

COMPENSATION REPORT

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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.

Equal pay

The revised Federal Gender Equality Act (GIG) has been in force since 1 July 2020. Companies with 100 or more employees must analyse by mid-2021 whether they pay men and women equally, then have their analysis reviewed by an independent body and inform employees and shareholders of the results by mid-2023.

The GIG applies to VZ VermögensZentrum Ltd, VZ Depository Bank Ltd and VZ Corporate Services Ltd, each of which employs more than 100 people. The management of VZ Group has also analysed the salaries of the entire Group for August 2020 using the Confederation's standard analysis tool (Logib). The analysis did not identify any significant, inexplicable wage differences. PwC has verified that the equal pay analysis of VZ VermögensZentrum Ltd, VZ Depository Bank Ltd and VZ Corporate Services Ltd was carried out in a formally correct manner and confirms that it has not encountered any facts from which it would have to conclude that the analyses do not comply with the legal requirements in all respects.

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.

Philipp Heer will become a new member of the Executive Board on 1 January 2021. His remuneration has not yet been taken into account in the reporting year, but is included in the proposal to the general meeting for the maximum fixed remuneration of the Executive Board for the 2021 financial year. Detailed information can be found on page 50.

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. This brings their interests into line with those of VZ and supports their long-term commitment.

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 2020, as in 2019, 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. As in the previous year, no external experts were consulted in the reporting period to determine the compensation.

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 12 April 2021 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 the approved total remuneration of the Executive Board is not sufficient because additional members are appointed after the General Meeting, the approved amount may be increased by a maximum of 30 percent.
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, 80 or 100 percent of a fixed basic salary, depending upon an Executive Board member's managerial level.
Shares, convertible and option rights	<p>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 79 and in the notes to the consolidated financial statements in the section «Share-based management benefit programme» on pages 124 to 126.</p> <p>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.</p>
Loans and credits	The conditions for loans and credits granted by VZ Group are the same for all employees and for members of the Board of Directors. The total volume of such loans and credits to members of the Board of Directors and the Executive Board is limited to CHF 100 million, the volume per person to CHF 20 million. The requirements for creditworthiness and credit standing are the same as for outsiders.
Pension benefits	VZ Group uses two collective foundations for the occupational benefits of the members of the Executive Board and the Board of Directors. The mandatory and extra-mandatory benefits are defined in the pension plans and regulations of the basic and supplementary

pension plans. If the members of the Board of Directors carry out their activities in a secondary capacity, they may take out voluntary insurance. In such a case, VZ Group pays the regulatory contributions. If a member of the Executive Board or the Board of Directors is not insured through VZ Group's pension plan, the reimbursement of contributions may not exceed 40 percent of the annual remuneration of the person concerned.

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 fixed compensation is paid in VZ shares, which are locked for three years. 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 2020/21 period of office is CHF 77.95, the weighted average price of the shares traded between 4 and 29 January 2021.

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 on the functions of all members of the Board of Directors can be found 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 contributions	The reported employer social insurance contributions encompass payments for OASI, DI, ILI, FCO (incl. administrative costs). The contributions of VZ Holding Ltd to the Board of Directors are limited to the statutory minimum.
Loans and credits	On 31 December 2020, there were loans to members of the Board of Directors of totalled CHF 13.9 million (31 December 2019: 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 2020 VZ Group paid Blum & Grob Attorneys at Law Ltd legal fees totalling TCHF 81 (2019: TCHF 130). 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 122 and 123, section «Related party disclosures»).
Former members	VZ Group does not compensate any former members of the Board of Directors.

Compensation of the Board of Directors in 2020

The reported compensation of the Board of Directors during the year under report consists of the deferred share of the compensation of the 2020/21 period of office, i.e. from 9 April 2020 to the end of 2020, as well as the already paid-out share of the 2019/20 period of office (1 January to 8 April 2020).

Last name ¹	First name	Fixed compensation ²		Variable compensation		Other compensation		Employer social insurance contributions		Total	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
CHF '000											
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Kindle	Fred	100	100	–	–	–	–	6	6	106	106
Iff	Roland	70	67	–	–	–	–	4	4	74	71
Langhart	Albrecht, Dr.	60	56	–	–	–	–	4	4	64	60
Ledergerber	Roland	55	52	–	–	–	–	4	3	59	55
de Perregaux	Olivier	60	56	–	–	–	–	4	4	64	60
Total Board of Directors		345	331	–	–	–	–	22	21	367	352

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 2021 shareholders' meeting

For the 2020/21 term of office (9 April 2020 to 12 April 2021), the shareholders' meeting approved the maximum remuneration of TCHF 403 (incl. employer contributions to social insurance agencies).

CHF '000

	2020/2021 period of office:			2021/2022 period of office:
	Approved at the 2020 shareholders' meeting	Compensation April 2021 ¹	Difference	Proposal to the 2021 shareholders' meeting
Fixed compensation	380	345	35	380
Employer social insurance contribution	23	22	1	30
Total	403	367	36	410

¹ On 3 March 2021 the Board of Directors has approved of the compensations for the 2020/2021 period of office. It will be paid out after the shareholders' meeting held in April 2021.

For the term of office 2021/22, the Board of Directors proposes to the shareholders' meeting on 12 April 2021 a maximum compensation of the Board of Directors in the amount of TCHF 410 (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 compensation (bonus) depends on the achievement of the result targets at Group level and the individual targets at divisional level; taking into account the achievement of the quantitatively measurable component of the Group targets and the qualitative assessment of the individual targets. If the targets are not achieved, the bonus component is reduced or suspended. If the targets are exceeded, the bonus increases. The maximum bonus is capped at 63, 80 or 100 percent of the fixed base salary, depending on the management level. The Board of Directors monitors compliance with this regulation and may decide on exceptions if it deems it appropriate.

The Board of Directors proposes a variable remuneration in the amount of TCHF 2137 (2019: TCHF 2059). Regardless of the management level, their variable compensation varies from 40 to 62 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 12 April 2021. 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 2020 financial year corresponds to the weighted average price of the shares traded between 4 and 29 January 2021, and is CHF 77.95.

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.

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 124 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	At the end of 2020, loans of CHF 4.4 million (31.12.2019: CHF 3.5 million) to members of the Executive Board were outstanding. Of this amount, CHF 3.5 million is attributable to a Lombard loan to Lorenz Heim. As in the previous year, no loans or credits to persons closely related to members of the Executive Committee were outstanding.
Former officers	No compensation was paid to members of the Executive Board who left in 2019 or 2020.

Compensation of the Executive Board in the 2020 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 2021 on page 50).

CHF '000	Fixed compensation		Variable compensation		Other compensation		Employer social insurance contribution		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Total Executive Board	3'242	3'123	2'013	1'942	27	15	641	622	5'923	5'706²
<i>thereof cash</i>	<i>3'242</i>	<i>3'123</i>	<i>431</i>	<i>447</i>	<i>27</i>	<i>15</i>	<i>641</i>	<i>622</i>	<i>4'341</i>	<i>4'211</i>
<i>thereof shares</i>	-	-	<i>1'290</i>	<i>1'144</i>	-	-	-	-	<i>1'290</i>	<i>1'144</i>
<i>thereof options</i>	-	-	<i>292</i>	<i>351</i>	-	-	-	-	<i>292</i>	<i>351</i>
thereof Matthias Reinhart¹	525	525	246	246	15	9	87	86	873	866
<i>thereof cash</i>	<i>525</i>	<i>525</i>	<i>53</i>	<i>50</i>	<i>15</i>	<i>9</i>	<i>87</i>	<i>86</i>	<i>680</i>	<i>670</i>
<i>thereof shares</i>	-	-	<i>157</i>	<i>150</i>	-	-	-	-	<i>157</i>	<i>150</i>
<i>thereof options</i>	-	-	<i>36</i>	<i>46</i>	-	-	-	-	<i>36</i>	<i>46</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.

No new Executive Board members were appointed in the reporting year, so the additional amount was not used. Standard market conditions apply to compensation paid to persons closely associated with key management personnel.

Executive Board compensation: Motions submitted to the 2021 shareholders' meeting

In respect of the 2020 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 2019 financial year, it approved the variable compensation amounting to TCHF 2059. These amounts include the employer's social security contributions.

Fixed compensation

CHF '000

	Financial year 2020: Approved at the 2020 shareholders' meeting			Financial year 2021: Proposal to the 2021 shareholders' meeting
	Compensation 2020	Difference		
Fixed compensation ¹	3'600	3'269	331	3'900
Employer social insurance contribution	560	518	42	600
Total	4'160	3'787	373	4'500

¹ Including other salary components

For the 2021 financial year, the Board of Directors is proposing a maximum compensation amounting to TCHF 4500 (incl. employer contributions to social insurance agencies) to the shareholders' meeting of 12 April 2021. This amount also includes the remuneration of Philipp Heer, who has been a member of the Executive Board since 1 January 2021.

For the 2020 financial year, the Board of Directors proposes a variable compensation of TCHF 2137 (including employer contributions to social security).

Variable compensation

CHF '000

	Bonus Financial year 2019: Approved at the 2020 shareholders' meeting	Bonus financial year 2020: Proposal to the 2021 shareholders' meeting
Variable compensation	1'942	2'013
Employer social insurance contribution	117	124
Total	2'059	2'137

Share ownership

A share split took place on 21 April 2020, when the previous 8 million registered shares were split 1:5. The number of registered shares and the prices in previous years were retroactively adjusted in the following tables.

Share portfolio of Board of Directors, including related parties

Last name	First name	Number of shares per 31.12.2020	Number of shares per 31.12.2019
Kindle	Fred	498'520	497'050
Iff	Roland	33'155	32'125
Langhart	Albrecht, Dr.	32'200	31'320
Ledergerber	Roland	12'540	11'730
de Perregaux	Olivier	5'110	4'230

Share portfolio of Executive Board, including related parties

Last name	First name	Number of shares per 31.12.2020	Number of shares per 31.12.2019
Reinhart	Matthias	24'417'057 ¹	24'395'270 ¹
Vitarelli	Giulio	123'326	133'210
Schönbucher	Thomas	16'965	18'050
Friess	Tom	220'250	228'430
Weber	Marc	76'295	73'365
Rütsche	Manuel	3'350	2'340
Heim	Lorenz	269'215	267'585
Tellenbach	Simon	5'010	3'800
Pfaffen	Rafael	14'690	11'940

¹ 22'039'870 of the shares are held through Madarex Ltd, Zug, of which Matthias Reinhart is the sole shareholder.

Options portfolio of Executive Board, including related parties as at 31.12.2020

Last name	First name	Year of allocation				
		2020	2019	2018	2017	2016
Reinhart	Matthias	4'660	5'320	4'090	3'730	5'970
Vitarelli	Giulio	5'460	6'720	5'110	4'980	6'780
Schönbucher	Thomas	3'730	4'200	3'400	3'230	0
Friess	Tom	3'640	4'580	3'870	3'470	0
Weber	Marc	5'860	6'500	5'140	5'020	6'700
Rütsche	Manuel	2'020	1'490	810	790	760
Heim	Lorenz	3'260	3'640	2'950	3'230	4'070
Tellenbach	Simon	2'420	1'340	960	790	0
Pfaffen	Rafael	3'500	3'640	1'810	1'490	1'620
Exercised options		0	0	0	0	2'636
Exercise price in CHF		70.65	66.90	82.50	75.25	69.05
Maturity		7.4.2026	8.4.2025	9.4.2024	5.4.2023	11.4.2022

All options allocated in 2015 (exercise price CHF 40.45, maturity 24.2.2021) have been exercised.

Report of the statutory auditor

to the General Meeting of VZ Holding Ltd

Zug

We have audited the compensation report of VZ Holding Ltd for the year ended 31 December 2020. 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 51 of the compensation report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation 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 compensation system and defining individual compensation packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying compensation 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 compensation 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 compensation 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 judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

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

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Opinion

In our opinion, the compensation report of VZ Holding Ltd for the year ended 31 December 2020 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG



Beat Rüttsche
Audit expert
Auditor in charge



Roland Holl
Audit expert

Zurich, 3 March 2021

