

COMPENSATION REPORT

Compensation principles	Page 40
Responsibility for compensation	Page 41
Compensation provisions in the articles of association	Page 43
Compensation of the Board of Directors	Page 45
Compensation of the Executive Board	Page 48
Share ownership	Page 52
Report of the statutory auditor	Page 54

COMPENSATION REPORT

The compensation report provides information about VZ Group's guiding principles and responsibilities for compensation. In addition, the individual components of the compensation of the Board of Directors and of the Executive Board are described in detail, as stipulated by Art. 14–16 of the Swiss Ordinance Against Excessive Remuneration at Listed Stock Corporations [Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften] («VegüV»). The compensation charts have been reviewed by the Auditors.

Legal standards and best practice

VZ Holding Ltd's remuneration principles are outlined in its articles of association and published in the investor/corporate governance section on www.vzch.com. The information in the compensation report is based on VZ Holding's articles of association and regulations as well as the VegüV. The remunerations also comply with the recommendations of SIX's «Corporate Governance Directive» and of Economiesuisse's «Swiss Code of Best Practice». VegüV specifically bans termination payments, advance remunerations and commissions for the takeover of companies. VZ Group's remunerations do not fall into any of these categories.

Banks, securities traders, financial groups and financial conglomerates that require at least CHF 10 billion in own funds according to the Capital Adequacy Ordinance must implement the provisions of FINMA Circular 2010/1 «Remuneration Systems». Although VZ is not included in this group, it uses the recommendations as a guideline for its remuneration principles.

Changes during the year under report

VZ Group's compensation principles remain unchanged. The Remuneration Committee confirms that they are adequate because they support VZ Group's strategy and promote a culture that will ensure its long-term success.

On 1 May 2019, Simon Tellenbach took over the position of Managing Director Corporate clients from Urs Feldmann. Simon Tellenbach has since been a member of the VZ Group Executive Board. Urs Feldmann has left the Executive Board and concentrates on managing VZ Group's People Development und Recruiting. In this report, Tellenbach's and Feldmann's compensation (basic salary and bonus) are reported for those months only during which they were members of the Executive Board.

Compensation principles

Compensation policy and goals

For VZ Group to remain successful in the long term, it needs to attract, develop and retain sufficiently qualified and loyal employees. This is the aim of VZ Group's compensation system. Compensation is structured in such a way that it supports the strategy and promotes a culture that safeguards the company's long-term success. All activities of VZ employees focus on client satisfaction. For this reason, employees are assessed based on what they directly and indirectly contribute towards this goal. In addition to monetary remuneration, immaterial aspects are also important. These include an open working atmosphere, honest interactions and the recognition of individual performances.

VZ Group's remuneration is based upon the following four principles:

Objective and fair	Objectivity is the basis of a fair remuneration system and ensures that nobody is discriminated against. For this reason, objective criteria are applied when setting compensation.
Performance-based	At VZ, compensation reflects first and foremost the performance and the function of a person (skills and responsibility). In addition to the individual performance, the work within a team and across departments is also encouraged and recognised. In certain functions, experience or specific know-how are also important components. In addition to the fixed remuneration, compensation may also contain variable components – above all where the individual performance is measurable and contributes directly towards the success of the business.
Competitive	VZ Group needs a competitive compensation system to recruit and retain a sufficient number of employees. For this reason, it is orientated towards the compensation models of companies that compete with VZ for talent.
Long-term	Corporate culture at VZ Group is based on long-term success. This is demonstrated by the services, processes and structures, as well as by the development of the employees in particular. Also the compensation system is designed to support VZ Group's long-term and sustainable development. For this reason, the variable components in particular are structured in such a way that no conflicts with the interests of the company arise. For example, the compensation must not create incentives to take disproportionate risks. Executives draw a part of their variable compensation in the form of locked-up shares in VZ Holding Ltd. This supports their long-term commitment, and brings their interests into line with those of VZ.

Responsibility for compensation

	CEO	CC ¹	BoD	SM
Principles	P	R	A	
Compensation report		P	A	
Compensation BoD and EB				
Maximum compensation BoD		P	R	A
Maximum fixed compensation EB		P	R	A
Variable compensation EB		P	R	A
Individual compensation BoD		P	A	
Individual compensation CEO		P	A	
Individual compensation remaining EB	P	R	A	

P = proposal
R = review
A = approval

1 Board of Directors' Compensation Committee

Compensation Committee

The Compensation Committee helps the Board of Directors develop and monitor VZ Group's compensation system. It reviews the compensation principles proposed by the CEO, and submits these to the Board of Directors for approval. It helps the Board of Directors to set the compensation for the members of VZ Group's Board of Directors and Executive Board, and prepares the compensation report. It moreover conducts regular checks to verify that the shareholders' meeting guidelines and the statutory provisions on compensation are being fulfilled. In conjunction with the compensation of the Board of Directors and Executive Board, the Compensation Committee has the following responsibilities:

- It proposes to the Board of Directors the maximum compensation of the Board of Directors as well as the maximum fixed compensation and the variable compensation of the Executive Board that is to be approved by the shareholders' meeting.
- It reviews the compensation of the members of the Board of Directors, and proposes this to the Board of Directors.
- It reviews the compensation of the CEO and submits this to the Board of Directors for approval.
- It reviews the compensation of the members of the Executive Board, which is proposed by the CEO, and submits this to the Board of Directors for approval.

The Compensation Committee consists of at least two members who are individually elected by the shareholders' meeting for one-year periods of office. Fred Kindle and Roland Ledergerber are the current members. The committee shall meet as often as the business requires, although at least twice per year. Two meetings took place in 2019, as in 2018, in which both members took part. If the upcoming matters so require, the Head of the Compensation Committee may invite further persons to attend the meeting in an advisory capacity without voting rights. The Compensation Committee shall have a quorum if both members are present. Resolutions are passed unanimously, in the event of a tie the entire Board of Directors decides. If the number of members of the Compensation Committee is increased, the committee shall have a quorum if the majority of members is present, a majority of the votes present shall pass resolutions and in the event of a tie the Chairman of the Compensation Committee decides. In 2019, as in the previous year, no external experts were consulted in order to define the compensations.

Board of Directors

The Board of Directors has the overall responsibility for the duties and powers that it assigns to the Compensation Committee. It approves the compensation principles and the compensation report, checks the compensation of the Board of Directors and Executive Board, and submits the maximum compensation of the Board of Directors, the maximum fixed compensation and the variable compensation of the Executive Board to the shareholders' meeting for approval. In addition, it approves the individual compensation of the members of the Board of Directors, the CEO and the members of the Executive Board.

Shareholders' meeting

The shareholders approve the overall compensation of the Board of Directors and Group Management in a binding vote at the shareholders' meeting. Pursuant to VZ Holding's articles of association, the shareholders' meeting shall pass resolutions on the following three motions:

- The maximum compensation of the Board of Directors until the next ordinary shareholders' meeting
- The maximum fixed compensation of the Executive Board for the current financial year
- The variable compensation of the Executive Board for the past financial year

The shareholders' meeting scheduled for 8 April 2020 will address the following 3 motions:



This means that following publication of the annual results, the shareholders can vote prospectively on the maximum compensation of the Board of Directors and Executive Board, and retrospectively in respect of the variable compensation of the Executive Board. This method ensures high transparency vis-à-vis shareholders.

If the shareholders' meeting rejects one of these motions, the Board of Directors may submit one or more new motions to the same shareholders' meeting. If the Board of Directors decides not to submit any new motions, or if these are not approved, then it may call a new shareholders' meeting within the context of the statutory guidelines and the provisions of the articles of association.

Compensation provisions in the articles of association

The articles contain the following provisions regarding compensation:

Supplement for new members

If new Executive Board members are appointed after the shareholders' meeting, and the approved sum is not sufficient, then a supplementary sum amounting to 30 percent of the approved total compensation shall be made available to the Executive Board.

Performance-related compensation

The performance-related compensation is based upon the qualitative and quantitative objectives defined by the Board of Directors. The bonus may be paid out in cash or in the form of shares, convertible or option rights. The articles of association stipulate that the bonus of a member of the Executive Board must not exceed 150 percent of his or her fixed

compensation. The Board of Directors has structured the bonus scheme accordingly. As a result, the current bonus is limited to 63 to 100 percent of a fixed basic salary, depending upon an Executive Board member's managerial level.

Shares, convertible and option rights

The articles of association stipulate that VZ Group may allocate shares, convertible or option rights to members of the Board of Directors and Executive Board. The value of such securities corresponds to the value that they are attributed at the time of allocation, applying generally accepted valuation methods. The Board of Directors may stipulate a lock-up period for the holding of these securities or rights. It shall also stipulate when, to what extent and under which conditions lock-up periods shall be lifted.

The management benefit programme is described in the section «Compensation in shares and options (Share-based payments)» on page 83 and in the notes to the consolidated financial statements in the section «Share-based management benefit programme» on pages 128 and 129.

If members of the Board of Directors or Executive Board receive convertible rights or options in their capacity as VZ shareholders, on the grounds that the share capital is raised or reduced, then these rights or options shall not be deemed to constitute compensation.

Loans and credits

VZ Group grants members of the Board of Directors and the Executive Board loans and credits subject to the same conditions as other employees. The total volume of such loans and credits is limited to CHF 100 million and to CHF 20 million per person. The same eligibility and creditworthiness criteria apply to members of the Board of Directors and Executive Board that are applicable to third parties who receive a loan or a credit.

Pension benefits

The members of the Executive Board are members of VZ Group's pension schemes, and their obligatory and supra-obligatory benefits correspond to the regulations of these schemes. The members of the Board of Directors may decide to join on a voluntary basis, insofar this is permitted by the regulations of these pension schemes. VZ Group pays the regulatory pension fund contributions. If a member of the Board of Directors or the Executive Board falls ill or suffers an accident, VZ Group may continue to pay his or her salary within the context of the insurance benefits. If a member of the Board of Directors or Executive Board is not a member of VZ Group's pension schemes, pension benefits of VZ Group or of one of its group companies may not exceed 40 percent of the annual income of the individual in question.

Compensation of the Board of Directors

Determination method

The Compensation Committee shall review the compensation of the Board of Directors (as a rule, every two years) and base its assessment on comparable listed companies and the necessary involvement. In accordance with the Committee's proposal, the Board of Directors shall stipulate the compensation of its members and shall submit the maximum remuneration of the Board of Directors to the shareholders' meeting for approval.

Compensation components

Fixed compensation

The members of the Board of Directors shall be enabled to exercise their supervisory function independently. For this reason each member of the Board of Directors shall receive a fixed basic compensation. A supplementary fixed sum shall be stipulated for additional tasks, e.g. serving as chair or head of a committee. This remuneration is not linked to specific targets or performance goals. These rules apply for all members of the Board of Directors.

100 percent of the approved amount shall be paid out in the form of VZ shares subject to a three-year lock-up period. The subscription price corresponds to the weighted average price of the shares traded during a 4-week period in January of the year in which the fee is paid out. The subscription price for the 2019/20 period of office is CHF 321.25, the weighted average price of the shares traded between 3 and 30 January 2020.

Function	Compensation per period ¹	Form ²
Chair of the Board of Directors	CHF 100'000	locked-up shares
Member of the Board of Directors	CHF 50'000	locked-up shares
Head of the Risk & Audit Committee	additional CHF 20'000	locked-up shares
Member of the Risk & Audit Committee	additional CHF 10'000	locked-up shares
Head of the Compensation Committee ³	additional CHF 10'000	locked-up shares
Member of the Compensation Committee	additional CHF 5'000	locked-up shares

¹ Plus contributions to social insurance

² Locked-up for 3 years

³ If the the remuneration committee is not headed by the chairman of the Board of Directors

Information regarding the Board of Directors' functions is set out in the Corporate Governance section on pages 23 and 24.

Variable compensation

The members of the Board of Directors shall not receive any variable compensation.

Other compensation

Salary components such as public transport season tickets and private use of company cars are reported under the heading «other compensation». During the year under report, as well as in the previous year, the members of the Board of Directors did not receive any compensation that falls into these categories.

Social insurance	The reported employer social insurance contributions encompass payments for OASI, DI, ILI, FCO (incl. administrative costs), and correspond to the contributions stipulated by law. VZ Holding Ltd does not make any contributions on behalf of Board of Director members exceeding these.
Loans and credits	On 31 December 2019, there were loans to members of the Board of Directors of totalled CHF 13.9 million (31 December 2018: CHF 13.9 million). The full amount has been granted as loan against securities (Lombard loan) to Fred Kindle, Chairman of the Board of Directors.
Additional fees and remuneration	In 2019 VZ Group paid Blum & Grob Attorneys at Law Ltd legal fees totalling TCHF 130 (2018: TCHF 140). Blum & Grob is represented by Dr. Albrecht Langhart, member of VZ Group's Board of Directors. These services are charged at market rates. VZ Group also acquires further goods and services from companies with which members of the Board of Directors are associated. However, the scope of these services does not impair the independence of the members of the Board of Directors. Additional information is set out in the notes to the consolidated accounts (pages 126 and 127, section «Related party disclosures»).
Former members	There are no former board members who received compensation in 2019 (2018: zero).

Compensation of the Board of Directors in 2019

The reported compensation of the Board of Directors during the year under report consists of the deferred share of the compensation of the 2019/20 period of office, i.e. from 9 April 2019 to the end of 2019, as well as the already paid-out share of the 2018/19 period of office (1 January to 8 April 2019).

Last name ¹	First name	Fixed compensation ²		Variable compensation		Other compensation		Employer social insurance contributions		Total	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
CHF '000											
Kindle	Fred	100	100	–	–	–	–	6	6	106	106
Iff	Roland	67	60	–	–	–	–	4	3	71	63
Langhart	Albrecht, Dr.	56	45	–	–	–	–	4	3	60	48
Ledergerber	Roland	52	45	–	–	–	–	3	3	55	48
de Perregaux	Olivier	56	45	–	–	–	–	4	3	60	48
Total Board of Directors		331	295	–	–	–	–	21	18	352	313

1 Functions: Fred Kindle: Chairman, Head of the Compensation Committee, Roland Iff: Vice-Chairman, Head of Risk & Audit Committee, Dr. Albrecht Langhart: member of Risk & Audit Committee, Roland Ledergerber: member of the Compensation Committee, Olivier de Perregaux: member of Risk & Audit Committee

2 Compensation in shares

**Compensation of the Board of Directors:
Proposal to the 2020 shareholders' meeting**

For the 2019/20 term of office (9 April 2019 to 8 April 2020), the shareholders' meeting approved the maximum remuneration of TCHF 403 (incl. employer contributions to social insurance agencies).

CHF '000

	2019/2020 period of office:			2020/2021 period of office:
	Approved at the 2019 shareholders' meeting	Compensation April 2020 ¹	Difference	Proposal to the 2020 shareholders' meeting
Fixed compensation	380	345	35	380
Employer social insurance contribution	23	21	2	23
Total	403	366	37	403

¹ On 26 February 2020 the Board of Directors has approved of the compensations for the 2019/2020 period of office. It will be paid out after the shareholders' meeting held in April 2020.

For the term of office 2020/21, the Board of Directors proposes to the shareholders' meeting on 8 April a maximum compensation of the Board of Directors in the amount of TCHF 403 (including employer contributions to social security). The fixed compensation thus remains unchanged.

Compensation of the Executive Board

Determination method

Each year, the CEO proposes the fixed compensation for each member of the Executive Board to the Board of Directors' Compensation Committee in respect of the current financial year, as well as the variable compensation for the past financial year. The committee reviews these proposals and makes recommendations to the Board of Directors. In addition, the committee submits the proposed fixed compensation for the CEO to the Board of Directors for the current financial year, as well as the variable compensation for the past financial year. The CEO participates in the meeting of the Compensation Committee when the proposed compensation of the members of the Executive Board are discussed. On the basis of the recommendations of the Compensation Committee, the Board of Directors proposes the maximum fixed and variable compensation of the Executive Board and submits this proposal to the shareholders' meeting for approval.

Compensation components

Fixed components

The CEO and the other members of the Executive Board receive a basic salary. The level of the basic salary is based above all on the function (responsibilities and skills) as well as the experience and qualifications of the member of the Executive Board. The compensation is also based on current statistics for executive salaries paid by comparable listed and non-listed Swiss corporations. The salary is paid out monthly in cash.

Variable components

The bonus paid to the CEO and the other members of the Executive Board consists of two components, reflecting on the one hand VZ Group's consolidated results and on the other the individual target achievement. The first component depends upon the growth in operating revenues and profit. The Board of Directors defines these targets each year in advance. The individual component is dependent upon the targets for each Executive Board member's management area, defined each year by the CEO.

The variable remuneration (bonus) fluctuates depending on the achievement of the consolidated result targets and the individual divisional targets. This results on the one hand from a quantitatively measurable component (achievement of the consolidated result targets) and on the other hand from a qualitative assessment (achievement of the individual divisional targets). In the negative case, where the targets are missed, the bonus component is reduced accordingly or, in extreme cases, suspended altogether. In the positive case, the bonus is increased. However, the maximum achievable bonus is limited and, depending on the Executive Board seniority, amounts to no more than 63 to 100 percent of the fixed basic salary. The Board of Directors monitors compliance with these rules. However, it may also decide to make exceptions where the circumstances make this appear reasonable.

The Board of Directors proposes a variable remuneration in the amount of TCHF 2059 (2018: TCHF 1833). Their variable compensation varies from 38 to 60 percent of their fixed compensation, depending on the individual target achievement.

The variable compensation for the year under report will be paid out once this has been approved by the shareholders' meeting of 8 April 2020. The variable salary components are reported in accordance with the accrual principle, i.e. in the form of a provision in the year under report.

**Shares and options
(Management Benefit
Programme)**

The Management Benefit Programme stipulates that Executive Board members shall receive 50 percent of their bonus in the form of locked-up shares. They may also draw a larger proportion in the form of shares; the maximum share component amounts to 75 percent. The subscription price corresponds to the weighted average price of the traded shares within the defined period from the beginning to the end of January in the year following the bonus period. The subscription price for the variable compensation for the 2019 financial year corresponds to the weighted average price of the shares traded between 3 and 30 January 2020, and is CHF 321.25.

Shares from the Management Benefit Programme are subject to a three-year lock-up period. The lock-up period continues even when holders of such shares leave VZ Group – unless they retire, in which case their shares will be exempt from the lock-up. For each share purchased, members of the Executive Board receive at the same time two free options to purchase two additional shares. The exercise price of the option is 110 percent of the subscription price of the underlying security since the bonus year 2019 onwards.

The options have a duration of six years and can only be redeemed for shares; cash settlements are excluded. In addition, the options are locked for three years and expire worthless if the Executive Board member leaves VZ Group during this period. Members of the Executive Board have 6 months after termination of their employment to exercise their free options. If they leave the VZ Group because they retire, all options will be released from the lock-up period. In this case, they must exercise all their options within 6 months of termination of employment.

The parameters taken into account in the option valuation model are set out in the notes to the consolidated financial statements on page 128 in the management benefit plan section.

Other components

Other salary components contain public transport season tickets and private shares of company vehicles.

Social insurance contributions Social insurance and pension benefits are designed to provide employees and their families with reasonable protection if they fall ill or become disabled, retire or die. The benefits correspond to the statutory guidelines, and in some respects exceed these. The reported employer contributions to social insurance schemes encompass expenditure on occupational pensions, for OASI, DI, ILI, FCO (incl. administrative costs) as well as statutory per diem sickness benefit and accident insurance.

Loans and credits On 31 December 2019, loans to members of the Executive Board in the amount of CHF 3.5 million were outstanding (31.12.2018: zero). The total CHF 3.5 million were granted to Lorenz Heim as loans against securities coverage (Lombard loans). As at the end of the previous year, no loans or credits to persons closely related to members of the Executive Committee were outstanding.

Former officers No former member of the Executive Board received compensation in 2019 (2018: zero).

Compensation of the Executive Board in the 2019 financial year

The compensation of the Executive Board during the year under report consists of all salary components that belong to this period. The shareholders' meeting approves the variable compensation (cf. motions submitted to the shareholders' meeting 2020).

CHF '000	Fixed compensation		Variable compensation		Other compensation		Employer social insurance contribution		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Total Executive Board	3'123	3'213	1'942	1'744	19	15	622	596	5'706²	5'568³
<i>thereof cash</i>	<i>3'123</i>	<i>3'213</i>	<i>447</i>	<i>397</i>	<i>19</i>	<i>15</i>	<i>622</i>	<i>596</i>	<i>4'211</i>	<i>4'221</i>
<i>thereof shares</i>	-	-	<i>1'144</i>	<i>1'146</i>	-	-	-	-	<i>1'144</i>	<i>1'146</i>
<i>thereof options</i>	-	-	<i>351</i>	<i>201</i>	-	-	-	-	<i>351</i>	<i>201</i>
thereof Matthias Reinhart¹	525	525	246	215	9	9	86	83	866	832
<i>thereof cash</i>	<i>525</i>	<i>525</i>	<i>50</i>	<i>48</i>	<i>9</i>	<i>9</i>	<i>86</i>	<i>83</i>	<i>670</i>	<i>665</i>
<i>thereof shares</i>	-	-	<i>150</i>	<i>142</i>	-	-	-	-	<i>150</i>	<i>142</i>
<i>thereof options</i>	-	-	<i>46</i>	<i>25</i>	-	-	-	-	<i>46</i>	<i>25</i>

1 Highest compensation within the Executive Board as CEO of VZ Group.

2 On 1 Mai 2019, Simon Tellenbach became a member of VZ Group's Executive Board, replacing Urs Feldmann. Their compensation is reported only for the time during which they were members of the Executive Board.

3 On 1 September 2018, Manuel Rüttsche became a member of VZ Group's Executive Board, replacing Peter Stocker. Their compensation is reported only for the time during which they were members of the Executive Board.

The approved sum covered the compensation of the new member of the Executive Board, Simon Tellenbach. The supplementary sum has not been used. All remunerations paid to persons close to key personnel are based on the Swiss market.

Executive Board compensation:

Motions submitted to the 2020 shareholders' meeting

In respect of the 2019 financial year, the shareholders' meeting approved the maximum fixed compensation of the Executive Board amounting to TCHF 4160 (incl. employer social insurance contributions). In addition, in respect of the 2018 financial year, it approved the variable compensation amounting to TCHF 1833 (incl. employer contributions to social insurance agencies).

Fixed compensation

CHF '000

	Financial year 2019: Approved at the 2019 shareholders' meeting			Financial year 2020: Proposal to the 2020 shareholders' meeting
	Compensation 2019	Difference		
Fixed compensation ¹	3'600	459	3'600	
Employer social insurance contribution	560	56	560	
Total	4'160	515	4'160	

¹ Including other salary components

For the 2020 financial year, the Board of Directors is proposing a maximum compensation amounting to TCHF 4160 (incl. employer contributions to social insurance agencies) to the shareholders' meeting of 8 April 2020. In addition, it is proposing a variable compensation for the 2019 financial year amounting to TCHF 2059 (incl. employer contributions to social insurance agencies).

Variable compensation

CHF '000

	Bonus Financial year 2018: Approved at the 2019 shareholders' meeting	Bonus financial year 2019: Proposal to the 2020 shareholders' meeting
Variable compensation	1'744	1'942
Employer social insurance contribution	89	118
Total	1'833	2'059

Share ownership

Share portfolio of Board of Directors, including related parties

Last name	First name	Number of shares per 31.12.2019	Number of shares per 31.12.2018
Kindle	Fred	99'410	99'057
Iff	Roland	6'425	6'213
Langhart	Albrecht, Dr.	6'264	6'105
Ledergerber	Roland	2'346	2'187
de Perregaux	Olivier	846	687

Share portfolio of Executive Board, including related parties

Last name	First name	Number of shares per 31.12.2019	Number of shares per 31.12.2018
Reinhart	Matthias	4'879'054 ¹	4'878'522 ¹
Vitarelli	Giulio	26'642	26'089
Schönbucher	Thomas	3'610	3'663
Friess	Tom	45'686	45'228
Weber	Marc	14'673	14'023
Rütsche	Manuel	468	319
Heim	Lorenz	53'517	53'153
Feldmann	Urs	– ²	22'467
Tellenbach	Simon	760 ³	–
Pfaffen	Rafael	2'388	2'024

1 4'407'974 of the shares are held through Madarex Ltd, Zug, of which Matthias Reinhart is the sole shareholder.

2 Urs Feldmann left the Executive Board on 30 April 2019.

3 Simon Tellenbach has been a member of the Executive Board since 1 Mai 2019.

Options portfolio of Executive Board, including related parties as at 31.12.2019

Last name	First name	Year of allocation				
		2019	2018	2017	2016	2015
Reinhart	Matthias	1'064	818	746	1'194	0
Vitarelli	Giulio	1'360	1'040	1'016	1'378	0
Schönbucher	Thomas	840	680	646	896	0
Friess	Tom	916	774	694	950	1'504
Weber	Marc	1'300	1'028	1'004	1'340	1'170
Rütsche	Manuel	298	162	158	152	166
Heim	Lorenz	728	590	646	814	1'296
Tellenbach	Simon	268	192	158	158	0
Pfaffen	Rafael	728	362	298	324	508
Exercised options		0	0	0	0	6'994
Exercise price in CHF		334.70	412.55	376.45	345.25	202.25
Maturity		8.4.2025	9.4.2024	5.4.2023	11.4.2022	11.4.2021

All options allocated in 2014 (exercise price CHF 191.00, maturity 24.2.2020) have been exercised.

Report of the statutory auditor

to the General Meeting of VZ Holding AG

Zurich

We have audited the remuneration report of VZ Holding AG for the year ended 31 December 2019. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables on pages 40 to 53 of the remuneration report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*PricewaterhouseCoopers AG, Birchstrasse 160, P.O. Box, 8050 Zurich
Telephone: +41 58 792 44 00, Facsimile: +41 58 792 44 10, www.pwc.ch*

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Opinion

In our opinion, the remuneration report of VZ Holding AG for the year ended 31 December 2019 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG



Beat Rütscbe
Audit expert
Auditor in charge



Roland Holl
Audit expert

Zurich, 26 February 2020

