



**REPORT ON NON-FINANCIAL
MATTERS 2023
VZ GROUP**

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INTRODUCTION

In this report, we disclose how VZ Holding Ltd and its consolidated subsidiaries deal with the non-financial matters listed in Art. 964a ff. of the Swiss Code of Obligations.

The report is based on VZ Group's business model and contains all essential information on environmental, social and employee matters, the respect of human rights and combating of corruption.

The first chapter presents the business model, which is followed by the individual aspects of non-financial reporting. Our concepts and due diligence checks, the effectiveness of the measures we take, the management of material risks, and the performance indicators are listed for each aspect.

VZ Group publishes both a detailed annual report and a sustainability report. Among other things, the annual report discloses remuneration and documents our corporate governance.



Matthias Reinhart
Chairman of the Board of Directors



Roland Iff
Member of the Board of Directors

Zug, 29 February 2024

VZ Group includes VZ Holding Ltd and all its consolidated subsidiaries. VZ Holding Ltd is a public limited company under Swiss law and has its registered office in Zug. Its shares are listed on the SIX Swiss Exchange. VZ has branches in around 40 locations in Switzerland, Germany, and England.

Financial Consulting

In Switzerland, VZ VermögensZentrum has been offering fee-based financial consulting for over 30 years. Every year, clients plan their retirement with us, have their investments reviewed, finance their real estate, review their insurance policies, or settle their estate.

Our independent financial consulting is primarily aimed at individuals and couples with residential property who are about to retire. Demographic trends are an important driver for our business. This market is steadily growing and in the next ten years, too, an above-average number of employees will retire. Simultaneously, an increasing number of people come to realise how important it is to plan this transition period carefully. The changes to our pension system and uncertainties we have experienced in past years further enhance the demand for advice.

Independent expertise

As we do not earn money from the brokerage of financial products, we are able to make judgements solely in the interest of our clients. We focus on consulting on behalf of our clients, who compensate us not for products but for our expertise - in other words, for the time our experts spend answering questions, solving problems, and defining measures. This work can be reported and invoiced transparently. Revenues from consulting is reported in our income statement as consulting fees; it accounts for around 8 percent of our total revenues.

All financial services from one provider

Our consulting promotes trust: A growing number of clients are benefiting from further VZ services after their consultation. Private households can use VZ to manage their assets - from bank accounts and securities to mortgages, insurance policies, pension assets, and estates. We are not remunerated for these services by providers of financial products, but by our clients. We offer the following five platforms and a digital client interface:

Portfolio management

At VZ, we combine investment strategies without experiments with independent implementation and active support. Clients can choose to what extent they wish to place the management of their portfolios in professional hands or manage them on their own. We offer a suitable mandate for everybody.

Banking services

VZ Depository Bank offers all bank services from a single source. It does not issue financial products of its own and does not sell any third-party financial products.

Mortgages

HypothekenZentrum is a lender that brings together mortgage borrowers together with institutional investors who want to invest in prime mortgages.

Occupational benefits

Our foundations enable companies to insure their employees, to manage their occupational benefit plans and to invest assets. The VZ foundations cover the entire second and third pillar (OPA, executive pension plans, vested pension benefits, and 3a retirement savings).

Insurance

VZ InsurancePool offers property and liability insurance for private individuals. VZ BVG Rück insures death and disability risks and places the majority of these risks on the reinsurance market.

VZ Financial Portal

VZ Financial Portal is the cockpit from which our clients manage their financial transactions online. They see their credit balances, mortgages, insurance policies and taxes, are aware of the current value of their total assets and get an overview of their payment flows.

VZ serves different client segments from a single source with these platforms. This results in management fees, banking income, interest income, and income from pension and insurance business. The majority of the revenues comes from portfolio management and by far the largest share is generated in Switzerland. The revenues of the subsidiaries in Germany and Great Britain are hardly significant in comparison. While we mark our presence with one subsidiary that is wholly owned by VZ Holding Ltd in Germany, we hold 50.1 percent of Lumin Group Ltd in Great Britain. Lumin is an Independent Financial Advisor (IFA) which offers fee-based independent advice.

Concepts and due diligence

VZ is committed to achieving net-zero emissions by 2050. This is in line with the Federal Council's climate strategy and the requirements of the Federal Act on Climate Protection Targets, Innovation and Strengthening Energy Security (CIA).

The Board of Directors reviews the achievement of the net zero target based on VZ Group's greenhouse gas balance. For 2023, we have calculated this balance together with Swiss Climate. It comprises the development of direct emissions (Scope 1), the indirect emissions (Scope 2) as well as indirect upstream and downstream emissions (Scope 3).

Ordinance on reporting on climate issues

VZ is currently working to fulfil the requirements of the Ordinance on Climate Disclosures. In 2024, we will draw up a transition plan that shows how VZ Group intends to become climate-neutral by 2050. We will present this plan in the next report on non-financial matters.

Measures taken

VZ has taken several measures to reduce the emission of greenhouse gas.

Electricity

In Switzerland, we purchase electricity from renewable sources whenever possible and use naturemade-star-certified electricity from water and solar energy. If electricity cannot be obtained directly from renewable energy sources, we purchase guarantees of origin for solar power in order to promote the expansion of solar power plants in Switzerland. We use motion detectors in our buildings so that the light only comes on when it is needed. Older systems and devices are constantly being replaced by new models that consume less electricity.

Commuting and travelling

Our branches are centrally located and just a few minutes' walk from the nearest railway station. This makes it easy for employees and clients alike to use public transport. We deliberately only offer a few parking spaces, but instead several covered spaces for bicycles.

Only a couple of employees travel on our behalf to branch offices at home and abroad and they always have a reason to do so. They usually use public transport for this. If travelling by plane is necessary for business trips, the emitted CO₂ is compensated in full.

Material consumption

We are reducing our paper consumption by favouring digital channels for communication where this makes sense. A growing number of clients waive bank receipts and call up information on the VZ Financial Portal as required.

In certain cases, we consciously choose to distribute information in print form. Even then, we act in an environmentally conscious manner. Our key publication is vz news, which we send to more than 900,000 households five times a year. This magazine is printed relying on a climate-neutral process. For all other printed matters, we use recycled paper that bears the "Blue Angel" environmental label. This label guarantees that 100 percent of the paper fibres used are gained from used paper.

We follow the general principle of “reduce, reuse, recycle”. By recycling as much as possible and looking for ways to reuse materials, we reduce our consumption. Recyclable materials are separated at our sites and recycled where possible. Among other things, we collect paper, cardboard, PET, aluminium, electronic waste, and toner cartridges and return these recyclable materials. All employees receive a glass bottle that they can fill at one of our water dispensers.

Greenhouse gas balance

We calculated our greenhouse gas balance for 2023 together with Swiss Climate for the first time. It is based on the internationally recognised Greenhouse Gas Protocol standard and ISO standard 14064-1. The organisational and operational system boundaries were defined in collaboration with Swiss Climate. On this basis, we collected the relevant data and recorded it in the «SERAM» carbon footprint software.

For the greenhouse gas balance, we rely as far as possible on available data. Together with Swiss Climate we have analysed and closed any data gaps based on their recommendations. In 2023, we also conducted a survey on employee commuting to collect more comprehensive and specific data. In addition, emissions from the purchase of IT equipment, the shipping of printed documents and external data centers have now also been taken into account.

Management of material risks

Our greenhouse gas balance is based on pre-defined system boundaries, data from service providers, and on conservative extrapolations in absence of data. The main risks arise from missing or incorrect data. If the actual values deviate from this, the CO₂ emissions may be too high or too low and sub-optimal measures may be selected.

We counter these risks by calculating our greenhouse gas balance with Swiss Climate. Swiss Climate consolidates and checks the plausibility of the raw data, verifies the emission factors for conversion into CO₂ values and assesses the CO₂ balance calculated. Details can be found in Swiss Climate’s report on the carbon footprint and methodology in accordance with ISO 14064-1 and the GHG Protocol.

Performance indicators

Our greenhouse gas balance includes direct and indirect, as well as indirect upstream and downstream emissions (Scope 1, 2 and 3). We prepared the balance for 2023 together with Swiss Climate for the first time. The extrapolation methodology and emission factors have changed, which is why these figures are only comparable with previous years to a limited extent.

We have recorded Scope 1 and 2 emissions for all VZ Group locations in Switzerland, Germany and England.

We recorded Scope 3 emissions for the categories 3.1 purchased goods and services, 3.2 capital goods, 3.3 fuel- and energy-related activities not included in Scope 1 or 2, 3.5 waste generated in operations, 3.6 business travel and 3.7 employee commuting wherever possible for all locations, but at least always for Switzerland. Emissions in categories 3.4 upstream transport and distribution, 3.8 upstream leased assets, 3.9 downstream transportation and distribution, 3.10 processing of sold products, 3.11 use of sold products, 3.12 end-of-life treatment of sold products, 3.13 downstream leased assets, 3.14 franchises were not relevant and therefore not included. In 2024, we will assess the inclusion of further emissions (3.15 Investments) to determine the greenhouse gas balance more comprehensively.

In the 2023 financial year, greenhouse gas emissions per full-time equivalent were 1,92 tonnes.

	t CO ₂ e ¹
Scope 1 – direct emissions	349
Scope 2 – indirect emissions	112
Scope 3 – indirect emissions	2'080
Total by Scope²	2'541
	t CO ₂ e ¹
Electricity	135
Heat	489
IT equipment	244
Shipping	174
Business travel	547
of which employee commuting	455
Paper	920
Water	1
Waste	31
Total by source	2'541
	t CO ₂ e ¹
Per full-time equivalent	1,92

1 In tonnes (t) of greenhouse gas emissions in CO₂ equivalents (CO₂ e). The emissions were calculated with "SERAM" and in collaboration with Swiss Climate and include assumptions and estimates.

2 We have recorded Scope 1 and 2 emissions for all locations (Switzerland, Germany, England). We recorded Scope 3 emissions for the categories 3.1 purchased goods and services, 3.2 capital goods, 3.3 fuel- and energy-related activities not included in Scope 1 or 2, 3.5 waste generated in operations, 3.6 business travel and 3.7 employee commuting wherever possible for all locations, but at least always for Switzerland. Emissions in the other categories were not included.

Concepts and due diligence

We are obligated to complying with all legal requirements and protecting the interests of our stakeholders by involving them in our decisions. Our stakeholders are clients, employees, the media, and the public. This also includes our shareholders, business partners and suppliers, authorities, and industry organisations. We take the needs and concerns of our stakeholders seriously and respond to them.

To ensure that our guidelines are understood and followed, we regularly train all permanent and temporary employees and check whether our Code of Conduct and our directives are being adhered to: All employees confirm on an annual basis that they complied with the specified behavioural rules and practices.

Measures taken**Clients**

We have defined an array of principles to which we adhere in our daily work. At the core of everything we do is the goal to maximise the benefit for our clients. To protect their interests, we have set out the tasks and duties of the consultants in directives. This includes, inter alia, duties in relation to financial services, the handling of conflicts of interest or measures by the child and adult protection authority (CAPA).

It is particularly important to us that we provide our clients with comprehensive information before they obtain any of our services. In the case of portfolio management, this relates above all to the careful determination of each client's risk appetite and risk capacity. This information is specified in writing and builds the basis of the investor profile. Each investor profile is periodically reviewed. In addition, we check whether clients wish to explicitly take ESG criteria into account in their investment decisions.

One directive sets out how to deal with clients who criticise our services or are not satisfied with them. The CEOs of the respective VZ companies are informed about every complaint. Since 2023, clients have a digital whistleblowing system at their disposal, which enables them to report information on possible irregularities confidentially and anonymously around the clock.

Employees

The measures to protect our employees and the assessment of their effectiveness are specified in the "Employee matters" section.

Public and media

Our media department communicates quickly, consistently and reliably to the public. It consults with the people who are predestined in terms of content, organisation, and hierarchy to comment on the respective topic.

Capital market and shareholders	<p>We provide the capital market and our shareholders with transparent and comprehensive information in accordance with the requirements of the SIX Exchange Regulation. Regular reporting on the course of business includes the annual and semi-annual report, letters to shareholders, media and analyst conferences as well as the general meeting. In addition, we participate regularly in conferences for financial analysts and investors. Our Investor Relations department coordinates the contact with the capital market and our shareholders.</p>
Authorities and industry organisations	<p>We cultivate an open and transparent relationship with authorities and industry organisations. Enquiries are answered immediately, and we coordinate contact with authorities and industry organisations with the Legal & Compliance department. That way, we ensure a consistent and binding communication.</p>
Partners and suppliers	<p>As set out in the Code of Conduct, we strive for fair relations with our partners and suppliers, and we are interested in long-term cooperation. We treat all our partners and suppliers correctly in terms of competition law.</p>
Reputation	<p>Management of material risks</p> <p>VZ is determined to continue growing and developing. The key requirement for this is our excellent reputation with everyone involved with VZ. Our stakeholders trust VZ because we are upright, act professionally, and treat all parties involved fairly and responsibly. Therefore, the biggest risk in relation to our stakeholders is posed by potential damage of our good reputation, for instance as a result of giving incorrect consulting advice. Negative media coverage could result in decreasing numbers of consulting clients, either because existing clients do not obtain further services from us or cancel recurring services. A bad reputation could also lead to the loss of employees and a shortage of new applicants. Authorities could conduct investigations, impose sanctions, or issue fines and VZ shares could lose value.</p> <p>We minimise such reputation risks first and foremost by establishing clear organisational structures, standardised work processes, detailed documentations for clients, our Code of Conduct, the confidentiality and integrity of internal information and the centralisation of important communication tasks.</p>
Net Promoter Score and dealing with complaints	<p>Performance indicators</p> <p>In order to review the effectiveness of our measures, we have defined the following performance indicators:</p> <p>We review the quality of our work on a regular basis by means of client surveys, for example based on Net Promoter Scores (NPS). In 2023, our NPS was 74.6. This figure proves that both our client satisfaction and recommendation rate are very high. We analyse negative reviews in much detail and initiate measures to rectify deficiencies.</p>

We record every complaint and document whether and how the affected processes have been adjusted. Our Legal & Compliance department maintains a complaint register for the entire VZ Group, which it updates twice a year with the CEOs of the subsidiaries. The Executive Board and Board of Directors of VZ Group are informed about anomalies in a semi-annual risk report.

No reports of misconduct were received via the digital whistleblowing system in the year that this report was written.

Fines from authorities We did not receive any fines from authorities in 2023.

Concepts and due diligence

Since its foundation in 1993, VZ creates new jobs every year. We never had to dismiss anyone for economic reasons and can offer our employees attractive and secure jobs.

We protect the interests of our employees by complying with all legal requirements and by taking their preferences into account in all decisions made. We recognise the needs and concerns of our employees, take them seriously and respond to them. We are thereby guided by the principles of the International Labour Organization (ILO), among others.

Employees have the right to organise themselves in an employee association. Members of such associations receive neither preferential nor discriminatory treatment and we do not collect any information about memberships. In Switzerland, collective employment contracts are not mandatory for the financial sector and VZ has not voluntarily signed up to a collective labour agreement.

Our Code of Conduct, guidelines and directives relating to working hours, holiday, personal interactions, remuneration, education, and further training as well as rules, duties, and benefits at VZ supplement the statutory provisions. We regularly examine whether our employees adhere to these provisions. All employees confirm on an annual basis that they complied with the specified behavioural rules and practices. In 2023, the applicable directives and guidelines relating to employee matters were adhered to.

Measures taken

Remuneration principles

VZ Group has set out the principles of its remuneration in detail in its compensation rules and publishes the compensation of the Executive Board and the Board of Directors in the annual compensation report (www.vermoegenszentrum.ch/en/investors.html). Our remuneration should be as objective, fair, performance-based, and competitive as possible. It is structured in a way that it supports the strategy of VZ and fosters a corporate culture that contributes to our success in the long term.

Equal pay

In 2020, the Executive Board had the salaries of all of VZ Group's employees analysed using the Confederation's standard analysis tool (Logib) to check whether they pay men and women equally. PwC has reviewed the results and confirmed that they "did not come across any facts from which it would have to conclude that the analyses do not meet the legal requirements in all respects". The analysis was repeated in 2021, 2022 and 2023, using the same methodology and tool: Here, too, there were no significant unexplained wage differences between women and men.

Employee satisfaction

In order to remain an attractive employer, we have the motivation and satisfaction of our employees assessed externally every three years. Scoring 80 out of 100, VZ Group came off well in the last assessment. The next survey will be held in 2024.

To ensure the quality of our training programmes, we have them certified by the certification body SQS in accordance with the EduQua standard.

Health promotion

Every year, we decide on a focus that helps promote the health of our employees. Previous topics include stress management, healthy eating and exercise in the workplace and leisure time. We have challenges on a regular basis (e.g. step or activity challenges). In addition, we provide all employees with height-adjustable tables, so that they can optimise working in front of a screen and prevent physical complaints.

We provide close support to employees who are incapable to work for a prolonged time period and deploy case managers where necessary.

Contact point for complaints (whistleblowing)

Employees can report breaches of personality rights, violations of laws, rules, regulations, norms, or rules of conduct. They can reach out to their superiors, the Legal & Compliance department or HR. In the case that reporting to an internal body is not sensible or reasonable, the digital whistleblowing system set up in 2023 can be used for that purpose. This process is described in an additional directive. Employees can report irregularities around the clock in an anonymous or confidential manner and are protected against sanctions. The Board of Directors of VZ Group monitors this process and is regularly informed about incoming reports and the measures taken.

Management of material risks

In order for us to remain successful in the long run, we endeavour to recruit, train and keep qualified and loyal employees on an ongoing basis. A substantial risk concerns the possibility of being unable to find or keep a sufficient number of employees with the desired qualifications.

We counter this risk by creating attractive jobs, offering competitive salaries, and generously supporting employees in their education and further training. We keep optimising our processes and investing in automating them where sensible. This is how we are able to reduce our dependency on personnel resources.

Performance indicators

Time recording, fluctuation, and long-term absences

Superiors regularly check the time recording of their teams and examine whether they comply with the instructions on working times and holiday. Personnel fluctuations and long-term absences are regularly analysed at any rate and any anomalies examined closely.

Training days

Promoting the training and development of our employees is an investment in the future and enjoys high priority in our strategy. On average over the last few years, around 20 percent of employees were enrolled in external training supported by VZ. In 2023, additional 2.7 internal training days were completed per full-time equivalent on average.

From 2024, reports about irregularities by employees and measures taken are a fixed agenda item at meetings of the Group's Executive Board and the Board of Directors. Since the launch of our whistleblowing system at the end of 2023, no reports were submitted.

Concepts and due diligence

Our Code of Conduct stipulates that we act in accordance with the Declaration of Human Rights. We do not tolerate child labour, forced or compulsory labour and support freedom of association, equality of opportunity and income, as well as non-discrimination. Our suppliers should also adhere to these principles: Since the end of 2023, we integrate the principles in new contracts with partners and suppliers and also in existing contracts that need to be renewed. Next year, we will discuss our partners and suppliers' compliance with them during the annual reviews.

We regularly train all permanent and temporary employees on the relevant topics, to reinforce ethically correct and responsible behaviour. Compliance with the VZ Code of Conduct and our directives are regularly reviewed by us. All employees confirm on an annual basis that they have complied with the specified rules of conduct and behaviour.

Measures taken

Employees

Every human being has the right to the protection of their personal and sexual integrity. This is why we offer our employees a safe working environment in which we do not tolerate any form of bullying, discrimination or sexual harassment and are committed to ensuring that they are protected from all of this. The guidelines regarding this topic are included in our "Bullying, discrimination and sexual harassment" guide. All employees of VZ Group are informed about our stance towards this topic and what conduct we expect from them. Those who infringe these principles must expect severe sanctions.

Those who feel that their rights have been infringed or notice wrongdoing in their environment can reach out to their superiors, the HR services department or the confidants listed in the guide on bullying, discrimination, and sexual harassment in the workplace. In the case that reporting to an internal body is not sensible or reasonable, the digital whistleblowing system set up in 2023 can be used for reporting misconduct anonymously or confidentially around the clock.

Financing

We do not grant credits to companies outside VZ Group and therefore do not finance companies with controversial business models or companies that violate human rights or rely on forced and child labour.

Partners and suppliers

For newly concluded or renewed contracts, we identify partners and suppliers with increased levels of risk. This includes providers of goods or services that cause significant social costs, have a negative effect on human rights or are procured with high social risks. We have defined minimum standards. For partners and suppliers who do not meet them, we work towards ensuring that these standards are given more consideration. However, we reserve the right to obtain the goods or services from a different provider.

Every year, we assess whether there is suspicion of child labour and document the findings. The 2023 assessment provides no substantial grounds for believing that any supplier or business partner of VZ Group relies on child labour.

Management of material risks

The protection of human rights forms an integral part of our corporate culture. We are aware that our reputation could suffer damage if information on human rights violations is not passed on to us, but instead to the media or third parties.

In order to reduce this risk, we foster a culture of ethical and responsible interaction with our employees, partners and suppliers. In addition, we have set up a digital whistleblowing system that allows employees to report confidential information about human rights violations anonymously.

We are aware that protecting human rights is not only our responsibility. For this reason, we also ask our partners and suppliers to fulfil the same obligations.

Key performance indicators

All employees confirm on an annual basis that they have complied with the specified rules of conduct and behaviour. They are requested to report any irregularities. No reports were submitted in 2023.

Concepts and due diligence

In our Code of Conduct, we commit ourselves particularly to incorruptibility, compliance with the law, and fair competition practices.

Specific guidelines in directives

We have formalised these principles in directives. This includes instructions on how to deal with gifts, invitations, monetary benefits, secondary employment and mandates as well as on how to avoid conflicts of interests, insider trading and market manipulation.

The goal of these directives is to monitor and avoid actions that could fall under the criminal law on corruption. As a financial service provider, we are obligated to avoid money laundering and terrorist financing, both of which in many cases come close to corruption. These processes are also regulated in our directives.

We report on the fight against corruption as part of an annual report on compliance risks. The report is sent to the Executive Board and Board of Directives of VZ Group.

These directives stipulate reporting obligations and prohibitions when dealing with gifts, invitations, and monetary benefits. As part of the fight against money laundering, client transactions are reviewed in order to identify anomalies and, if necessary, inform the competent authorities.

We sensitise all employees to the issue of corruption and train them from the outset with various compliance trainings. These trainings are repeated on a regular basis and all employees confirm each year that they fulfil the requirements.

Measures taken

Procedure in the event of suspected corruption

The due diligence checks are mapped in internal processes and IT systems. Should there be any suspicion of corruption, the matter will be analysed by specialists from the Legal & Compliance department, escalated internally if necessary and reported to the authorities if required.

Our concept for combating corruption corresponds to the best practice in the finance sector and we deem it effective. Ongoing training and IT-supported monitoring processes contribute to our ability to recognise signs at an early stage and prevent corruption. The results of regular audits of adherence to compliance requirements by internal and external auditors confirm our assessment that the concept is effective.

Management of material risks

In 2023, not all suppliers have yet been contractually obliged to implement comparable concepts. We can therefore not confirm that smaller service providers and suppliers in particular meet standards comparable to those of VZ.

To reduce these risks, we will explicitly integrate the fight against corruption in new contracts and discuss compliance in the annual talks with partners and suppliers.

Performance indicators

In 2023, no suspicion of corruption was reported. Isolated cases of suspicious transactions by clients were reported to the responsible authorities.

Our report on non-financial matters is published in German and English on our website:
www.vzch.com/investor-relations

Electronic information

On our website, we regularly publish detailed information about VZ Group:
www.vzch.com

Disclaimer

All statements in this report that are not historical facts are forward-looking statements that are not guarantees of future performance and involve risks and uncertainties including, but not limited to, future global economic conditions, foreign exchange rates, legal requirements, market conditions, the actions of competitors and other factors beyond the control of the company.

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