.
	Shortage of skilled workforce	The next generation of (potential) employees has higher expectations in terms of employers' sustainability engagement. In areas with limited access to a skilled workforce, failing to meet these expectations is a significant risk which can be mitigated by integrating sustainability strategically into communication and at the same time providing opportunities for employees to engage in the company (ideation, etc.).
	Shortage of natural resources	The over-use of resources or geopolitical issues may lead to a scarcity of critical production factors, which can be remediated by strategically replacing these materials or tapping alternative sources/suppliers.
Indirect		
	Natural catastrophes and climate change	As a result of climate change and other adverse human impacts on nature, the risk of catastrophes and physical damage to company assets is increasing. Resilience therefore needs to be ensured, for example by strategically locating facilities or taking preventive infrastructural measures.

Information security

Information security has emerged as a material topic for VAT owing 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 the theft of sensitive information, resulting in possible financial losses, reputational damage, legal liabilities, and disruption to operations. By prioritizing information security measures, VAT is able to put in place safeguards to protect its assets, customer and employee trust, ensure business continuity, and comply with data protection regulations, ultimately ensuring the 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 2017, VAT began to implement an information security management system (ISMS) aligned with the requirements and best practices of ISO 27001 and applying to all subsidiaries and partners. In 2023, VAT established a dedicated cyber defense team and introduced supplementary policies and guidelines aimed at supporting information security measures within the organization. In addition, VAT has developed a cyber third-party risk management (CTPRM) strategy and methodology designed to seamlessly integrate into its supply chain operations.

As a forward-thinking organization, VAT is committed to proactively addressing these emerging risks through enhanced awareness, education, and strategic planning to ensure the responsible and secure deployment of AI technologies throughout its operations.

	2024	2023	2022
Percentage of all operational sites with an ISMS based on ISO 27001	100%	100%	100%
Number of confirmed information security incidents	0	0	0
Percentage of employees with access to IT systems who have completed IT security trainings[1]	86%	94%	89%
Information and cybersecurity training hours (male employees)	2,877	–	–
Information and cybersecurity training hours (female employees)	741	–	–
Total hours invested into awareness trainings to prevent security breaches	3,618	3,393	2,750

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

Outlook

To become more resilient, our goal is that all sustainability risks at VAT are known and managed. We strive to mitigate sustainability-related risks, for example by establishing stable and reliable supply chains, and climate adaptation and scenario planning for regulatory updates or natural disasters.

Target	Current value	Status
By 2025, have mitigation plans for sustainability risks in place and managed in the group-wide risk management process	n/a	New target – planned
Over 95% of employees have completed the cybersecurity training by 2025	86%	New target – on track

Governance

VAT Group is committed to the highest principles of good corporate governance, aimed at ensuring transparency, achieving a balanced relationship between management and control, and safeguarding stakeholder interests.

VAT Group regularly reviews its corporate governance framework and discloses information on corporate governance in accordance with the SIX Swiss Exchange Directive on Information relating to Corporate Governance, the Swiss Code of Best Practice for Corporate Governance, and the corporate governance provisions of the Swiss Code of Obligations.

We are convinced that adequate governance structure and composition, as well as internal control, can foster investor confidence and increase the value of the company. Conversely, a vague or confusing governance structure can cause inefficiencies in a company's sustainability efforts and also affect operational excellence. Inadequate sustainability governance and the transparency of this governance could lead to a worsening reputation in the eyes of investors and customers. Furthermore, we acknowledge that involvement in, or association with, corrupt activities (even across multiple nodes in a network) and anti-competitive behavior jeopardize the position of companies as credible, responsible, and trustworthy business partners.

VAT mitigates risks associated with potential legal violations, reputational damage with customers and suppliers, and general business disruptions due to non-compliance. Being accountable, meeting commitments, and open communication enable VAT to create competitive market value for all stakeholders. To effectively structure and convey all these considerations, VAT Group has implemented a code of conduct, setting out VAT Group's key principles on governance.

Employees at VAT receive ongoing training to reinforce their understanding of responsible business practices, and they are encouraged to report any concerns confidentially through our compliance hotline. In addition, our collaboration with external stakeholders, including the Responsible Business Alliance, helps ensure alignment with global best practices.

To ensure conformity with our commitments, regular audits are performed to test policy adherence and identify areas for improvement. In early 2024, a Head of Internal Audit was appointed to assess and evaluate the effectiveness of the organization's internal controls, risk management processes and governance mechanisms.

Embedding governance in the organization

Code of conduct

VAT's code of conduct aims to uphold the highest integrity standards by committing to fair competition and strict compliance with national and international laws and regulations. It lays the groundwork for how VAT treats its customers, suppliers, investors, employees, the communities where it operates, and each other. This code is based on 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. We will continue to update our code of conduct to align with the most recent version of the RBA Code of Conduct.

The code of conduct emphasizes key principles, including respect for human rights and the personal dignity of every individual. It upholds a commitment to the highest standards of health, safety, and security within its own operations and those of its suppliers and business partners. Ensuring top product quality is a priority, alongside maintaining integrity through fair competition and strict compliance with national and international laws. Additionally, the code promotes the sustainable use of natural resources to minimize environmental impact.

VAT's Group Executive Committee and the company's Board of Directors fully support the code of conduct and are committed to embedding its values and principles at the core of our operations. Employees are expected to speak up and report any violation of the policy. Upholding the code of conduct is a non-negotiable requirement for all suppliers, and any violation may lead to the termination of business relationships.

As part of our ongoing efforts, a comprehensive training program on the code of conduct has been created, making it mandatory for all employees to complete the code of conduct training annually. In addition, and depending on the exposure level of respective job roles, extra training on anti-corruption and bribery was conducted to reinforce responsible practices throughout the organization. Read the full code of conduct here.

Compliance hotline

The code of conduct outlines the process for reporting misconduct through VAT's compliance hotline. This hotline addresses concerns related to breaches of the code, actions posing legal or other risks to VAT, and improper application of VAT's values in management and business conduct, including inappropriate treatment of employees. It also covers theft, embezzlement, financial and vendor fraud, account manipulation, and breaches of internal controls. Additionally, it addresses conflicts of interest, bribery, facilitation payments, unethical donations, and questionable gifts or entertainment involving business partners or public officials. Potential violations of antitrust or fair-trading laws, espionage, sabotage, and information security breaches are also within its scope.

The company commits to protecting those reporting misconduct in good faith or who have taken part in investigations from discrimination or retaliation.

Reports of suspected misconduct are evaluated by the manager at VAT's compliance department. Confirmed misconduct may result in disciplinary measures such as warning letters or termination. Suspected compliance misconduct and the results of investigations form part of management and audit reports submitted quarterly to VAT executive management, VAT's audit committee and the Board of Directors.

Compliance /regulatory violations

In numbers	2024	2023	2022
Material compliance cases reported via the compliance hotline	2	1	3
Thereof reports investigated	2	1	3

Owing to the small number of cases and to ensure the privacy of the people involved, we do not report on the follow-up measures resulting from the investigations.

In 2024, no incident of corruption was confirmed, and no public legal case was brought against VAT or its employees. Anti-corruption training was part of the code of conduct training, which is mandatory for all employees. Our policies aiming at preventing corruption include our anti-bribery and corruption policy (VAT Malaysia) and our policy on anti-corruption.

No legal action regarding anti-competitive behavior and violations of anti-trust and monopoly legislation was brought against VAT.

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 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. VAT Group aims to ensure tax compliance with applicable tax laws and regulations and appropriately coordinate the tax practices followed by the companies of the group, while ensuring that corporate interests are served and that the long-term business strategy prevents tax risks. The strategy tax policy sets out VAT Group's approach to management and control over its tax affairs and sets out the general framework within which VAT Group will operate in connection with tax-related issues. The policy can be found on our website, here.

Collective bargaining agreements

VAT does not have any collective bargaining agreements for VAT Group or any of its entities. VAT refers to the employment law.

Outlook

VAT's ambition is to address any concern of non-compliance with its policies. Thanks to our code of conduct and compliance hotline, we mitigate risks and ensure good corporate governance.

Target	Current value	Status
Maintain zero confirmed cases of corruption	0	New target – on track
By 2025, 100% of reported whistleblowing concerns are investigated and closed	100%	New target – on track

VAT's Management System

VAT has established a robust management system to systematically implement the code of conduct and ensure the efficiency of its processes. 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 covering seven of its 14 national subsidiaries[1], representing more than 95% of employees. Many of the uncertified sites are sales offices, often with fewer than 10 employees and less than 100m^2 of space, making certification currently impractical. The scope of the certification is reassessed annually.

VAT's management system certifications according to ISO standards are as follows:

	2024
Sites certified ISO 9001: 2015	VAT Group AG VAT Vakuumventile AG, Switzerland Comvat AG, Switzerland VAT Manufacturing Malysia Sdn. Bhd., Malaysia VAT Romania SRL, Romania VAT Vacuum Products Ltd., UK VAT Inc., USA VAT Ltd., Japan VAT Korea Ltd., S. Korea
Sites certified ISO 14001: 2015	VAT Group AG VAT Vakuumventile AG, Switzerland Comvat AG, Switzerland VAT Manufacturing Malysia Sdn. Bhd., Malaysia VAT Romania SRL, Romania VAT Vacuum Products Ltd., UK VAT Inc., USA VAT Ltd., Japan VAT Korea Ltd., S. Korea
Sites which were audited according to ISO 9001 and 14001	VAT Group AG VAT Vakuumventile AG, Switzerland VAT Ltd., Japan VAT Korea Ltd., S. Korea

In addition to these general management certifications, COMVAT, the VAT entity specialized in the development and manufacture of bellows, is certified according to IATF 16949:2016, a production standard for the automotive industry. Regular audits help the company identify and address non-compliance, promoting a culture of continuous improvement and proactive risk management.

1 Excluding COMVAT and VAT Group AG

Governance structure

An overview of the organizational structure regarding sustainability governance can be found in chapter 5 of this report. Information on the general responsibilities and the governance mechanisms of the Board of Directors (BoD) are made available hereafter.

Board of Directors

VAT Group AG's highest governing body is the Board of Directors (BoD). It comprises highly qualified and eligible individuals. In 2024, the BoD comprised eight members, with no executive BoD members. In 2024, two of the eight BoD members (25%) were women. All eight BoD members operate independently, free from conflicts of interest, to ensure effective oversight and governance of the company's operations.

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 towards 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.

The chair of VAT's BoD has no executive role in the company and is considered fully independent.

Committee structure of VAT

Board member	Audit Committee (AC)	Nomination and Compensation Committee (NCC)	Technology Committee (TC)	Sustainability Committee (SC)
Martin Komischke	–	–	–	–
Urs Leinhäuser	Chair	Member	–	–
Karl Schlegel	–	–	Member	–
Hermann Gerlinger	–	Member	Chair	–
Libo Zhang	Member	Chair	–	–
Daniel Lippuner	Member	–	Member	Chair
Petra Denk	–	–	Member	Member
Thomas Piliszczuk	–	–	–	Member

VAT's BoD has four sub-committees: the Audit Committee (AC), the Nomination and Compensation Committee (NCC), the Technology Committee (TC), and the Sustainability Committee (SC). Details of 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 48 to 64) of VAT's 2024 Annual Report. The Annual Report can be found here or online at www.vatgroup.com/investor-relations.

Nomination and selection of the Board of Directors
New BoD members are evaluated and selected by the NCC and subsequently proposed to the shareholders for election at the annual general meeting (AGM). 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 Board of Directors, including the chair, must be elected, and may only be removed by a shareholder resolution. The maximum term of office is one year[1].

Evaluation criteria include proven managerial skills, the highest level of integrity, specific knowledge of VAT's industries and markets as well as specific functional expertise, especially with regard to the tasks of the committees. In addition, the BoD strives to achieve a diversity of cultural backgrounds and gender representation. Members are eligible for re-election until the end of their 72nd year of age and until they have been a member of the BoD for 12 years.

Role of the Board of Directors and delegation of responsibility
According to Article 716 of the Swiss Code of Obligations, the Board of Directors has non-transferrable obligations and irrevocable duties, which are further outlined in the Organizational Regulations that are published on VAT's website under Corporate Governance, here as well as in the Annual Report, page 56.

Regarding sustainability, these obligations include, but are not limited to:

- ensuring compliance with laws, the Articles of Association, regulations, and directives,
- determining the organization, the Internal Control System (ICS), as well as conducting risk assessments, including sustainability risks,
- evaluating non-financial aspects to ensure compliance and adherence to regulatory requirements in accordance with Article 964c of the Swiss Code of Obligations.

Role of the Board of Directors in sustainability reporting
In 2024, VAT introduced a Sustainability Committee to steer sustainability at the highest governance level. The Sustainability Committee is responsible for providing guidance and overseeing the implementation of all sustainability matters at VAT.

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

1 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.

Conflict of interests

As stated in its code of conduct, 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 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.

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 or may not influence a variety of stakeholders in a positive or negative way. Stakeholders include employees, suppliers, customers, communities, and the financial community. In addition, any ad hoc development that needs attention is immediately shared with the BoD outside the regular meeting calendar. During 2024, the Board of Directors and the committees conducted regular formal meetings and conference calls, as presented below:

Formal meeting and video conferences (calls)

	BoD	AC	NCC	TCC	SC
Total number of meetings/calls in 2024	5/6	5/4	3/2	2/2	2/1
Usual average duration (approx., in hours) of meetings/calls in 2024	6/1.5	2.5/1	2/1	3/2	1.5/1.5
Martin Komischke	5/6				
Urs Leinhäuser	5/6	5/4	3/2		
Karl Schlegel	5/5			2/2	
Hermann Gerlinger	5/6		3/2	2/2	
Libo Zhang	5/6	5/4	3/2		
Daniel Lippuner	5/6	5/4		2/2	2/1
Maria Heriz[1]	2/2				
Petra Denk	5/6			2/2	2/1
Thomas Piliszczuk[2]	4/4				2/1
Internal audit		4/0			
External audit (KPMG)		4/3			
External advisors	2/0		3/1		

1 Member of the Board until May 2024
2 Member of the Board from May 2024

Collective knowledge of the Board of Directors
The Board of Directors 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, members seek advice from professionals in relevant fields, engage with consultants, and establish partnerships with educational institutions and industry associations. More information on the BoD members' areas of expertise and both past and present industry experience can be found in the VAT Annual Report 2024 on pages 52 to 54.

Evaluation of the performance of the Board of Directors
VAT's Board of Directors conducts regular self-evaluations, including rating its performance in areas such as strategic guidance, risk management, and management oversight. The last assessment was conducted externally in 2022.

Remuneration policies
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. The annual compensation for each BoD member depends on the functions and tasks carried out in the year under review.

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. They include internal fairness, focus on sustainable long-term value creation, alignment to shareholders' interests, and simplicity and transparency. The total compensation for the highest governance body is put to a vote each year at the annual general meeting in a prospective vote. In addition, the shareholders also have a non-binding retrospective vote on the actual compensation.

Details on the BoD and the GEC compensation principles and the compensation structure can be found in the VAT Annual Report 2024 on pages 70 to 89.

Ratio of annual remuneration paid
The ratio of the annual total compensation paid to the highest-paid employee to the average annual remuneration of all employees (excluding the highest-paid employee) based on the average FTEs was 18 (2023: 20).

TCFD

TCFD

The following section provides VAT's reporting in line with Article 964b of the Swiss Code of Obligations and the Swiss Ordinance on Climate Disclosure, respectively.

Risk management

As part of the last materiality assessment conducted in 2022, VAT assessed the risks stemming from climate change affecting its activities and value chain, the most important of which are described below. In line with TCFD requirements, the risks are separated into transitional risks related to the transition to a lower-carbon economy and physical risks related to the physical impacts of climate change.

We used climate scenarios based on frameworks from the Network for Greening the Financial System (NGFS) and recommended by the TCFD. We considered the "Orderly" and "Hot House World" scenarios and assessed the separate risks and opportunities identified in each scenario.

1 The "Orderly" scenario assumes a future in which immediate climate policies and actions are taken. In this scenario, net zero CO_2 emissions are reached between 2050 and 2070.
2 The "Hot House World" scenario describes a situation in which only current policies are implemented. This scenario assumes a global temperature increase of 3°C or more on average by 2080, in line with scientific calculations. The potential for physical risks is higher in this climate scenario, while owing to the limited climate policies, low transition risks can be assumed.

The respective measures taken by VAT to address the risks outlined below are described in detail in the previous sections of this report.

Risks

	Scenario considered	
Risk category	**"Orderly" scenario (<2°C by 2070)**	**"Hot House World" scenario (>3°C by 2080)**
Transition risks: current and emerging regulation	Transport-related emissions are at the center of public debates and regulations related to GHG emissions are increasing. This can lead to increasing costs for logistics processes along the value chain. Short term	
Transition risks: current and emerging regulation	Because air, water, and soil pollution are an ever-increasing problem in large parts of the world, changes to regulations relating to air pollution result in increasing operating costs to ensure compliance. Medium term	
Transition risks: current and emerging regulation	As local, regional, and national environmental laws place increasing emphasis on resource conservation and waste management, the handling and disposal of (hazardous) waste produced during manufacturing can lead to increased operating costs and capital expenditures. Medium term	
Transition risks: market	Companies increasingly set ambitious goals for GHG emissions reduction. As these goals often also include Scope 3 reductions, upstream suppliers can be confronted with increasing demands regarding their own CO_2 accounting resulting in the necessity for capital expenditure and/or increasing operating costs. Short term	
Transition risks: market	Device manufacturers and other end-consumers are increasingly demanding energy-efficient products. Slow product development or a lack of programs to increase energy efficiency in the use phase could lead to a decline in sales. Short term	
Transition risks: market	Packaging materials are an increasingly frequent issue with end users, OEMs, and equipment manufacturers in terms of volume and environmental attributes, as material removal and waste contribute to adverse environmental impacts. Growing demands placed on partners along the upstream value chain can lead to higher operating costs and capital expenditure to improve packaging processes and materials. Medium term	
Transition risk: reputation	Failing to meet the growing expectations of customers, regulators, and the public may lead to negative perceptions of company performance. Medium term	

	Scenario considered	
Risk category	**"Orderly" scenario (<2°C by 2070)**	**"Hot House World" scenario (>3°C by 2080)**
Acute physical risks: water		In the event of extreme water scarcity, companies that are not classified as systemically important in the national emergency plans may be affected by water stoppages affecting production processes.
		Long term
Acute physical risks: logistics	Higher chances of droughts throughout all seasons of the year may impact the usability of waterways, particularly on the river Rhine, which may affect the availability of critical goods in Switzerland.	The same acute physical risk applies, but with seriously higher impact.
	Long term	Long term
Chronic physical risk: production		Water is a critical factor for various production processes. At the same time, water is becoming a scarce resource around the world owing to increasing consumption due to population growth and rapid urbanization, and reduced supplies due to climate change. This development may lead to higher supply costs.
		Long term
Chronic physical risk: input materials	A growing shortage of finite raw materials caused by increasing demand to meet the requirements of new, sustainable technologies (e.g., rare earths, lithium, etc.) may lead to rising raw material prices in purchasing.	Companies that depend on the use of finite resources are likely to face future challenges related to circular approaches in production, which may lead to higher operating costs and necessary capital expenditures.
	Medium term	Medium term
Upstream and downstream risks	Rising energy and logistics costs in the upstream value chain, partially those due to regulations on GHG emissions, may simultaneously make the purchase of materials and intermediate products more expensive.	
	Short term	

Opportunities

	Scenario considered	
Opportunity category	**"Orderly" scenario (<2°C by 2070)**	**"Hot house world" scenario (>3°C by 2080)**
Resource efficiency: production processes	A more efficient use of resources and materials in production processes can reduce ongoing operating costs.	With increased temperatures, production input factors are expected to become increasingly scarce, leading to growing pressure on efficiency.
	Short term	Medium term
Resource efficiency: water	Efficient water use is expected to become a cost driver in light of water scarcity.	Water scarcity is expected to become a major physical risk; efficiency is key in a resource-constrained environment. Companies that are able to minimize water consumption in production can reduce their operating costs.
	Long term	Long term

	Scenario considered	
Risk category	**"Orderly" scenario (<2°C by 2070)**	**"Hot House World" scenario (>3°C by 2080)**
Resource efficiency: waste	Companies that can reduce the waste they generate and increase recycling rates benefit from lower operating costs.	
	Short term	
Resource efficiency packaging	By managing the sustainability attributes of product packaging (including sustainable materials, recyclable materials, weight reduction, etc.), companies can potentially reduce input and transport costs.	
	Short term	
Energy source: buildings and operations	Energy-efficient buildings can lower ongoing operating costs.	In an unstable energy market due to climate impacts, self sufficiency becomes crucial. On-site energy production can stabilize energy costs, as companies are no longer exposed to a fluctuating market. This is especially true for energy-intensive production processes.
	Short term	Short term
Energy source: renewable energy	Switching to renewable energy to reduce greenhouse gas emissions can reduce operating costs in the long term, as it can be assumed that renewable energies will be cheaper in the future than fossil energy sources.	
	Medium term	
Products and services: efficiency of products in the use phase	The energy efficiency of individual machine components has a long-term impact on energy consumption in downstream production processes. This is especially relevant in light of rising energy prices and for industries with high energy demands (e.g. semiconductor industry). Companies whose products are more energy-efficient than those of direct competitors are more likely to increase demand and market share.	With increased temperatures, efficient energy use will become even more important, leading to growing pressure on the efficiency of products.
	Long term	Medium term
Products and services: services and business models	Increased resource constraints will put longevity and the total cost of ownership of a product into focus. Companies implementing circular design in their products, including the corresponding monetization models, can potentially increase their market share and tap into additional revenue streams.	With increased resource and energy constraints, circular business models will become a license to operate for all industries.
	Medium term	Long term
Markets: new industries	Renewable or low-emission energy is experiencing spikes in demand, with a promising future outlook. Serving associated markets (e.g., solar, nuclear, and coatings (batteries) creates massive opportunities to increase revenue, as vacuum technology plays a major part.	
	Short term	

	Scenario considered	
Risk Category	**“Orderly” scenario (<2°C by 2070)**	**“Hot House World” scenario (>3°C by 2080)**
Markets: new industries	Downstream companies are increasingly introducing ambitious emission reduction targets along the value chain. A low carbon footprint and robust action plans to reduce emissions can lead to advantages over direct competitors and thus greater market share, as potential customers, including government authorities, are expected to use greenhouse gas reduction measures as a weighted criterion for establishing or expanding business relationships.	
	Medium term	
Markets: resilience	Companies that are perceived as less polluting have better prospects of selling their products on the market, as societal expectations in the field of sustainability continue to grow and customer demands may change.	
	Medium term	

TCFD Index Table

	Relative disclosure in Sustainability Report	Summary of our alignment with the Task Force on Climate-related Financial Disclosures
Governance		
Board's oversight	5. Sustainability governance pp. 26-28	The Board of Directors (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). There is a dedicated Sustainability Committee comprising members of the BoD. The Sustainability Committee meets quarterly and has a mandate from the BoD to oversee and steer the implementation of the sustainability strategy in close collaboration with the GEC. The Sustainability Committee ensures that sustainability is considered in VAT's strategic decision processes, including action plans, risk management guidelines (including those related to climate risks), annual budgets, business plans, the setting of VAT's long-term targets, monitoring implementation and performance, and overseeing major investments, acquisitions and divestitures.
Management role	5. Sustainability governance pp. 26-28	The CEO has ultimate responsibility for overseeing and implementing policy commitments to responsible business conduct, including respect for human rights, with day-to-day support provided by the compliance department. Responsibility for sustainability is delegated to the CFO, who ensures the involvement of the full GEC in sustainability matters, such as decision-making, target-setting and budgeting, where needed. Moreover, executive management's variable pay is tied to emission reduction objectives. As sustainability is inherently a cross-functional topic, close alignment is imperative across all departments. The Group Sustainability VP and manager are responsible for tracking KPIs, setting targets, and supervising overarching projects related to emissions reduction, especially Scope 1 and 2. Our sustainability supply chain (SSCM) manager leads Scope 3 upstream emission reductions and runs related supplier engagement.
Strategy		
Climate-related risks and opportunities	4. Sustainability strategy pp. 16-20 TCFD Risk management pp. 88-90	As part of the last materiality assessment conducted in 2022, VAT assessed the risks stemming from climate change affecting its activities and value chain. In line with TCFD requirements, VAT distinguished between transitional risks related to the transition to a lower-carbon economy and physical risks related to the physical impacts of climate change. We used climate scenarios based on frameworks from the Network for Greening the Financial System (NGFS) and recommended by the TCFD. We considered the "Orderly" and "Hot House World" scenarios and assessed the separate risks and opportunities identified in each scenario. In 2024, the Sustainability Committee, together with the Group Executive Committee and the sustainability management team, completed the sustainability strategy for the years 2025 to 2029 that is now fully aligned
Resilience of the organization's strategy	4. Sustainability strategy pp. 16-20 TCFD Risk management pp. 84-88	
Impacts of climate-related risks and opportunities	4. Sustainability strategy pp. 16-20 TCFD Risk management pp. 84-88	

	Relative disclosure in Sustainability Report	Summary of our alignment with the Task Force on Climate-related Financial Disclosures
		with VAT's group strategy. This strategy includes an updated set of sustainability targets for the years to come. It takes a holistic view which is rooted in the company's business model and builds on the passions that define VAT. In line with the targets outlined in the Swiss Climate and Innovation act, VAT is currently establishing a climate transition plan. This work is based on the already given commitment to the SBTi, and we will report on further progress annually.
Risk management		
Processes for identifying and assessing climate-related risks	4. Sustainability strategy pp. 16-20 TCFD Risk management pp. 84-88	In 2022, VAT conducted a double materiality assessment (DMA), enabling us to define our sustainability strategy and identify climate risks. The assessment was performed in line with the requirements of the European Corporate Sustainability Reporting Directive (CSRD) and the supplementary European Sustainability Reporting Standards (ESRS). In 2025, the materiality assessment will be refined and updated. In line with best practice, the materiality assessment is updated every 3 to 4 years or upon significant changes to VAT's business model. The guiding concept of double materiality was followed. We considered impact materiality, studying the effects of VAT's activities on the environment and society along the entire value chain; and financial materiality, focusing on sustainability-related opportunities and risks for the financial development of the company. For both dimensions and for positive as well as negative impacts, a rating scale was defined considering the severity and likelihood of an impact. The assessment was based on a model of VAT's value chain that extends from raw material extraction, through VAT's own operations, and on to the OEMs who build VAT's valves into their equipment and the end customers, the manufacturers of semiconductors, solar panels, digital displays and other products. In this process, several climate-related topics were identified as material, either from a risk or opportunity perspective, namely energy consumption, efficiency and renewable energy, greenhouse gas emissions, water management, use of resources, materials and circular economy, waste, disposal and recycling processes. Various stakeholders, including members of VAT's executive management, internal topic experts, and risk managers, addressed these material topics in the implementation of VAT's sustainability strategy. Operationally, sustainability risks are integrated into VAT's enterprise risk management framework, managed by the finance function
Processes for managing climate-related risks	4. Sustainability strategy pp. 16-20 TCFD Risk management pp. 84-88 6. Extended information pp. 54-74	
Integration into the organization's overall risk management	TCFD Risk management pp. 84-88	

	Relative disclosure in Sustainability Report	Summary of our alignment with the Task Force on Climate-related Financial Disclosures
Targets		
Metrics used to assess climate-related risks and opportunities	6. Extended information pp. 54-74	To calculate its emissions, VAT follows a comprehensive methodology in accordance with the Greenhouse Gas Protocol, based on verifiable data gathered from various emission sources at each site. Then the specific emission factors provided by recognized standards and guidelines are applied to convert the collected data into CO_2-equivalent (CO_2e) emissions. By meticulously following this methodology, the company obtains an accurate assessment of its GHG emissions, enabling it to track its environmental impact and make informed decisions when devising emissions reduction strategies. In the short term, our target is to reduce Scope 1 and 2 emissions by 50% by 2025 (versus 2022), and Scope 3 emissions by 50% by 2033 (versus 2023). This is why VAT committed to the Science Based Target initiative (SBTi) in 2024 and is currently working on a corresponding reduction path. VAT does not currently use internal carbon pricing, as it is not practicable considering the size and development of the organization. Beyond carbon emissions, VAT also tracks separately energy consumption and production, water consumption, and waste production and disposal data. In parallel, we want to maintain increasing R&D efforts to ensure thought leadership in sustainable technologies.
Scope 1,2, and 3 greenhouse gas (GHG) emissions and related risks	6. Extended information pp. 54-65	
Targets used to manage climate-related risks, opportunities and performance	4. Sustainability strategy pp. 22-23	

GRI index table

Topic	Disclosure	Page
General disclosures	2-1 Organizational details	100
General disclosures	2-2 Entities included in the organization's sustainability reporting	100
General disclosures	2-3 Reporting period, frequency and contact point	100
General disclosures	2-4 Restatements of information	100
General disclosures	2-5 External assurance	100
General disclosures	2-6 Activities, value chain and other business relationships	10
General disclosures	2-7 Employees	47
General disclosures	2-8 Workers who are not employees	47
General disclosures	2-9 Governance structure and composition	26 79 Annual Report pages 48 to 69
General disclosures	2-10 Nomination and selection of the highest governance body	80 Annual Report pages 48 to 69
General disclosures	2-11 Chair of the highest governance body	79 Annual Report pages 48 to 69
General disclosures	2-12 Role of the highest governance body in overseeing the management of impacts	25 80 Annual Report pages 48 to 69
General disclosures	2-13 Delegation of responsibility for managing impacts	75 Annual Report pages 48 to 69
General disclosures	2-14 Role of the highest governance body in sustainability reporting	80
General disclosures	2-15 Conflicts of interest	81 Annual Report pages 48 to 69
General disclosures	2-16 Communication of critical concerns	81 For confidentiality reasons, we do not publicly disclose specific details regarding the communication of critical concerns. However, we have internal processes in place to ensure that such matters are addressed appropriately and in line with our corporate governance framework.
General disclosures	2-17 Collective knowledge of the highest governance body	82 Annual Report pages 48 to 69
General disclosures	2-18 Evaluation of the performance of the highest governance body	82
General disclosures	2-19 Remuneration policies	82 Annual Report pages 70 to 89
General disclosures	2-20 Process to determine remuneration	82 Annual Report pages 70 to 89
General disclosures	2-21 Annual total compensation ratio	82
General disclosures	2-22 Statement on sustainable development strategy	16
General disclosures	2-23 Policy commitments	44 76
General disclosures	2-24 Embedding policy commitments	76
General disclosures	2-25 Processes to remediate negative impacts	33-37 58-59 63-64
General disclosures	2-26 Mechanisms for seeking advice and raising concerns	76
General disclosures	2-27 Compliance with laws and regulations	77
General disclosures	2-28 Membership associations	29
General disclosures	2-29 Approach to stakeholder engagement	24
General disclosures	2-30 Collective bargaining agreements	77

Topic	Disclosure	Page
Material topics	3-1 Process to determine material topics	18
Material topics	3-2 List of material topics	19
Procurement practices	3-3 Management of material topics	41
Procurement practices	204-1 Proportion of spending on local suppliers	42
Anti-corruption	3-3 Management of material topics	77
Anti-corruption	205-1 Operations assessed for risks related to corruption	77
Anti-corruption	205-2 Communication and training about anti-corruption policies and procedures	77
Anti-corruption	205-3 Confirmed incidents of corruption and actions taken	77
Anti-competitive behavior	3-3 Management of material topics	77
Anti-competitive behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	77
Cybersecurity	3-3 Management of material topics	73
Energy	3-3 Management of material topics	63
Energy	302-1 Energy consumption within the organization	64
Energy	302-2 Energy consumption outside of the organization	While we do not currently provide a separate disclosure under GRI 302-2, our Scope 3 reporting includes relevant indirect energy impacts associated with our value chain. We continuously refine our methodology to enhance transparency and comprehensiveness in this area.
Energy	302-3 Energy intensity	64
Energy	302-4 Reduction of energy consumption	Energy efficiency is integrated into our operations and workplace initiatives. However, we do not currently track energy reduction separately in a format that aligns with this specific GRI disclosure.
Energy	302-5 Reductions in energy requirements of products and services	As our company primarily manufactures valves for the semiconductor industry, we do not manufacture products with direct energy efficiency considerations. However, we are committed to sustainability through other initiatives, including operational efficiency and responsible sourcing.
Water and effluents	3-3 Management of material topics	60
Water and effluents	303-1 Interactions with water as a shared resource	60
Water and effluents	303-2 Management of water discharge-related impacts	60
Water and effluents	303-3 Water withdrawal	61
Water and effluents	303-4 Water discharge	61
Water and effluents	303-5 Water consumption	61
Emissions	3-3 Management of material topics	54
Emissions	305-1 Direct (Scope 1) GHG emissions	55
Emissions	305-2 Energy indirect (Scope 2) GHG emissions	57
Emissions	305-3 Other indirect (Scope 3) GHG emissions	58
Emissions	305-4 GHG emissions intensity	55
Emissions	305-5 Reduction of GHG emissions	55

Topic	Disclosure	Page
Emissions	305-6 Emissions of ozone-depleting substances (ODS)	We do not currently track emissions of ozone-depleting substances (ODSs) as they are not considered a material aspect of our manufacturing processes. VAT complies with all applicable environmental regulations, and as part of our sustainability commitment, we aim to explore opportunities for enhanced monitoring where relevant.
Emissions	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	59
Waste	3-3 Management of material topics	68
Waste	306-1 Waste generation and significant waste-related impacts	68
Waste	306-2 Management of significant waste-related impacts	68
Waste	306-3 Waste generated	69
Waste	306-4 Waste diverted from disposal	69
Waste	306-5 Waste directed to disposal	69
Occupational health and safety	3-3 Management of material topics	36
Occupational health and safety	403-1 Occupational health and safety management system	39
Occupational health and safety	403-2 Hazard identification, risk assessment, and incident investigation	36
Occupational health and safety	403-3 Occupational health services	38
Occupational health and safety	403-4 Worker participation, consultation, and communication on occupational health and safety	36
Occupational health and safety	403-5 Worker training on occupational health and safety	37
Occupational health and safety	403-6 Promotion of worker health	38
Occupational health and safety	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	36
Occupational health and safety	403-8 Workers covered by an occupational health and safety management system	39
Occupational health and safety	403-9 Work-related injuries	39
Occupational health and safety	403-10 Work-related ill health	39
Training and education	3-3 Management of material topics	32
Training and education	404-1 Average hours of training per year per employee	35
Training and education	404-2 Programs for upgrading employee skills and transition assistance programs	34 Our company is committed to employee development through various skill enhancement and training programs. However, we do not currently offer formal transition assistance programs. We continuously assess our HR initiatives to support our employees' long-term growth and career development.
Training and education	404-3 Percentage of employees receiving regular performance and career development reviews	33
Diversity and equal opportunity	3-3 Management of material topics	46

Topic	Disclosure	Page
Diversity and equal opportunity	405-1 Diversity of governance bodies and employees	47
Diversity and equal opportunity	405-2 Ratio of basic salary and remuneration of women to men	49
Child labor	3-3 Management of material topics	42
Child labor	408-1 Operations and suppliers at significant risk for incidents of child labor	42
Forced or compulsory labor	3-3 Management of material topics	42
Forced or compulsory labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	42
Local communities	3-3 Management of material topics	51
Local communities	413-1 Operations with local community engagement, impact assessments, and development programs	51
Local communities	413-2 Operations with significant actual and potential negative impacts on local communities	51
Supplier social assessment	3-3 Management of material topics	44
Supplier social assessment	414-1 New suppliers that were screened using social criteria	44
Supplier social assessment	414-2 Negative social impacts in the supply chain and actions taken	44

Abbreviations

AHK	Auslandshandelskammer
AI	Artificial intelligence
BoD	Board of Directors
CAGR	Compound annual growth rate
CDP	Climate Disclosure Project
CIP	Continuous Improvement Program
CO_2	Carbon dioxide
CSRD	European Corporate Sustainability Reporting Directive
DDTrO	Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour
DMA	Double materiality assessment
DSD	Malaysian Department of Skills Development
EAP	Employee Assistance Program
EES	Employee Engagement Survey
EHS	Environment, health and safety
EPD	Environmental Product Declarations
ESRS	European Sustainability Reporting Standards
EUV	Extreme Ultraviolet Lithography
FTE	Full-time equivalent
GEC	Group Executive Committee
GHG	Greenhouse gas
GRI	Global Reporting Initiative
ILO	International Labor Organization
LCA	Lifecycle analysis
LTA	Lost Time Accident
LTIFR	Lost Time Injury Frequency Rate
OECD	Organisation for Economic Co-operation and Development
OEM	Original Equipment Manufacturer
PFAS	Per- and polyfluoroalkyl substances
PPE	Personal protective equipment
PSDC	Penang Skills Development Center
RBA	Responsible Business Alliance
RMI	Responsible Minerals Initiative
SBTi	Science Based Targets initiative
SDGs	Sustainable Development Goals
SIX	Swiss Stock Exchange
STEM	Science, technology, engineering, and mathematics
SUVA	Swiss Accident Insurance Fund
VOC	Volatile organic compound
WFE	Wafer fabrication equipment

About this report

VAT Group AG is a public company listed on the SIX Swiss Exchange (VACN). The entity includes VAT Group AG, VAT Group Ltd and VAT Vakuumventile AG. The 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, Luxembourg and UK) and Asia (China, Japan, Singapore, South Korea and Taiwan). The information published in this report is based on the 2024 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 area. 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 2024 on page 132.

The Sustainability Report is prepared annually in accordance with the rules and standards of the Global Reporting Initiative (GRI) and fulfills the reporting requirements of the Swiss Ordinance on Climate Disclosure, and the Counterproposal of the Swiss Responsible Business Initiative on transparency on non-financial matters. This Sustainability Report was published on April 4th, 2025.

Restatements for data from 2023, 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.

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

Contact
Michel R. Gerber
Head of Sustainability and Investor Relations
michel.gerber@vatgroup.com

Contact

This complete report is only available in English.

For further information please contact:

VAT Group AG
T +41 81 771 61 61
vatgroup.com

Sustainability and Investor Relations
Michel R. Gerber
T +41 81 553 70 13
sustainability@vatgroup.com

Design
MetaDesign
metadesign.com

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hilda.ch

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Forward-looking statements
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.

Focus of our work in 2025

Implementing our sustainability strategy, embedding it in our daily operations, and working towards our targets will be a priority for 2025.

VAT will continue to engage with stakeholders and foster internal dialogue to progress collectively on our sustainability journey. We will strengthen due diligence and supplier engagement capabilities to tackle external human rights risks. A new materiality assessment will enhance our awareness of our impact on sustainability-related topics. We will also progress towards setting near-term emission reduction targets and fulfill our commitment to SBTi.

Our ambition is to balance environmental, social, and financial concerns with the aim of creating value sustainably and fostering long-term growth.