

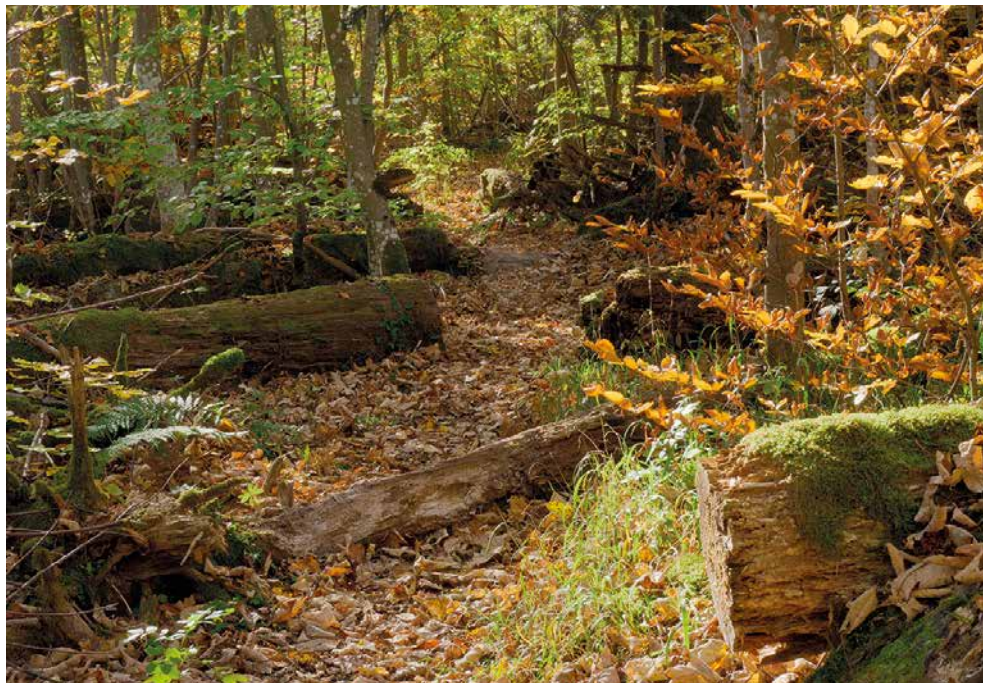


SUSTAINABILITY REPORT 2022

VZ GROUP

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The photos in this report were commissioned by VZ VermögensZentrum for a series of books about Swiss forests. We created these books with Heinz Staffelbach and produced them as an exclusive Christmas gift for our clients.
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INTRODUCTION

We founded VZ in 1993 with the aim of making the financial industry more transparent and giving consumers access to more attractive services. Today, VZ Group is the leading independent financial services provider in Switzerland.

Three elements are key for us: services that are geared to the benefit of our clients, consulting without conflict of interest and individual support by highly qualified specialists. We ensure that our clients prepare properly for retirement, make the right decisions at the time of retirement and are financially secure throughout the third phase of their lives. This is how we contribute to overcoming one of the great social challenges of our time.

VZ does not aim for short-term profit, but for healthy, long-term growth. We offer attractive and secure jobs, and we create many new positions year after year. Our success is made possible by our employees. Their accomplishments are extraordinary, and they shape our corporate culture. Our clients appreciate the fact that they receive comprehensive advice and individual support from us. In uncertain times and difficult market phases like last year, this is particularly valuable.

Our success is measured by our clients' satisfaction. Many of them recommend us to others because they feel well taken care of and have noticeably more money at their disposal thanks to our work. They also appreciate that VZ is a down-to-earth, scandal-free company with stable management and an impeccable reputation.

At VZ, we take our social responsibility seriously and also consider aspects of sustainability when making decisions. This report shows where we stand today in terms of sustainability and where we were able to improve last year.

We are grateful to all those involved with VZ and wish you an insightful read.



Matthias Reinhart

Chairman of the Board of Directors



Giulio Vitarelli

Chairman of the Executive Board

Zug, May 2023



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SUSTAINABILITY MEASURES IN 2022

Investing according to ESG criteria (chapter 4)

- One of our portfolio management mandates has increased its emphasis on ESG funds.
- With a new questionnaire, we systematically collect ESG information from fund providers and promote ESG dialogue.
- Additional employees have successfully completed certified ESG training.

Responsible corporate governance (chapter 5)

- We recorded stable revenue and profit growth in 2022 as well.
- The above-average core capital ratio reflects our stable and low-risk business model.
- The rating agency Moody's confirms VZ Depository Bank's «Long-term Bank Deposit Rating» of Aa3 – one of the best grades.
- As of 2023, the Board of Directors' Risk, Sustainability & Audit Committee is also responsible for ESG.
- A member of the Group Executive Board is now responsible for sustainability.
- A Sustainability Committee with members from different business areas deals with current topics on an ongoing basis..

Social responsibility (chapter 6)

- We have held around 500 information events for clients. In addition, lectures were given at universities and universities of applied sciences.
- VZ publishes valuable information on retirement topics and practical tips from our experts on our website.
- MyBluePlanet, Fragile Suisse, Dargebotene Hand and the USZ Foundation were able to make themselves known to a large audience in the vz news.
- The voluntary work of our employees in nature has resumed since the end of the pandemic.

Responsibility as an employer (chapter 7)

- We have expanded our internal training and development to over 70 modules and added a learning app.
- 215 employees took part in a five-week Activity Challenge and covered a total of 80,607,256 metres on foot.
- Employees who participate in our innovation programme and further develop ideas in a VZ Kickbox are now supported by a member of the Executive Board.
- Oliver Feldmann, a third-year apprentice, has developed his idea for a VZ Climate Credit Card to the golden kickbox stage as part of our Innovation Programme ARENA. The Innovation Committee has recommended his project for implementation.

Environmental responsibility (chapter 8)

- Since 2022, virtually all printed matter has been printed on recycled paper certified with the «Blue Angel» environmental seal.
- Energy-saving measures in the areas of heating, ventilation and lighting help to avert a shortage.
- VZ Depository Bank has co-founded the Association for the Decarbonisation of Zug Industry. Its aim is to develop holistic approaches to reducing CO2 emissions in industry that can be implemented quickly.

VZ Group has branch offices in Switzerland, in Germany and the UK. As the major part of our business is in Switzerland, this sustainability report mainly refers to our Swiss activities.

Securing retirement savings poses enormous challenges for our society. On the gfs.bern research institute's Worry Barometer, this topic has been high up on the list for years and occupied first place until 2019 (chart below). In 2020, it was pushed into second place by the pandemic and into third place in 2021 by the pandemic and environmental protection/climate change. In 2022, the topic again ranked second on the Worry Barometer.

Swiss voters' 10 main concerns

Concern	2022	2021	2020	2019	2022	2021	2020	2019
	Position				in percent of respondents			
Environment/climate¹	1	2	4	4	39%	39%	29%	29%
AHV/old-age pensions	2	3	2	1	37%	39%	37%	47%
Secure energy supply/nuclear power	3	10	10	12	25%	14%	14%	14%
EU (bilateral treaties, integration)	4	4	7	8	25%	33%	23%	21%
Inflation/depreciation	5	–	16	14	24%	8%	10%	12%
Health/health insurance	6	5	6	2	24%	25%	28%	41%
Supply security (new)	7	–	–	–	21%	–	–	–
The war in Ukraine (new)	8	–	–	–	20%	–	–	–
Immigration²	9	6	5	3	19%	20%	28%	30%
Refugees/asylum issues	10	7	8	9	16%	19%	23%	20%

1 Environmental protection/climate change/environmental disaster

2 Foreigners/immigration/free movement of persons

We embrace the safeguarding of old-age provision as one of the main concerns in Switzerland and aim to make a meaningful contribution in this area. Our goals are derived from there.

3.1 Our goal: well prepared for retirement

Our goal is to ensure that our clients are better prepared when they retire. With our advice, we ensure that they save more money for their old age, invest more successfully, reduce their tax burden, pay lower fees and mortgage interest, are better insured and can pass on their estate in accordance with their wishes.

Our expertise covers all topics relevant for retirement

- Retirement planning
- Financial investments
- Real estate financing and development
- Taxes
- Insurance
- Estate planning and execution of wills
- Succession in business

Our work is based on these principles

Financial consulting free from conflict of interest

Our experts develop concepts to optimise income, assets and taxes. We do not broker or sell financial products, but are financed by consulting and management fees. This is why we can advise our clients without any conflict of interest.

Expertise

It takes experience and a genuine culture of consulting to provide sound advice. At VZ we see the big picture and offer everything from a single source – because we combine expertise in retirement planning, investment advice and asset management, tax, insurance, estate planning and real estate.

Investing without experiments

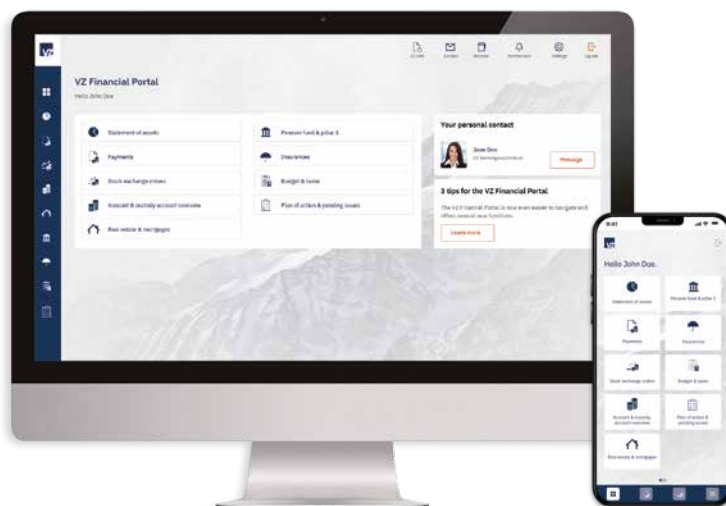
For us, security is as important as returns. That is why our clients do not experiment when it comes to investing money. We strictly refrain from issuing our own investment products and also take sustainability aspects into account in our objective selection process.

Cost-effective solutions

Our solutions for investments, mortgages, insurance and pensions are simple and inexpensive, and they create real added value for our clients. VZ can cover all the financial needs of a household at a much lower cost than other providers – also because unnecessary commissions and brokerage costs are eliminated from all services.

Personal support on site and online

Every client has a personal consultant who accompanies them. Clients choose whether they come to our premises for meetings, prefer video advice or use VZ Finanzportal. With our financial portal, we achieve an above-average Net Promoter Score (NPS) of 43.5.



Financial consulting for the LGBT community

We cater to client groups with different needs. That is why we offer specialised consulting and a free newsletter with financial tips for the LGBT community (www.vzch.com/lgbt). The newsletter covers questions such as «What are the financial consequences if I convert my registered partnership into a marriage?», or «How do I settle my estate in a same-sex partnership?».

Awards for our consulting

We regularly review the quality of our work with client surveys, using the Net Promoter Score (NPS) as an important indicator. In 2022, our NPS was 73.2, a very high satisfaction and recommendation rate. Poor ratings are analysed in detail and measures are taken to improve our services. External ratings also confirm that we are on the right track. These reveal that VZ is one of the best financial advisors and asset managers.

Awards by independent juries



3.2 These are the principles we adhere to

We have established a set of principles that govern our strategy and guide us in our day-to-day interactions with clients:

We create value

Everything we do should bring our clients the greatest possible benefit. Our work is successful when they achieve a measurable improvement. We measure our clients' satisfaction by unfiltered feedback.

We put our clients' needs at the centre of everything we do

We focus our work on providing our clients with the best possible service. All other activities are subordinate to this mission.

We think long-term

While the financial industry still tends to have a short-term mindset, we are committed to the long term. Clients trust us because we act with integrity and professionalism and treat all parties involved fairly and responsibly.

We make complex things simple

Our experts make complex topics accessible to everyone by explaining things in a simple and understandable way. This enables our clients to make informed decisions at the right time.

We are committed to quality and innovation

We expand our expertise on an ongoing basis. Our employees are qualified and highly motivated. They continue to train and share their knowledge with each other. This allows us to continuously improve the quality of our consulting and to give our clients access to innovative services.

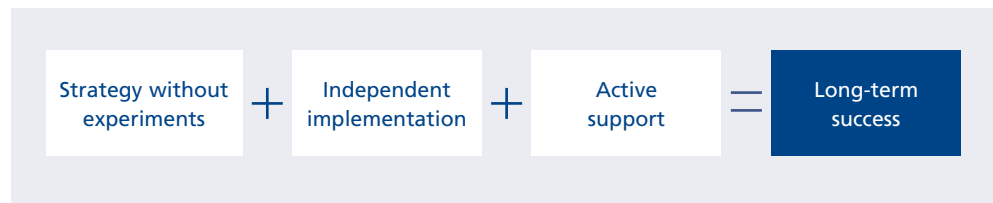


Successful investment is particularly important for old-age provision. With the proper strategy, investors can significantly increase their savings for retirement. In the following sections, you will learn about the principles on which our investment philosophy is based and how ESG criteria are applied. ESG stands for Environment, Social, Governance. These are important dimensions of sustainability – however, there is still no generally recognised definition of sustainability.

4.1 The VZ formula for long-term investment success

When it comes to old-age provision, the focus lies on long-term investment success. That is why we believe in an investment strategy without experiments, in independent implementation and in active client support:

Three factors
for success



Investment strategy without experiments

The first step is to determine the appropriate investor profile for each client. For this purpose, we determine the individual risk tolerance and risk capacity – usually within the framework of a comprehensive and long-term income and wealth planning. When implementing the investment strategy within the defined investor profile, we focus on traditional asset classes that are simple and sufficiently liquid and that can be replicated transparently. These primarily include equities, interest-bearing securities and real estate. We pursue an international diversification with a focus on the Swiss market. In addition, we deliberately avoid direct investments in commodities in our portfolio management and do not invest in hedge funds, private equity or private debt. With this conservative policy, we avoid unnecessary risks without compromising on the expected long-term return.

Independent implementation

Our independence facilitates an efficient implementation of the investment strategy. For example, VZ was one of the first providers in Switzerland to introduce transparent all-in fees that do not create incentives for unnecessary transactions. And because we do not issue our own investment products, we can select the most favourable products in the interest of our clients. For more than 10 years, we have relied on straightforward and transparent index funds to minimise product costs. Active funds are only used very selectively with individual mandates, for example if no suitable passive product is available or if we can improve ESG qualities with such funds.

Active support

Our consultants are familiar with retirement and pension issues, securities, taxes, insurance or inheritance and actively guide their clients through all stages of life and situations. Clear communication and regular exchanges support long-term success. This also includes constantly reviewing the clients' situation. For example, investor profiles are regularly adjusted on the basis of detailed, long-term income and wealth planning covering the upcoming 10 years.

Active support also protects our clients from decisions motivated by short-term considerations, such as panic selling during the Corona pandemic. It is well established that an emotionally driven turn away from a long-term investment strategy can noticeably worsen the return.

4.2 ESG criteria in our investment process

Within an investment context, we assess sustainability using the three ESG criteria of environment, society and governance (ESG). ESG characteristics can be improved on several levels. The chart below shows our three-stage investment process, in which we can take ESG aspects into account depending on the mandate and client preference, from the definition of the strategic allocation to tactical investment decisions and security selection.

Our investment process

	Description	ESG measures (examples)
Step 1: Strategic asset allocation	<ul style="list-style-type: none">• Long-term target weight of asset classes• Annual review	<ul style="list-style-type: none">• Exclusions (e.g. commodities)
Step 2: Tactical asset allocation	<ul style="list-style-type: none">• Seizing short- to medium-term opportunities• Ongoing review	<ul style="list-style-type: none">• Investment in sustainability topics (e.g. green bonds)
Step 3: Security selection	<ul style="list-style-type: none">• Selection of investment instruments• Ongoing review	<ul style="list-style-type: none">• Investment in ESG funds (e.g. index funds on MSCI World SRI)

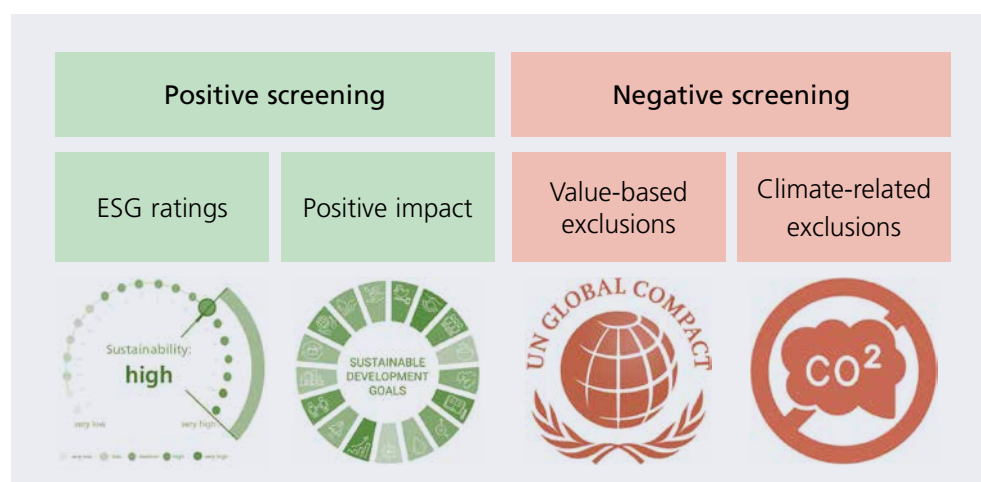
In the strategic asset allocation (step 1), the long-term target weights of the asset classes are defined. This allocation to main and subclasses determines the expected relationship between return and risk as well as the sustainability of the securities portfolio to a large extent. We focus mainly on broadly diversified markets in the areas of equities and interest-bearing securities and refrain, for example, from direct investments in commodities.

In the tactical asset allocation (step 2), temporary deviations from the target weighting are made in order to take advantage of short- and medium-term opportunities. Both return and risk considerations as well as sustainability aspects are taken into account here as well.

The final step is the selection of securities. VZ primarily uses passive funds (ETF/index funds) and only occasionally active funds and individual securities. For certain mandates, we also use passive funds that are based on ESG-optimised indices such as the MSCI World SRI.

For these mandates, we consider up to four criteria when selecting securities:

Positive/negative screening



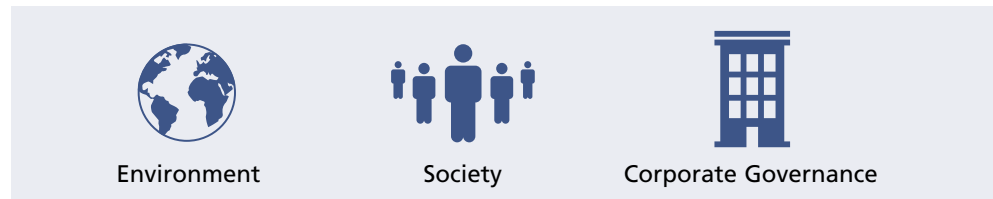
In positive screening, investments with high ESG ratings are preferred. Depending on the mandate, only investments with a minimum rating may be selected. Equity and fixed-income funds must score at least 14 out of 20 points in the VZ Sustainability Profile. In addition, the positive impact of an investment may also be taken into account. Investments with a positive impact include, for example, «Green Bonds» and companies with a high share of revenue in one or more of the UN’s 17 Sustainable Development Goals (SDGs).

In negative screening, investments that do not meet certain criteria are excluded. Within the framework of the value-based criteria, these are, for example, companies whose revenues in business areas such as alcohol, tobacco, weapons, gambling, pornography, genetically modified organisms or nuclear energy exceed a defined threshold. Or companies that violate principles listed in the UN Global Compact (UNGC), such as the ban on forced labour. Climate-related exclusions include, for example, companies that emit above-average amounts of greenhouse gases (tonnes of CO₂ equivalents in Scope 1 and 2 per million US dollars in revenue). Equity funds must perform better overall than the average of the world equity index. In addition, equity funds may only contain a certain proportion of companies that rely on substances that are particularly harmful to the environment, such as shale oil.

Since we invest almost exclusively in collective investment funds, the voting rights are held by the fund providers, with whom we engage in an ESG dialogue. In regular discussions, we motivate them to expand their range of sustainable funds. 2022 we have developed an ESG questionnaire that we ask fund providers to answer. We have also increased the proportion of ESG funds used in 2022.

4.3 VZ Sustainability Profile

Environment, Society and Corporate Governance (ESG)

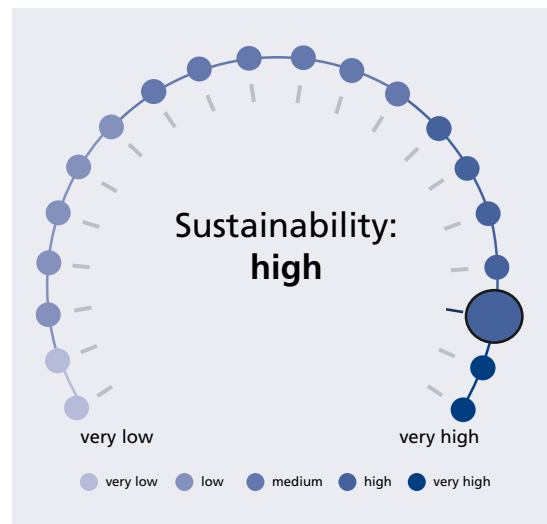


ESG rating providers include different topics in their analysis and apply different criteria, which they weight or assess differently. This can lead to several rating providers rating the same company differently.

Assessing portfolios

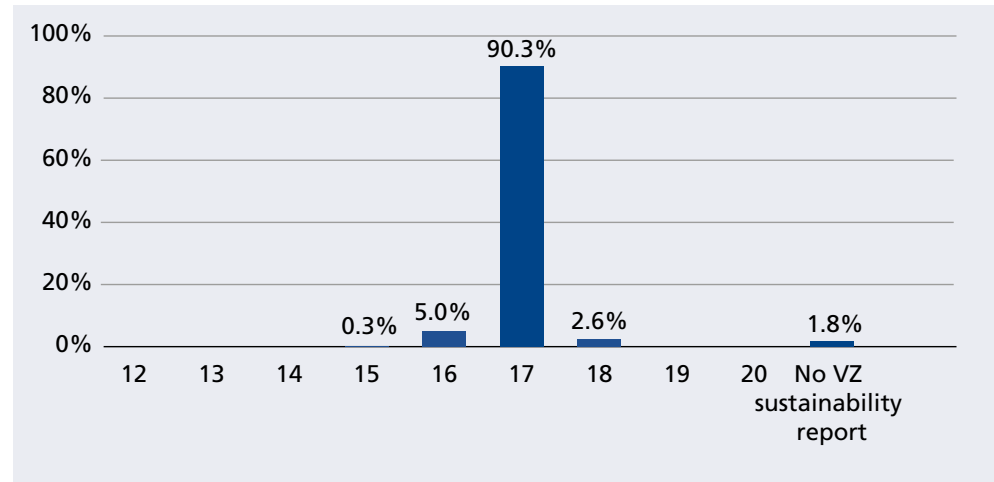
The sustainability of investments reflected in the VZ Sustainability Profile is based on the three ESG criteria environment, society and governance (chart above). For this purpose, we take into account the ESG ratings of two providers that are global leaders in this field: MSCI ESG and Morningstar/Sustainalytics. ESG rating providers specialise in analysing sustainability data, which is why we rely on their assessment. The VZ Sustainability Profile combines the ESG ratings of these two providers in equal parts, making the base of our assessment broader.

The VZ Sustainability Profile rates companies and countries with 1 to 20 points. The higher the score, the better the ESG characteristics are rated. To determine the profile of an entire portfolio, the weighted average of the profiles of all individual securities in the portfolio is calculated. The example above shows a portfolio with the sustainability profile «high».



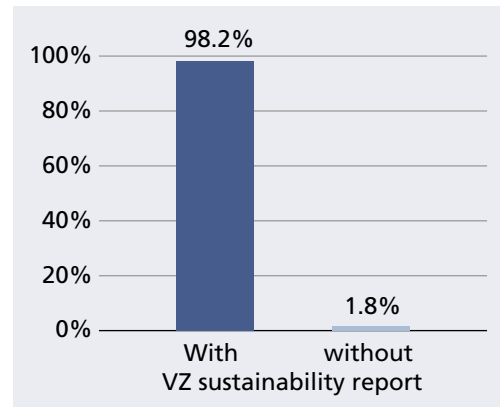
The following chart shows that the vast majority of our portfolios achieves 17 or more points out of 20. This evaluation takes all investment solutions into account (asset management and advisory mandates in 2nd pillar, pillar 3a and free pension provision). Portfolios with less than 17 points typically belong to advisory clients who attach less importance to sustainability. For portfolios where less than 65 percent of the investments can be covered with ESG ratings, no sustainability profile is calculated. The share of these portfolios is below 2 percent, and most of them also belong to advisory clients.

93 percent of the portfolios score at least 17 points



4.4 ESG approaches in consulting and reporting

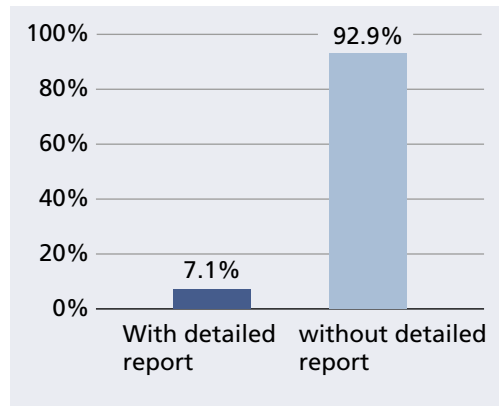
98 percent receive our sustainability profile



For some years now, we have addressed ESG criteria as a standard part of our consulting for new clients as well. In 2023, we will expand this information and document it in greater detail. Existing clients regularly receive a comprehensive report on the development of their assets. This includes, for example, that we report the net return after deduction of all fees in a transparent manner.

As one of the first financial service providers, VZ has integrated information on ESG characteristics (e.g. ESG ratings of the invested funds) into the reporting as standard. Overall, more than 98 percent of our clients within the 2nd pillar, the pillar 3a as well private saving receive the VZ sustainability profile (chart above). Only a few clients do not yet receive this information because they opt for special investment solutions.

Over 5 percent receive an additional detail report



So far, a good 5 percent of our clients receive an additional report containing further evaluations such as the proportion of undesirable business activities or CO₂ intensity.

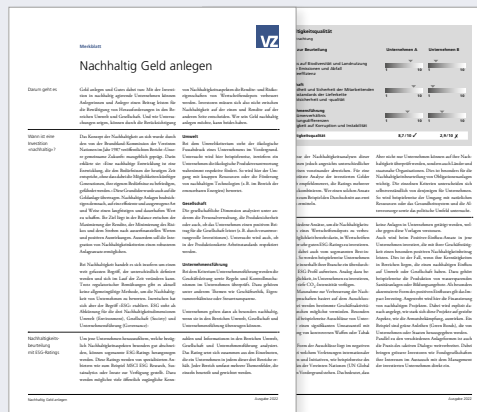
4.5 Awareness for sustainable investments

VZ publishes studies, articles and tutorials and offers seminars to help build expertise on the topic of sustainable investment. This information is available free of charge to all interested parties. It is part of our commitment as a signatory of the UN Principles for Responsible Investment (UNPRI).

Information on ESG investments



Studies



Fact sheets



Tutorials



Seminars

Portfolio checks	Since 2021, interested investors can have the sustainability of their securities examined by our experts. Our analyses use a traffic light system to illustrate, for example, the proportion of undesirable business activities or the CO ₂ intensity of a portfolio.
Ongoing training	Training our employees is essential to ensure that our clients are properly informed and advised. That is why they regularly attend programmes and tutorials on the topic of sustainability. Around half of VZ Asset Management employees have already completed further training in this area (CFA Certificate in ESG Investing, EFFAS Certified ESG Analyst, GARP Certificate in Sustainability and Climate Risk). VZ supports such training and covers 100 percent of the costs. Also in 2022, additional employees have completed certified ESG training. With these measures, we ensure that the entire asset management team is familiar with ESG topics and continuously passes this knowledge on to the consultants. The key topics of sustainable investment are discussed in several meetings every month. In this way, our asset management staff stay informed about the latest trends and regulatory requirements.

4.6 Data suppliers and network

In the area of sustainability, we cooperate with renowned data suppliers. We are members of industry organisations and support an international network for sustainable investment with the UN Principles for Responsible Investment (UN PRI). These are our main collaborations:

MSCI ESG Research

VZ uses the expertise and data of MSCI ESG Research, a leading US-based rating agency in the assessment of sustainability.

Morningstar/Sustainalytics

We enrich our data with information and ratings provided by Morningstar/Sustainalytics, another major provider of ESG data from the Netherlands and the US.

UN Principles for Responsible Investment (UN PRI)

The UN PRI are an investor initiative in partnership with the UN Environment Programme UNEP and the UN Global Compact. VZ is a member and has committed to comply with the six UN PRI principles and to gradually integrate sustainability into its investment processes. As a member, we contribute to making the financial system more sustainable.

Swiss Sustainable Finance (SSF)

We are a member of SSF, a platform of financial service providers, investors, universities and public bodies. The aim of SSF is to make Switzerland the leading centre for sustainable financial services.

PACTA 2020/22 Climate Alignment Test

In 2020 and 2022, we took part in the voluntary Climate Alignment Test of the Federal Office for the Environment (FOEN) and the State Secretariat for International Financial Matters (SIF).

VAV/ABG Contact Group Sustainable Finance

The Association of Swiss Asset and Wealth Management Banks represents the interests of the Swiss financial sector. We have been a member of the VAV/ABG for many years and have been involved in this contact group since 2020.

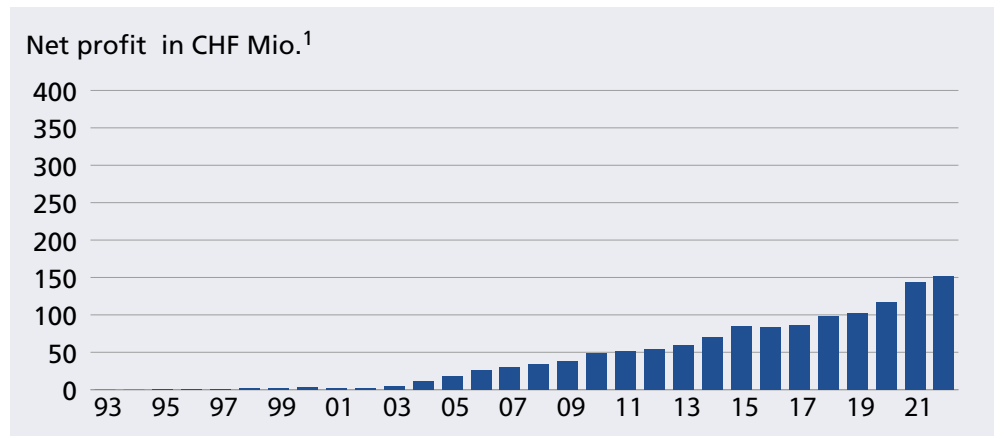
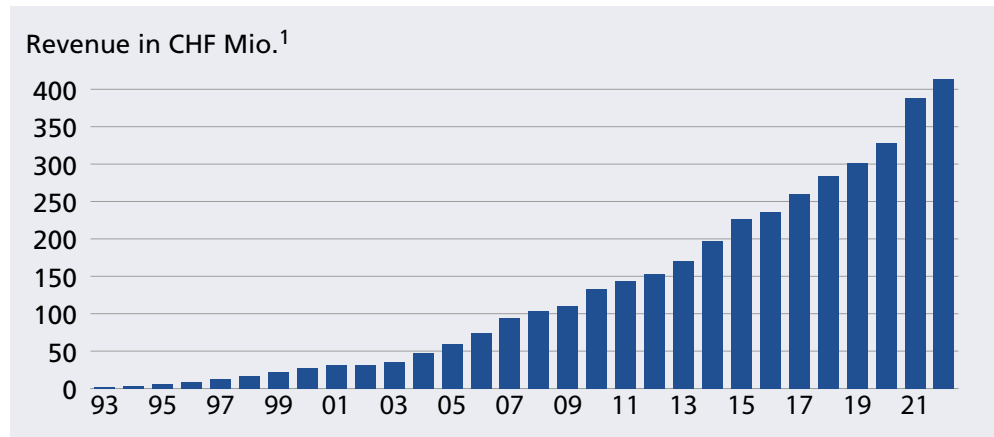


VZ Holding Ltd has been listed on the SIX Swiss Exchange since 2007 and is supervised by the Swiss Financial Market Supervisory Authority (Finma). This ensures that we comply with all regulatory requirements, laws, regulations and best practices. The following sections focus on the topics that are particularly relevant for financial service providers in terms of responsible corporate governance.

5.1 Stable and low-risk business model

A solid financial foundation is the core of responsible corporate governance. Our business model is geared towards stability, the long term and thus sustainability, without short-term profit maximisation. For almost 30 years, VZ Group has recorded stable, organic revenue and profit growth.

VZ Group’s revenues and profit since its foundation in 1993



¹ 1993–2003 according to Swiss GAAP, from 2004 according to IFRS

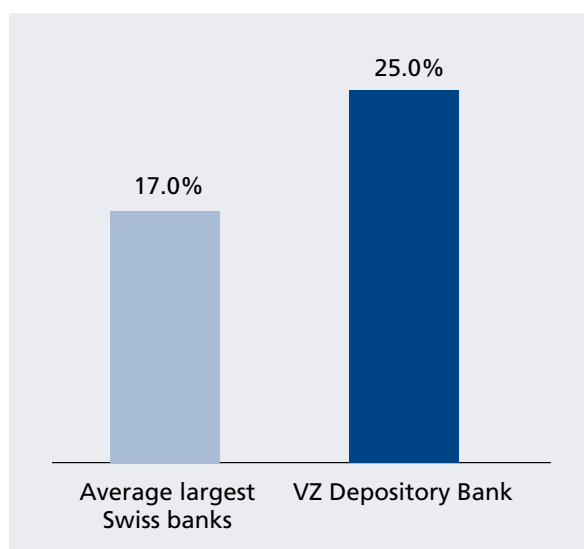
We have always limited ourselves to the onshore business. This decision reduces our risks and saves us, for example, from the disputes over untaxed assets with the EU and the USA, which brought many Swiss banks into distress.

Our balance sheet is very solid and low-risk. About 60 percent of the balance sheet total is invested in Swiss residential mortgages with top credit ratings. The rest is invested with the Swiss National Bank, other Swiss banks, public corporations or in very safe bonds. We do not lend to companies or finance industrial or infrastructure projects such as gold mines, dams or pipelines. The Equator Principles, a voluntary set of rules for banks to comply with environmental and social standards in the area of project financing, are therefore not relevant for us.

At 25.2 percent, VZ Group's core capital ratio is very solid and above average compared to Swiss banks. The regulatory minimum requirements are exceeded by far.

VZ Depository Bank's own funds are also well above average. In 2021, VZ Depository Bank was rated by Moody's for the first time and received a «Long-term Bank Deposit Rating» of Aa3 with a stable outlook. This is one of Moody's highest ratings (the highest being Aaa). It reflects VZ Depository Bank's above-average capitalisation and prudent risk strategy. Moody's has confirmed VZ Depository Bank's rating in 2022.

VZ Depository Bank's core capital ratio



5.2 Exemplary compliance

Compliance with legal, regulatory and internal provisions as well as market standards is standard practice for us. There have never been any relevant legal cases against VZ Group, its subsidiaries or their governing bodies that could jeopardise the company's reputation or its financial security.

Code of conduct	<p>Our code of conduct sets out our core values, objectives and behaviours that guide all VZ employees. It commits to responsible, transparent and fair behaviour and is part of all employment contracts. Every year, all employees confirm that they have complied with the rules and behaviour set out in the code of conduct and receive regular training on how to comply with these rules. Our code of conduct is public: vzch.com/code-of-conduct (PDF)</p>
Bribery and corruption	<p>In our Code of Conduct and in a directive, we state that the VZ does not tolerate bribery and corruption. Employees must not offer, promise or grant advantages (payments, gifts, benefits) in exchange for an illegal act (active bribery). They may also not accept or demand advantages (payments, gifts, benefits, etc.) from clients, business partners or public officials in order to carry out an act contrary to their duties (passive bribery).</p> <p>As a matter of principle, no gifts, invitations or pecuniary advantages may be accepted from clients or business partners. In this way, we minimise the risk of a conflict of interest, acceptance of benefits or bribery. Employees may exceptionally accept gifts or invitations of a small value (maximum CHF 200) if they inform their superiors. If the value exceeds CHF 200, a written authorisation from the superior is required. Cash must not be accepted. Employees and supervisors shall ensure that the acceptance of gifts and invitations does not lead to a conflict of interest.</p> <p>In additional directives, we regulate how conflicts of interest are handled, which mandates and secondary employment employees are permitted to hold, and how a mandate or secondary employment is approved.</p>
Money laundering	<p>In the financial industry, it is particularly important to comply with the requirements for combating money laundering and terrorist financing. VZ Group's policies and processes are designed to effectively prevent money laundering and terrorist financing and to identify all parties involved in such transactions. It is forbidden to have business relationships with companies and individuals that we know or have reason to believe belong to, support or finance a terrorist or criminal organisation. It is also prohibited to accept assets that we know or have reason to believe are derived from a crime or qualified tax offence, even if the offences were committed abroad.</p>
Market conduct rules	<p>We undertake to comply with all applicable laws, rules and regulations, also in transactions involving securities. In particular, insider trading and market manipulation by employees for their own benefit, for the benefit of third parties or for the benefit of VZ Group are prohibited. In addition, we prevent VZ Group from becoming involved in securities transactions for clients if there are indications of insider trading or market manipulation.</p> <p>As part of the regulatory audit plan of the external auditors, the topics of conflict of interest, money laundering, financing of terrorism and market conduct rules are audited for the entire VZ Group.</p>

Undeclared assets	We do not accept assets that have not been declared. If it turns out that assets have not been declared, we show how they can be retroactively declared. We only accept previously undeclared assets once they have been demonstrably cleared for tax purposes.
Human rights	<p>We are committed to respecting human rights. Within our sphere of influence, we support the protection and promotion of human rights and ensure that all employees act in accordance with internationally recognised human rights. We do not tolerate child labour, forced labour or other forms of exploitation. This applies to the entire VZ Group with all its locations and employees.</p> <p>We are active in Switzerland, Germany and England. Human rights are enshrined in the constitutions of these countries and in the European Convention on Human Rights. That is why VZ has no additional policy on human rights.</p>
Corporate governance	VZ Group applies corporate governance standards and best practices and clearly defines the responsibilities of the governing bodies and committees. Full details are published in the Corporate Governance section of the Annual Report.
Whistle blowing	If there are signs of misconduct or violations, we investigate the facts and take appropriate measures. All employees can report violations and abuses to their superiors, the Human Resources department or the Legal & Compliance team; employees with management responsibility are obliged to do so (whistle blowing). All employees are regularly instructed in training and information events on how to report complaints. We do not tolerate reprisals against people who report suspected violations in good faith.

5.3 Responsibilities and control

VZ Group's Board of Directors is responsible for compliance with and review of applicable regulations and for the effectiveness of the internal control system. The Risk, Sustainability & Audit Committee supports the Board of Directors, among other things, in complying with legal and regulatory requirements and in overseeing risk management. With the help of the internal audit department, it reviews the effectiveness of the control systems and processes and informs the Board of Directors.

Control system	The internal control system (ICS) is an important part of the Group-wide risk management. It comprises the control structures and processes that are the basis for proper operation and the achievement of business policy goals at all levels of the organisation.
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On the one hand, the ICS defines processes for units with client contact, the mid- and back-office. According to the Finma Circular Corporate Governance, these are the controls of the profit-oriented business units (first line of defence). On the other hand, the ICS includes the independent control bodies (risk control and compliance), which monitor the risks as well as compliance with legal, regulatory and internal regulations (second line of defence). The independent control bodies conduct regular reviews in cooperation with the profit-oriented units. In these reviews, significant risks are evaluated, controls are defined and documented.

Audits

Internal and external auditors carry out annual audits of all VZ Group companies based on a comprehensive risk assessment and the requirements of the supervisory authorities as well as of the Risk, Sustainability & Audit Committee. Compliance requirements are audited annually. The auditors inform the Risk, Sustainability & Audit Committee and the Executive Board in writing about the results of their audits. If necessary, the appropriate measures are initiated immediately.

5.4 Protection and security of data

VZ has confidential information and data that it must protect in accordance with bank-client confidentiality.

Information is divided into the categories secret, confidential, internal and public. Different security precautions apply for each of these categories. This classification defines how employees must handle the information when receiving, processing, disposing of or deleting it. Independently thereof, a clean-desk rule applies: employees must store away all documents and lock their computer even when they leave it for a short time. Documents containing sensitive data are disposed of in the designated shredder containers only.

We inform all clients transparently about what happens with their data. The respective country's data protection declaration is published on the local websites:

Switzerland: vzch.com/datenschutz

Germany: vermoegenszentrum.de/datenschutzerklaerung

UK: luminwealth.co.uk/privacy-policy

We do not sell personal data to third parties. How long data is stored depends on the legal and regulatory retention requirements and the processing purpose. VZ complies with the prescribed retention periods and safeguards its legitimate interests (e.g. for contacting and maintaining contacts) as well as the data storage for technical reasons.

We continuously monitor the legal requirements for data protection and information security and ensure that they are complied with. The parameters for compliance (e.g. local data protection laws, bank client confidentiality, good business practices) are specified and monitored by the Legal & Compliance, Risk and IT departments.

VZ is a member of several professional associations for a regular exchange of information with experts on data protection and information security.

Responsibility

Legal & Compliance or – where required by law – local data protection officers are responsible for ensuring that legal requirements are met. Responsible for the IT operations is the IT Board, where the heads of all IT departments are represented. In addition, there is an Executive Committee for all subsidiaries, which deals with key IT issues. The risk office is responsible for information security.

The Head Legal & Compliance, the Data Protection Officer and the relevant risk officer regularly inform the Executive Committee and the Risk, Sustainability & Audit Committee of the Board of Directors. Reporting is mainly based on the standard of the National Institute of Standards and Technology (NIST).

We resolve security incidents, analyse and assess them to identify risks and define preventive measures. If security breaches occur, we report them to the authorities in accordance with legal requirements and inform the affected individuals. There were no reportable incidents in 2022.

Cyber security

With digitalisation, cyber-crime is becoming an increasingly urgent problem and the threat is growing sharply. Therefore, cyber security has a high priority.

We proactively assess potential threats, take measures to protect IT systems, data and processes and keep them up to date. This is confirmed by annual audits by internal and external auditors. Moreover, we work with specialised partner companies, for example regarding the Security Operations Centre, for periodic security audits or penetration tests, and we network with the National Cyber Security Centre (NCSC). This government agency is responsible for combating cybercrime in Switzerland.

We also have established a response plan for security incidents. It details the procedure and responsibilities in the event of a security-relevant incident.

The majority of the essential IT systems are operated by external IT providers in Switzerland, including the Finnova banking software, VZ Finanzportal and the related systems. The risks of new outsourcing partnerships are thoroughly reviewed by the Business, IT Risk & Security, Risk Office and Compliance units. At least once a year, outsourcing partners are reviewed to ensure that they comply with all contracts and service level agreements (SLAs).

We also conduct ongoing awareness campaigns to sensitise employees to cyber security. They learn to identify and report suspicious emails. This helps them to know what to expect, what the attackers' targets are and how to react when they receive suspicious mails.

5.5 Employee training

Regular trainings

To ensure compliance with the regulations and directives, we regularly train all permanent, temporary and part-time employees on topics such as bank client and business secrecy, cybercrime, market conduct rules or the Financial Services Act (Fidleg). We also inform them about combating money laundering, terrorism financing and child and adult protection and repeat these training courses at fixed intervals. All employees must complete these training courses and answer the examination questions correctly.

Once a year, all employees confirm that they have complied with all applicable rules of conduct, directives and regulations and have fulfilled their duties. All directives and regulations are published on the intranet. In addition, we obtain an extract from the criminal and debt enforcement register; for employees from certain business areas annually, for the others every three years.

5.6 Organisation in relation to sustainability

On the Board of Directors, the Risk, Sustainability & Audit Committee will assume responsibility for all sustainability issues from 2023. In the reporting year, the Board of Directors appointed Manuel Rüttsche as the Executive Board's sustainability officer. He has been a member of VZ Group's Executive Board since 2018 and is responsible for the group's asset management. In addition, a Sustainability Committee was formed, which is chaired by Manuel Rüttsche and includes employees from Legal & Compliance and other business units. This committee meets at least once a month.



We are also committed to charitable and cultural causes. For example, VZ finances benches along hiking trails throughout Switzerland, our employees spend a few hours a year working in nature, experiencing ecological knowledge first-hand, and they pass on their professional expertise to students at universities and universities of applied sciences.

6.1 Sponsoring and charitable activities

In 2022, MyBluePlanet, Fragile Suisse, Dargebotene Hand (helpline for people in need) and the USZ Foundation were featured in the vz news. With well over 890,000 readers, vz news is a valuable platform for these organisations to present their work in order to gain members and receive donations (examples below).

Portraits in vz news

Das VZ unterstützt Fragile Suisse

Jedes Jahr erliden mehr als 22'000 Menschen eine Hirnverletzung, die meisten wegen einer Krankheit oder einem Unfall. «Viele Betroffene leiden unter körperlichen und kognitiven Einschränkungen. Nach der medizinischen Betreuung brauchen sie häufig Unterstützung im Alltag», sagt Martin D. Rosenfeld, Geschäftsleiter von Fragile Suisse. Die Patientenorganisation hilft seit mehr als 30 Jahren: «In der Schweiz leben über 130'000 Menschen mit Hirnverletzungen. Wir beraten sie kostenlos und gehen auf ihre individuellen Anliegen ein, helfen den Familien, mit der Situation zurechtzukommen und unterstützen bei versicherungsrechtlichen Fragen.» Die Beraterinnen und Berater von Fragile Suisse sind Fachleute aus dem Sozial- und Gesundheitswesen. Sie arbeiten eng mit anderen Expertinnen und Experten, Behörden und Leistungserbringern zusammen. «Hirnverletzungen sind sehr komplex und werden oft nicht verstanden, da ihre Folgen vielfach unsichtbar sind. Darum sind die Hürden bei der Durchsetzung von Ansprüchen bei den Sozialversicherungen deutlich höher als bei anderen Behinderungen. Das muss sich zwingend ändern», sagt Rosenfeld.

i Das VZ unterstützt diese Initiative. Helfen Sie mit – etwa mit einer Spende. Fragile Suisse ist Zewo-zertifiziert und garantiert den wirksamen Einsatz Ihrer Spende. Alle Angaben unter www.fragile.ch



Vom Cockpit zum Klimaschutz: Darum unterstützt das VZ MyBluePlanet

Daniel Lüscher war Pilot bei Swiss und Swissair, bevor er auf den Umweltschutz umstieg. Warum? «Auf meinen Flügen konnte ich anschauen, wie sich der Klimawandel auswirkt. Ich sah, wie der Schnee auf dem Mont Blanc immer weniger wurde und wie die Eiskappen im hohen Norden schwanden. Das führt ein.» Lüscher beschloss, etwas zu tun, und gründete MyBluePlanet. Das ist 15 Jahre her. Heute ist MyBluePlanet eine unabhängige gemeinnützige Organisation mit 15 Angestellten, 150 Freiwilligen und Partnern wie dem Bundesamt für Umwelt. Mit zahlreichen Projekten sensibilisieren Lüscher und sein Team die Schweizer Bevölkerung. Sie führen nachhaltige Verhaltensänderungen im Alltag herbei, helfen Firmen dabei, umweltfreundlicher zu wirtschaften, entwickeln mit Lernenden Ideen für den Umweltschutz im Betrieb, installieren mit Schulen und Elektrizitätswerken Solaranlagen auf Schuldächern, setzen sich für die Verlängerung der Lebensdauer von Gegenständen ein – und, und, und.

«Die Zeit drängt», sagt Lüscher. Er denkt an irreversible Kipppunkte wie den auftauenden Permafrost. Das löse im Ökosystem unkontrollierte Prozesse aus.

i Das VZ unterstützt diese Initiative. Helfen Sie mit. Werden Sie Mitglied oder tragen Sie mit einer Spende dazu bei. Menschen für den Klimaschutz zu begeistern. Sie können selbst entscheiden, für welche Nachhaltigkeitsprojekte Ihr Beitrag verwendet wird. Detaillierte Infos finden Sie unter www.myblueplanet.ch

Das VZ VermögensZentrum unterstützt die Dargebotene Hand

Erschöpft, gestresst, verzweifelt: Es gibt viele Gründe, warum man über das Sprechen möchte, was einen beschäftigt. Doch nicht alle haben Menschen an ihrer Seite, mit denen sie über alles reden können. Hier springt das Sorgentelefon 143 ein. Die Dargebotene Hand ist rund um die Uhr da, damit Hilfesuchende im Schutz von Anonymität und Vertraulichkeit über Probleme in allen Lebenslagen sprechen können.

«Zuhören, im Gespräch präsent sein, die Gefühle hinter den Fassaden wahrnehmen – das trägt, heilt und verbindet. Es ist unser kleiner, wertvoller Beitrag, um Spaltung, Aggression und Frustration abzubauen», sagt Tanja Kocher, Präsidentin des Dachverbands der Dargebotenen Hand. 20 bis 30 Minuten dauern solche Gespräche im Schnitt. Für viele sind diese Momente ein Rettungsanker. Die Dargebotene Hand ist ein wichtiger Akteur im Bereich der psychosozialen Grundversorgung. Mit ihrem Angebot trägt sie zum Wohlbefinden der Bevölkerung und zur Senkung der Gesundheitskosten bei.

Das Sorgentelefon 143 kann nur dank dem unentgeltlichen, oft langjährigen Einsatz von über 700 gut ausgebildeten Freiwilligen funktionieren. Sie sind mindestens 20 Stunden pro Monat im Einsatz, um Menschen zuzuhören und für sie da zu sein – seit mehr als 60 Jahren. Für diese Leistung hat die Zeitschrift Beobachter die Dargebotene Hand 2020 mit dem «Prix Courage Lifetime Award» ausgezeichnet.

i Das VZ unterstützt diese Initiative. Helfen Sie mit – etwa mit einer Spende. Die Dargebotene Hand ist Zewo-zertifiziert, politisch und konfessionell neutral und auf private Spenden angewiesen. Mehr Infos unter: www.143.ch



Das VZ unterstützt die USZ Foundation

«Unser Ziel sind medizinische Neuerungen, die Leben retten und die Lebensqualität der Patientinnen und Patienten verbessern», sagt Corinna Adler, Geschäftsführerin der USZ Foundation.

Die gemeinnützige Stiftung des Universitätsspitals Zürich unterstützt zum Beispiel Projekte, die präzisere Therapien gegen Krebs ermöglichen oder neue Methoden entwickeln, um Herzkrankungen zu erkennen. «Das Innovationspotenzial ist enorm. Viele neue Behandlungen sind zum Greifen nah, kommen aber nicht weiter, weil die Finanzierung fehlt», sagt Adler. Hier springt die USZ Foundation ein.

Patienten profitieren unmittelbar

Gemeinsam mit Ärztinnen, Ärzten und Pflegeenden wählt die Stiftung Projekte aus, die mit den nötigen Mitteln rasch vorankommen und erfolgreich abgeschlossen werden können. «Viele Gönnerinnen und Gönner wollen einen Bereich fördern, weil sie im Unispital gut betreut wurden und etwas zurückgeben möchten. Wir bringen sie mit Forschenden zusammen, damit sie mit ihnen das passende Projekt finden. Wichtig ist, dass Patientinnen und Patienten unmittelbar davon profitieren.»

i Das VZ unterstützt diese Initiative. Möchten Sie mithelfen? Mit einer Spende oder einem Legat gestalten Sie die Zukunft der Medizin mit. Mehr Infos unter: www.usz-foundation.com



>>venture>>

Since 2009, VZ has been a sponsor of >>venture>>, the premier competition for aspiring entrepreneurs in Switzerland. The competition supports innovative young people to transform business ideas into start-up companies. Matthias Reinhart, founder of VZ, is a member of the Advisory Board and helps select the winners.

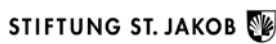


We provide all our employees with free admission tickets to Zurich Zoo. In this way we support the zoo as a nature conservation centre. After all, only those who know animals will protect them.

Every year we create books together with external partners, which we publish as an exclusive edition. The books cover cultural or ecological topics. More than 30,000 copies are sent to our clients each year as Christmas gifts. These gifts are wrapped in sheltered workshops, because participation in the working world is an important factor for self-esteem and social recognition. We partner with the following organisations:



ESPAS is committed to the social and vocational rehabilitation and integration of people with mental or physical impairments.



The St. Jakob Foundation offers people with an impairment market-oriented work in a social environment and thus promotes their integration.



In French-speaking Switzerland, Polyval helps people who receive a disability pension or face social difficulties to become more independent and to integrate into the world of work and society.

In 2022, we will establish an umbrella foundation for charitable purposes. The foundation enables clients to financially support charitable causes beyond their death. They specify what purpose their donations should serve, and the foundation board selects suitable institutions or projects to which the money is paid out in their name or anonymous. VZ assumes the costs for the administration of the foundation.

6.2 Our employees' commitment

Supporting biodiversity

Every year, individual teams and entire departments reserve a day for voluntary work in nature, organised by Naturnetz. Naturnetz is committed to nature throughout Switzerland by maintaining and enhancing nature reserves and other ecologically valuable areas in order to restore a species-rich cultural landscape.

naturnetz



In numerous field interventions, invasive species (neophytes) are combated in order to strengthen biodiversity. Neophytes are one of the greatest threats to biodiversity. They can crowd out native species, cause health problems and economic damage. In Switzerland, the most harmful neophytes include Japanese knotweed, Canada goldenrod, summer lilac and cherry laurel.



With neophyte control, employees experience first-hand ecological knowledge and realise how they can impact and sustainably shape the environment through their actions (photos: Japanese knotweed control mission).



In recent years, we have donated over 700 wooden benches located along hiking trails throughout Switzerland. The benches are made by foresters on site from local woods. In every vz news there is a hiking tip that guides readers to these spots.



Every five years, our wealth management clients receive a jar of Swiss honey as a thank you for their loyalty. This honey is produced by beekeepers who meet high standards of beekeeping. It is certified by the Bee Family company located in Frasnacht, which is committed to the protection of bees.

Internal seminars take place in Hausen am Albis. The park at the facility is a listed garden. With its tree population, the fruit and vegetable garden and the variety of plant species, it makes an important contribution to the preservation of biodiversity in the region.

Talks and lectures



Our experts volunteer to give talks and guest lectures at universities and universities of applied sciences free of charge. In 2022, for example, they spoke at the University of Applied Sciences for Business Administration Zurich (HWZ), the University of Applied Sciences and Arts Lucerne (HSLU), the University of Zurich and the University of St. Gallen (HSG).

6.3 Cultural commitment

For many years we have been committed to cultural institutions such as Haus Konstruktiv in Zurich, Tonhalle Zurich, Casino Winterthur and Camerata Schweiz, which specialises in promoting musical talent. In the spirit of a sustainable relationship, we support these institutions in the long term.

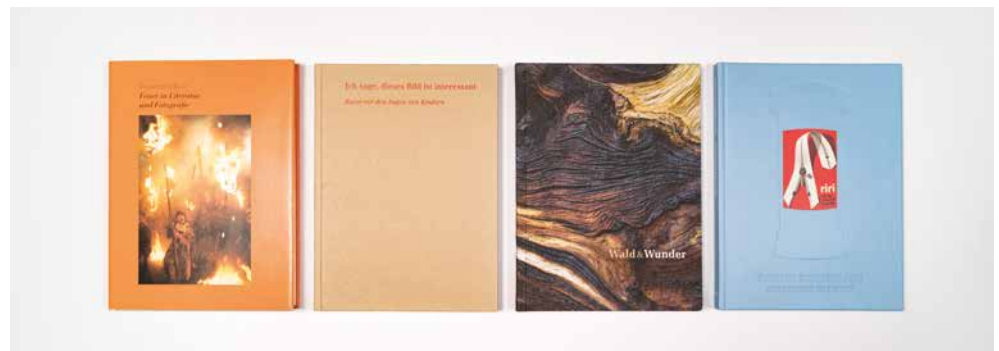


Concerts

Our clients benefit directly from this commitment. The summer concert with Camerata Schweiz at the Tonhalle Zurich or the KKL Lucerne is very popular and fully booked every year.

Books

For a number of years now, we have been giving our clients books as Christmas gifts. Together with external partners, we create these books from A to Z and publish them as an exclusive print in our own publishing house. So far, four series with four volumes each have been published. Every series revolves around a cultural or ecological theme.



6.4 Expert knowledge on old-age provision

The topics concerning old-age provision are diverse and complex. A research team at Lucerne University of Applied Sciences and Arts has investigated the level of knowledge of the Swiss population in this area (Lucerne University of Applied Sciences and Arts, *VorsorgeDIALOG: Financial Literacy mit Fokus Altersvorsorge*, 2021). The study shows that a large part of the respondents are hardly familiar with the topic. According to this study, many are not even aware that they lack knowledge. This means that there is a great danger that they will make the wrong decisions when it comes to their old-age provision.

We are committed to closing this knowledge gap and to promoting the debate on old-age provision. An important tool for this are the free vz news, which provide concise and comprehensible information on key topics five times a year. In addition, we hold around 500 information events throughout Switzerland every year to improve participants' knowledge. Countless books, fact sheets, studies and a comprehensive online knowledge library on all relevant topics related to old-age provision round off our knowledge transfer. In the reporting year, we published various analyses concerning the OASI reform. Before the vote, we explained exactly what the text of the law means. And after the vote, we summarised the new rules for retirement and outlined what women should know about them.

VZ books on financial topics



Additional reference books are published in cooperation with third parties, such as Beobachter, the Homeowners' Association and the Swiss Paraplegics Foundation.

Useful online information

We want to offer our clients as much value as possible online. Our website offers a wide range of knowledge and specialist articles, as well as videos on topics such as investments, retirement, inheritance, mortgages and insurance.





SOCIAL RESPONSIBILITY AS AN EMPLOYER

We understand that our long-term success depends on loyal, committed and competent employees. VZ is constantly expanding its services and opening up new markets and business areas. In order to achieve this, we need to attract new talent. Our success lies in offering attractive and secure jobs. We invest significantly in the training and further education of our employees and have a fair and long-term oriented salary policy. We ensure equal opportunities, do not tolerate discrimination and treat all employees equally regardless of gender, age, origin and sexual orientation. Moreover, we are committed to ensuring that everyone is protected from discrimination and to promoting the health of our employees.

Our Human Resources department is responsible for recruiting, people development and services and reports directly to the Executive Board. Initiatives are developed and implemented together with the Executive Board. Monthly reports provide information on open positions, applications, time-to-hire, or ongoing measures.

7.1 Attractive and secure jobs

Meaningful work in a positive culture

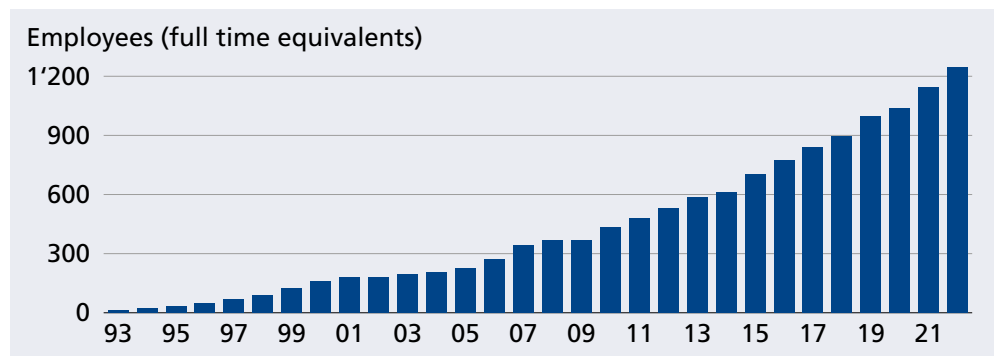
At VZ, every individual makes an important contribution to ensuring that our clients retire well prepared. To this end, we challenge and encourage our employees in a collegial environment that leaves plenty of room for personal initiative and development, putting our clients and their needs at the centre. We are open, straightforward, fast and direct. Characteristic of our open and down-to-earth culture are the few hierarchies and the promotion of entrepreneurial thinking and behaviour. We promote the cohesion of the VZ community with events and activities outside working hours.

Many opportunities for individual careers

Perspectives are written in capital letters at VZ. Thanks to the strong growth, there are unusually diverse career paths that are developed individually by employees, managers and HR. We actively promote these development opportunities with a systematic process – even outside the job profile. That is why, for example, vacancies are always advertised on the intranet first.

Since its foundation in 1993, VZ has been able to create jobs year after year. We are also proud of the fact that we have never had to lay anyone off for economic reasons. By the end of 2022, VZ Group employed more than 1300 people.

VZ creates attractive jobs



The strong growth creates a high level of job security and opens up many opportunities. Careers in new specialist areas are also emerging constantly. Therefore, there is plenty of room for both specialist careers and management careers. All new managers complete a multi-level leadership training. Many employees have also signed up for a mentoring programme. Here, the focus is on cross-divisional exchange, support with leadership topics and personal development.

At VZ, everyone can help shape our future

Innovative and progressive thinking is anchored in VZ's DNA. Every employee can launch innovative projects. In order to facilitate participation, we have developed an innovation programme. Suggestions for improvement can be submitted via the ARENA platform, such as optimising a process or launching a new business. ARENA creates an open, collaborative environment to generate, develop and implement ideas. Anyone who knows something about a topic can volunteer to work on a project – this is how we tap into our employees' full potential.

Even apprentices
join in



VZ Kickbox is an important innovation tool. It supports good ideas through a systematic process to the point of major innovation. For promising ideas, VZ provides financial resources, time, a suitable network and now also the support of a member of the Group Executive Board. We have already received several ideas for a more sustaina-

ble orientation of the company. For example, at the suggestion of a staff member from Portfolio Management, we have installed water flow limiters at VZ Zurich to reduce water consumption. Oliver Feldmann, one of our apprentices, has developed his idea to introduce a «VZ Climate Credit Card» with his Gold Box. His idea was recommended for implementation by the Innovation Committee. We are particularly proud that even apprentices get actively involved in our company's further development.

Transparent information on developments at VZ

It is essential to us that all employees understand why we do what we do. Only then can they think in the right direction and develop new solutions for the benefit of our clients. To ensure that everyone understands the big picture and VZ's raison d'être, we attach great importance to comprehensive communication. For example, at our kick-off event at the beginning of each quarter, we inform all employees about the business development and VZ Group's ongoing projects. We also share current and relevant information regularly on the intranet.

Participative feedback culture

We make sure that managers and employees are in a regular dialogue. We lead situationally so that everyone can develop individually according to their level of knowledge and their personality. Our feedback culture enables all employees to contribute their self-assessment and personal goals. The exchange with superiors takes place regularly – up to 20 times a year, depending on the job. Some areas conduct so-called «bi-weekly check-ins» as part of an OKR framework (Objectives and Key Results). In these meetings, employees collaborate on the definition and implementation of the company’s goals. Regular joint reflection creates a great deal of transparency and flexibility in the pursuit of goals and provides an opportunity for mutual, constructive feedback.

High satisfaction and motivation

We have the satisfaction and motivation of our employees surveyed every three years by ValueQuest, an independent external institute. The last survey was conducted in 2021. It revealed that the VZ offers an above-average positive working environment that leaves room for personal development. VZ received 80 out of 100 points from its employees, placing it in the top 20 percent in the financial sector.

VZ ranks among the top 20 percent employers in our industry



Anyone leaving the company is invited by HR to a confidential interview. These interviews help us to continuously check across all areas and levels whether and where we can improve.



VZ is a successful recruiter. This is important to attract new talent. In 2022, we participated in the pan-European recruiting survey again and ranked among the top 15 percent in Switzerland.

7.2 Education and training

Our employees have an excellent reputation with our clients and throughout the industry. This is something we are proud of. We know that their competence is the most important prerequisite for our success. And we can only be successful in the future if they continue to train. That is why we support and promote the training and further education of our employees as much as possible, because we see this as a strategic priority and an investment in the future.

External further training

VZ generously supports external further training as well. Depending on the training (university of applied sciences, federal diploma, bachelor's or master's degree or postgraduate training), VZ will cover all or half of the costs. Cost coverage is defined in consultation with the supervisor. Depending on the amount, employees commit to continue working at VZ for 12 to 36 months after completing the training. Otherwise, they have to pay back the costs assumed. On average over the last few years, around 20 percent of employees are in external training supported by VZ at any given time.

Internal training and development

Internal training and development programmes are just as important. The VZ Career Programme is our own academy with over 70 modules covering all relevant areas. This breadth and depth of topics is unique in the financial industry.

The VZ Career Programme covers all relevant areas: Employees who are new to VZ attend an introductory day that provides an overview of the services, departments and contact persons. It is followed by a two-day Introductory Training Programme, which provides a comprehensive picture of all fields of activity at VZ. Each department introduces itself, employees from different departments get to know each other and can exchange ideas. During their first weeks at VZ, employees also complete various e-learning courses and get to know the main functions of our CRM system.

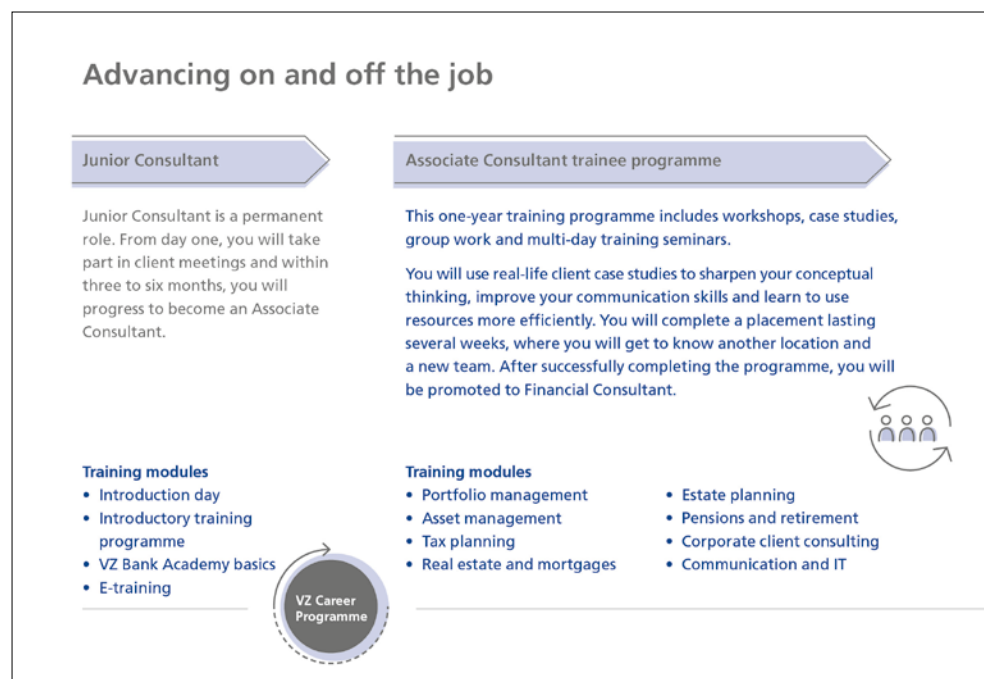
Employees who have been working with VZ for a longer period of time can complete more advanced modules: Conversation training, writing workshop, client base management and workshops to improve presentation, project management or leadership skills.

The core of the Career Programme is our own trainee programme. Every year, we give around 60 graduates of (technical) universities the opportunity to enter the financial sector. In the trainee programme, our financial consultants learn to analyse the needs of their clients concerning assets, old-age provision, taxes and income and to develop tailor-made concepts. This expertise is unique and requires comprehensive training. The programme is demanding and teaches specialised knowledge on topics such as financial investments, taxes, retirement planning, estate and real estate financing. The content is taught in lectures and workshops, supported by e-learning and apps (quiz duels).



To ensure the quality of our training programmes, we have them certified by SQS according to the EduQua standard. SQS is the leading organisation for certification and assessment services in Switzerland. The VZ Career Programme has carried the EduQua seal of approval since 2011.

Learning on and off the Job



VZ eTrain

Our new learning app VZ eTrain offers off-the-job learning opportunities. It allows users to practise new skills, deepen and test their knowledge.

Digital Talks

Digitalisation and technology are important elements of our continuing education. Digital Talks are organised to facilitate the exchange of knowledge with internal and external speakers. Topics such as decentralised finance, robotic process automation, cryptocurrencies, blockchain or artificial intelligence (AI) in banking were covered. The monthly digital talks are recorded and made available to all interested parties on the intranet. Some departments started to measure the digital readiness score of their employees and to improve it in a targeted manner. This helps us to strengthen the skills of our employees in the company and their value on the labour market.

Stints across business areas


Those who want to familiarise themselves with the work in a different area can sign up for short stints to gain insight into the tasks and daily business for a few hours.

Apprenticeships and internships

In Zurich and Berne, we offer several apprenticeships every year in banking, private insurance, fiduciary services, application development and IT systems technology. Young people with different profiles can also explore different areas of the financial industry through an internship. Up to 50 people benefit from this opportunity every year.

Our education and training principles are summarised in an andragogical mission statement:

Andragogical mission statement



Andragogic model

VZ is an agile company and continually adapts to the future. We embrace a corporate culture that allows change and promotes learning as an individual, team and organisation. Ongoing learning also entails regular “unlearning”, that is to say the dismantling of traditional ways of thinking. Our goal is to foster our unique consultancy, management and learning culture while growing at the same time.

Our success is based on innovative ideas and the expertise of our staff. One of our strategic priorities is to develop these resources to ensure our further growth and success. We believe the VZ CareerProgramme to be a key component in VZ’s development as well as the development of our employees’ careers. That is why we invest so much in practice-based training and education.

We adhere to the following principles:

- We respect our employees with their skills and potential. We encourage them to focus on their professional and personal development.
- We aim to provide them with professional expertise that is both highly practical and of an extremely high quality.
- Our training methods are modern, diverse, target-oriented and practice-based and they are tailored in line with our employees’ needs.
- As part of the VZ CareerProgramme, we encourage our employees to share their experiences and embrace a fair, direct and open feedback culture.

7.3 Attractive working conditions

Fair and long-term oriented salary policy

In order to remain successful in the long term, we need to attract, develop and retain qualified and loyal employees. Our remuneration system is geared towards this goal. Remuneration is designed to support VZ’s strategy and promote a corporate culture that contributes to long-term success. Client satisfaction is at the heart of everything our employees do. Therefore, all employees are measured by their direct and indirect contribution to the clients’ satisfaction.

The remuneration for a full-time position should be sufficient to ensure a decent standard of living in the employee’s place of residence. As a rule, our employment contracts are open-ended: At the end of 2022, only 4 percent of all employees had a fixed-term contract. Most of these are apprentices or employees working on a project for a limited period of time.

Four principles of our remuneration

1 Objective and fair

Objectivity is the basis of a fair remuneration system and ensures that no one is discriminated against. That is why objective criteria are at the forefront when determining compensation.

In 2020, VZ Group’s Executive Board had the salaries of the entire group analysed using the federal government’s standard analysis tool (Logib). The analysis did not reveal any significant inexplicable pay differences between women and men. PwC reviewed the results and confirmed that it «did not come across any facts from which it would have to conclude that the analyses do not comply with the legal requirements in all respects.» The

analysis was repeated in 2021 and 2022 using the same methodology and tool, and again no significant unexplained wage differences between women and men emerged. The last two analyses were not audited by PwC because an external review is only required once under the Equality Act.

2 Performance-oriented

At VZ, remuneration primarily reflects a person's performance and function (competencies and responsibilities). In addition to individual performance, work in a team and across departments is encouraged and recognised. In certain functions, experience or specific know-how are also important components. In addition to fixed compensation, remuneration can include variable components – especially where individual performance is measurable and contributes directly to the company's success.

3 Competitive

Only with a competitive remuneration system can VZ Group recruit and retain enough staff. That is why we are guided by the remuneration models of companies that compete with us for talent.

4 Long-term

VZ Group's corporate culture is geared towards long-term success. This is evident in the services, processes and structures and especially in the development of employees. The remuneration system is also designed to support our long-term and sustainable development. That is why the variable components in particular are designed in such a way that no conflicts arise with the interests of the company. For example, the remuneration must not create incentives to take disproportionate risks. Management employees receive part of their variable remuneration in the form of blocked VZ shares. This aligns their interests with those of the company and reinforces their long-term commitment. In 2022, 40.1 percent of employees benefited from our management benefit programme.

Flexible working models

VZ offers flexible working models to promote a healthy work-life balance. The options for part-time work and home office are regulated in our directives. Working hours are based on legal requirements and operational needs. Beyond that, employees can organise their working hours flexibly. Around 80 percent of all advertised positions at VZ Group are open for a part-time work schedules. At the end of 2022, around 40 percent of all employees were working part-time. Flexible models are also open to management staff. Up to two days of home office per week are granted. In implementing these arrangements, we are guided by the needs of our clients and comply with all laws, regulations, directives and work instructions.

Holidays and unpaid leave

Employees with a full-time work schedule are entitled to 25 to 28 days of paid leave per year. This also applies pro rata temporis to employees who work part-time or who are employed on a temporary basis. In the year under review, 41 employees went on unpaid leave.

Maximum working hours	The Labour Code sets the maximum working hours for employees in Switzerland (Federal Act on Work in Industry, Trade and Commerce). Overtime and excess hours are regulated there and in the Swiss Code of Obligations (OR). VZ Group also regulates these aspects in its directive «Working Hours and Holidays».
Freedom to organise	We respect our employees' right to organise in a workers' association. Members are neither discriminated against nor favoured, and we do not collect information about membership. The CO prohibits dismissals on the grounds that employees are members of an employee association or are lawfully engaged in trade union activities. There are no statutory collective agreements in Switzerland, and VZ has not joined any voluntary ones.
Non-salary benefits and gifts	<p>Our employees can take out cheaper insurance with VZ, benefit from preferential conditions for mortgages and banking services and receive advice at a reduced fee. These benefits also apply to part-time and temporary employees.</p> <p>All employees are insured under the compulsory accident and supplementary accident insurance scheme. VZ pays the insurance premiums for treatment costs in the private ward in hospital in the event of accidents at home and abroad. The pension fund benefits exceed the compulsory benefits, and VZ bears 60 percent of the contributions to the pension fund. The contributions to the daily sickness benefit insurance are paid in full by VZ.</p> <p>After a certain number of years of employment, employees receive anniversary gifts in the form of paid leave or additional remuneration. Coffee, tea, cold drinks and fruit are offered daily at all VZ locations.</p>
Promotions	Employees who perform above average can be promoted to a rank or management level depending on the business area. Performance is assessed according to objective quantitative and qualitative criteria, e.g. achieving budgets, participating in projects, transferring knowledge, etc. Superiors propose promotions to the department's nomination committee. Beyond a certain rank, promotions are approved by the Executive Board and the Board of Directors.
Equal opportunities	<p>Everyone deserves the same opportunities and fair treatment, regardless of gender, age, origin or sexual orientation. That is why bullying, discrimination and sexual harassment are not tolerated at VZ, and we are committed to ensuring that everyone is protected from these, because everyone has a right to protect their personal and sexual integrity. Anyone who violates this principle must expect severe sanctions. All employees of VZ Group are informed as to what we expect of them and what they can rely on. The principles on this issue are contained in the guideline "Bullying, Discrimination and Sexual Harassment in the Workplace".</p> <p>Employees who feel bullied, discriminated against or sexually harassed have a right to defend themselves and receive support. On the intranet they will find detailed recommendations and the names of the persons of trust they can turn to. The superiors and the two confidential counsellors take their complaints seriously and are bound to secrecy. The confidential counsellor will have a confidential conversation with the harasser. They</p>

will then decide together on the further course of action. No further steps will be taken without the consent of the person concerned. All those involved undertake to exercise the greatest possible discretion.

Our values are set out in VZ Group's Code of Conduct. This code forms the basis of our corporate culture. Internal directives substantiate the topics covered in our Code of Conduct.

Do you contribute towards VZ's positive reputation?

VZ trusts you to adhere to the rules set out in this Code of Conduct. If you can answer these five questions in the affirmative every day, then you have earned this trust:

- Does my work focus on realising benefits for our clients?
- Do I help within and outside VZ to earn our positive reputation?
- Do I perform my work with interest and commitment?
- Do I treat my colleagues with respect?
- Does my performance contribute towards VZ's success?

Welcome to the team: we are pleased that you help developing VZ further!

Flexible working models help to improve equal opportunities. That is why VZ also offers many part-time positions in a job-sharing model. Pragmatic solutions are also sought for short-term emergency situations (care of parents or children, personal needs). More than 80 percent of all mothers remain employed at VZ after maternity leave. At 16 weeks and 100 percent pay, maternity leave is more generous than the statutory regulations.



Karin Brunner and Sarah Wagner both work 65 percent and run the estate consulting division in a top-sharing arrangement.

At the end of 2022, women accounted for 40.7 percent of the workforce. In management, this share is 26.4 percent. There are no women on VZ Group's executive board.

Health initiatives

Each year, we choose a focus area to support the health of our employees:

- 2016 Dealing with stress
- 2017 Healthy eating at the workplace
- 2018 Exercise in and outside the workplace
- 2019 Yoga at VZ
- 2020 Step challenge
- 2021 Bike to work
- 2022 Activity Challenge

Over the course of five weeks, 215 employees in 55 teams of 4 collected steps during the Activity Challenge. Together, they covered a total of 80,607,256 metres.

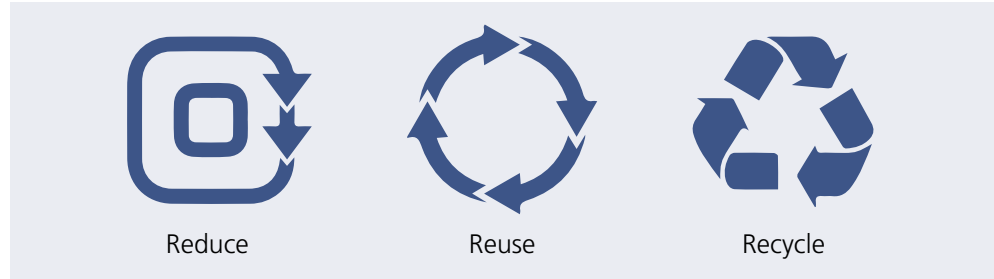
We provide all employees with height-adjustable desks. This allows them to optimise their work at the computer screen and prevent ailments.



ENVIRONMENTAL RESPONSIBILITY

We are committed to the sustainable use of resources and have implemented a number of measures, for example the use of renewable energy and recycled paper.

The principles we adhere to



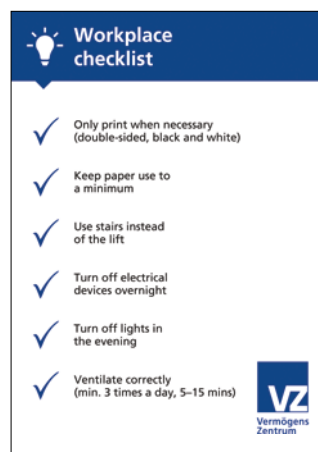
We reduce our consumption, look for ways to reuse materials and recycle as much as possible.



In 2019, employees from different areas founded the RUN Committee. RUN stands for ressourcenschonend, umweltbewusst und nachhaltig (resource-conserving, environmentally conscious and sustainable). The committee is the point of contact for anyone who wants to contribute ideas and suggestions for improving environmental sustainability. The members develop and define measures that drive a more environmentally conscious and sustainable future of our business.

The committee usually presents a new measure every quarter. At the same time, it raises awareness among all employees. For example, RUN encourages them to behave more sustainably in their daily routine, using less paper or electricity at work and at home. As part of this effort, the committee has created a checklist for all employees.

In the year under review, the committee used, among other things, the company-wide lock screen to inform employees about eco-topics at regular intervals. Through this channel, for example, they were encouraged to save paper and electricity.



8.1 Saving energy and other resources

In 2022, we used 1116 kWh of electricity per full-time position in Switzerland. Energy-saving LED lighting is standard in new and renovated buildings. Wherever possible, we also switch to LED in existing buildings to save electricity and extend the service life. We also use motion detection to make sure the light only turns on when needed. In addition, older systems and devices are constantly replaced by new, more energy-efficient models.

naturemade

● ● ● ● star

In Switzerland, VZ uses electricity from renewable sources. We use hydro and solar power certified as naturemade star only. The hydro energy meets the highest environmental standards for the protection of water bodies and the species living in them, and has the best track record in Europe. In the vicinity of naturemade-star-certified hydroelectric power plants, environmental improvements are continuously made and the construction of new power plants for green energy is promoted.

If electricity cannot be obtained directly from renewable sources, we buy certificates of solar power to promote the expansion of solar power plants in Switzerland.

In the year under review, we introduced energy-saving measures primarily at our largest location in Zurich and, where possible, at our other locations in Switzerland, Germany and England. Our aim is to help prevent a power shortage.

Heating measures

In the offices, the temperature was lowered to 21 degrees, at night and at weekends to 18 degrees. The room temperature is controlled centrally rather than via individual radiators. All thermostatic valves were checked by a plumber and set to the correct temperature. The radiators were vented so that the whole space is heated optimally. In addition, we informed our colleagues that they should neither open nor close the radiators completely.

Ventilation measures

Part of our office space has ventilation. The operating times were adjusted to the actual use of the space. Now they are switched off when offices are not in use. Heat recovery has been tested and our colleagues have been briefed that they can improve the air quality with push and cross-ventilation without losing heat.

Lighting measures

The illumination of all shop windows, showcases and VZ logos is switched off at 10 pm.

Employees are encouraged to climb stairs instead of taking the lift, wash their hands with cold water and turn off computers completely whenever they are not in use for a longer period of time.

Commuting and travels

All VZ branch offices are centrally located and within walking distance of a train station. The central location makes the workplace attractive and encourages the use of public transport. At our locations, we offer covered parking areas for bicycles but only a few parking spaces. That's why most employees commute by public transport, by bike or on foot.

Only a few employees travel on our behalf between branch offices in Switzerland and abroad for specific purposes. They mainly use public transport. That is why we do not have a fleet of vehicles, and air travel is hardly a factor either. If business trips by plane make sense, the CO₂ emitted is compensated.

8.2 Reduce consumption and recycle

We reduce our paper consumption by prioritising digital communication channels where it makes sense. For example, more and more clients are dispensing with printed bank statements and access information on demand in our financial portal instead. Our clients receive insurance quotes and completed tax returns electronically. The introduction of e-bill last year enabled us to stop sending paper invoices in some business areas. All these measures contribute to reducing paper consumption.

Where we decide to hand over printed documents, we keep the environment in mind: *vz* news, which are sent to over 890,000 households, are printed in a climate-neutral way.

In 2021, we decided to use recycled paper for all other printed matter. The changeover took place in 2022. The recycled paper is certified with the Blue Angel seal. This seal guarantees that 100 percent of the paper fibres were obtained from waste paper. No trees have to be felled in the process, and valuable habitats for animals and plants are preserved. Recycled paper also scores well in other respects: its production uses around 70 percent less water and 60 percent less energy than virgin fibre paper. The Blue Angel label also guarantees that no harmful chemicals or optical brighteners are added to the paper during production.

At our premises, recyclable materials are separated and as much of it as possible is recycled. Among other things, paper, cardboard, PET, aluminium, electronic waste and toner are collected and fed back into the recycling loop. To reduce the amount of waste, all employees use glass bottles that they can fill up at water dispensers. This alone saves more than 100 tonnes of PET per year.

8.3 Reduce greenhouse gas emissions

Greenhouse gas emissions are divided into three scopes: Scope 1 includes all direct emissions, i.e. those from sources within the company. Indirect emissions from electricity, steam, heating and cooling purchased by a company are reported in Scope 2. All other, indirect upstream and downstream emissions, e.g. from manufacturing and transporting of purchased goods as well as emissions due to commuter traffic, are included in Scope 3.

A large part of our emissions are classified in Scope 3 and originate in particular from commuter traffic. In 2022, per employee on a full-time basis, CO₂ emissions amount to 1.39 tonnes.

	t CO ₂ e ¹
Scope 1 – direct emissions	208
Scope 2 – indirect emissions from purchases	165
Scope 3 – other indirect emissions	1'269 ²
Total	1'642
	t CO ₂ e ¹
Electricity ²	65
Heat	395
Transport	723
thereof commute ³	375
Paper	437
Water	4
Waste	18
Total	1'642
	t CO ₂ e ¹
Per FTE	1.39

1 In tonnes (t) greenhouse gas emissions in CO₂ equivalents (e). The emissions were calculated using the Vfu key figures (version 2022) and include certain assumptions and estimates.

2 External data centres are not included.

3 The majority of employees travel by public transport.

Association for the decarbonisation of the local industry

In 2022, VZ Depository Bank Ltd co-founded an association for the decarbonisation of the local industry (Verein zur Dekarbonisierung der Zuger Industrie). The association, with representatives from industry, energy, finance and research, adopted a joint strategy to develop rapidly implementable and holistic approaches to reducing CO₂ emissions. The focus is on high-temperature processes and logistics.

Industrial high-temperature processes rank third in Switzerland's energy consumption. The association plans to build a plant in Zug that will generate hydrogen in a new process. The process is based on methane pyrolysis, in which hydrogen (H₂) is split off from methane (CH₄).

The association aims to contribute to the rapid implementation of this technology in industrial operations. With their broad professional backgrounds, the partners in the association's network cover the entire value chain.

This Sustainability Report is published in German and English. If there are any differences, the German version prevails.

Electronic information

Additional information on VZ Group can be found on our website: www.vzch.com

Disclaimer

All statements in this report that are not historical facts are forward-looking. They do not guarantee future results and contain uncertainties, for example regarding the development of the economy, laws, market conditions and other factors that are beyond the company's control.

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