



Report on non-financial matters

VZ Group

2024

Report on non-financial matters 2024

| | |
|---------------------------------------|-----------|
| 1. Introduction | 3 |
| 2. The VZ Group business model | 4 |
| 3. Environmental matters | 6 |
| 4. Social matters | 9 |
| 5. Employee matters | 12 |
| 6. Respect of human rights | 15 |
| 7. Combating of corruption | 17 |
| Annex | 19 |

1. 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 section 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.

The Ordinance on Climate Disclosures has been in force since 1 January 2024. It obliges companies to disclose information on climate-related opportunities and risks and to describe the impact of the climate on their business. We are therefore adding a report on climate-related issues to the "Environmental matters" section. This report follows the recommendations of the Task Force on Climate-related financial Disclosures (TCFD).

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

Zug, 28 February 2025



Matthias Reinhart
Chairman of the Board of Directors



Roland Iff
Member of the Board of Directors

2. The VZ Group business model

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, optimise 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 are realising 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.

All financial services from one provider

Our consulting promotes trust. A growing number of clients take up 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 solution for everybody.

Banking services

VZ Depository Bank offers all banking 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 mortgage platform that brings 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 full range of second and third pillar solutions (OPA, executive pension plans, vested pension benefits and 3a retirement savings).

Insurance

VZ InsurancePool offers property and casualty insurance for private individuals. VZ BVG Rück insures death and disability risks in the area of occupational benefits 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 all of 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 insurance result. The majority of the revenues come from portfolio management, and by far the largest share is generated in Switzerland. The revenues of the subsidiaries in Germany and England 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 England. Lumin is an Independent Financial Advisor (IFA) which offers fee-based independent advice.

3. Environmental matters

Concepts and due diligence

VZ is committed to cutting its emissions to net zero by 2050. This is in line with the Federal Council's climate strategy and the requirements of the Federal Act on Climate Protection Objectives, 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. We calculated the balance for 2024 using the specialised carbon accounting software Ecospeed and had it checked for plausibility by Swiss Climate. It includes the development of direct emissions (Scope 1), indirect emissions (Scope 2) and indirect upstream and downstream emissions (Scope 3). In 2024, we also calculated and reported financed emissions (Scope 3.15) for the first time.

Ordinance on Climate Disclosures

In 2024, VZ also implemented the requirements of the Ordinance on Climate Disclosures. Details can be found in the annex to this report.

Measures taken

In recent years, VZ has taken a number of measures to reduce its emission of greenhouse gas.

Electricity

In Switzerland, we purchase electricity from renewable sources whenever possible. If this is not possible, we also buy guarantees of origin for Swiss solar power. We use motion detectors in our buildings so that our lights are only on where they are needed. Older systems and devices are being replaced by new models that consume less electricity.

Branches

Most of VZ Group's branches are in rented properties. We can only influence energy consumption on these premises to a limited extent. When selecting properties for new branches, we also take energy efficiency into account. When we renovate our own properties, we optimise energy consumption at the same time. When heating systems are replaced, we switch from fossil fuels to renewable energies, such as district heating, wherever possible.

Transport

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 few 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.

IT devices

When purchasing new devices, we make sure that they are easy to repair, and we buy additional guarantees to extend their service life. IT devices that we replace are professionally refurbished by a partner for resale and thus have a second life cycle.

Material consumption

We are reducing our paper consumption above all 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. Our most important publication is vz news, which we send to more than a million households five times a year. This magazine is printed relying on a climate-neutral process. For all other printed materials, 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 curb 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. Our measures to cut our consumption of non-recyclable plastic include giving all employees a glass bottle that they can fill at one of our water dispensers.

Greenhouse gas balance

For the greenhouse gas balance, we rely as far as possible on available data. As in previous years, the organisational system boundaries cover all VZ Group locations, including Germany and England. In addition, we expanded the operational system boundaries to include financed emissions (Scope 3.15). We assessed data gaps based on findings from the previous year and closed them where possible. We extrapolated employee commuting in the reporting year based on our mobility survey for 2023. This survey will be repeated periodically.

Management of material risks

Our greenhouse gas balance is based on pre-defined system boundaries, data from service providers and, if no data is available, on conservative extrapolations. The main risks are missing or incorrect data. If the actual data values deviate, the CO₂ emissions calculated may be too high or too low, leading to suboptimal measures.

We counter these risks by using Ecospeed to calculate our greenhouse gas balance and having the plausibility checked by Swiss Climate. We draw up the balance in line with the GHG Protocol and ISO 14064-1.

Performance indicators

Our greenhouse gas balance includes direct and indirect emissions, as well as indirect upstream and downstream emissions (Scope 1, 2 and 3). In 2024, we used new carbon accounting software, and Swiss Climate checked the plausibility of the results.

You can find all other information and explanations relating to our greenhouse gas emissions in the annex “Climate Disclosure”.

4. Social matters

Concepts and due diligence

We are obliged to comply with all legal requirements and protect 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 have complied with the 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 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 adult protection authority.

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 explicitly ask clients whether they wish to 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. Clients have access to a digital whistleblowing system, which enables them to report information on irregularities confidentially and anonymously around the clock.

Employees

The "Employee matters" section describes our employee protection measures and also contains an assessment of their effectiveness.

Public and media

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

Capital market and shareholders

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.

Authorities and industry organisations

We cultivate an open and transparent relationship with authorities and industry organisations. The Legal & Compliance department coordinates contact with them and answers enquiries immediately. That way, we ensure that communication is consistent and binding.

Partners and suppliers

In our Code of Conduct, we stipulate that we strive for fair relations with our partners and suppliers, and that we aim for long-term cooperation. We treat all our partners and suppliers appropriately in terms of competition law.

Management of material risks

Reputation

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 to our good reputation, for instance as a result of giving incorrect advice. Negative media coverage could result in fewer clients seeking our advice, not opting for further services or cancelling recurring services. A bad reputation could also lead to employees leaving and fewer people applying for vacant positions. Authorities could conduct investigations, impose sanctions or issue fines, and VZ shares could lose value.

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.

Performance indicators

In order to review the effectiveness of our measures, we have defined the following performance indicators

| | |
|---------------------------|--|
| Net promoter score | 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 2024, our NPS was 74.1. This figure proves that both our client satisfaction and recommendation rate are very high. We analyse negative reviews in detail and initiate measures to rectify deficiencies. |
| Complaints | 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. |
| Reports of irregularities | No reports on social matters were received via the digital whistleblowing system in the reporting year. |
| Fines from authorities | We did not receive any fines from authorities in 2024. |

5. Employee matters

Concepts and due diligence

Since its foundation in 1993, VZ has created new jobs every year. We have never had to dismiss anyone for economic reasons, and we 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 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, there are no mandatory collective employment contracts for the financial sector, and VZ has not signed any voluntary collective employment agreements.

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 have complied with the behavioural rules and practices. In 2024, all 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 policy 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 objective, fair, performance-based and competitive. It is structured in a way that 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 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 has been repeated every year since then using the same methodology and tool. There have been no significant unexplained wage differences between women and men in any of these analyses.

| | |
|---|--|
| Employee satisfaction | In order to remain an attractive employer, we have the motivation and satisfaction of our employees assessed externally every three years. The survey was carried out again in 2024. Scoring 82 out of 100, VZ Group performed very well. |
| Training and professional development | Promoting the training and development of our employees is an investment in the future and has high priority in our strategy. VZ generously supports external professional development and offers comprehensive programmes for internal training and development. To ensure the quality of our most important training programme, VZ CareerProgramm, we have had it certified by the certification body SQS in accordance with the EduQua standard since 2011. |
| Health promotion | <p>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 desks, so that they can optimise working in front of a screen and prevent physical complaints.</p> <p>We provide close support to employees who are incapable of working for a prolonged time period and deploy case managers where necessary.</p> |
| 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 line managers, the Legal & Compliance department or the HR Services department. In the case that reporting to an internal body does not make sense or is unreasonable, our digital whistleblowing system can be used for that purpose. This process is described in an additional directive. Employees can report irregularities around the clock in an anonymous and 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. One material risk is that we may be 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 this makes sense. This enables us to reduce our dependence on human resources for repetitive work.

Performance indicators

Time recording, fluctuation and long-time absences

Line manager regularly check the time recordings of their teams and examine whether they comply with the instructions on working times and holidays. Personnel fluctuations and long-term absences are regularly analysed in every area and any anomalies examined closely.

Training days

On average over the last few years, around 20 percent of employees were enrolled in external training supported by VZ. In 2024, an additional 3.3 internal training days were completed per full-time equivalent on average. This figure includes training and professional development as part of our CareerProgramm, as well as all other internal training courses held this year.

In 2024, a possible irregularity in the area of employee matters was reported via the whistleblowing system. Such reports are a fixed agenda item at meetings of the Group's Executive Board and the Board of Directors, and the measures taken are regularly reported.

6. Respect of human rights

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, forced or compulsory labour, and we support freedom of association, equality of opportunity and income, as well as non-discrimination. In 2024, we discussed compliance with these core values with most of our new suppliers and business partners and obtained corresponding confirmations. We addressed this issue with existing business partners as part of annual meetings or contract negotiations.

We regularly train all permanent and temporary employees on such topics to reinforce ethically correct and responsible behaviour. We regularly review compliance with our Code of Conduct and our directives. All employees confirm on an annual basis that they have complied with the behavioural rules and practices.

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 sanctions.

Those who feel that their rights have been infringed or notice wrongdoing in their environment can reach out to their line managers, 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 does not make sense or is unreasonable, our digital whistleblowing system can be used for reporting misconduct anonymously and confidentially around the clock.

Financing

We do not grant credits to companies outside VZ Group and do not finance companies with controversial business models that violate human rights and children’s rights or use forced labour 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. If partners and suppliers do not meet our minimum standards, we work towards ensuring that they pay more attention to them. However, we reserve the right to obtain the goods or services from a different provider.

Every year, we assess whether there are any indications of child labour, and we document the findings. The 2024 assessment provides no substantial grounds for believing that any supplier or business partner of VZ Group uses 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 among our employees, partners and suppliers. Our digital whistleblowing system allows employees, external parties and partners to report confidential information about human rights violations anonymously and confidentially around the clock.

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.

Performance indicators

All employees confirm on an annual basis that they have complied with the behavioural rules and practices. They are requested to report any irregularities. No reports of human rights violations were submitted in 2024.

7. Combating of corruption

Concepts and due diligence

In our Code of Conduct, we commit ourselves particularly to incorruptibility, compliance with the law and fair competition practices. We do not tolerate any form of corruption or bribery, and we strictly reject inappropriate gifts, invitations and payments.

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 rule out actions that could fall under the criminal law on corruption. As a financial service provider, we are obliged to prevent money laundering and terrorist financing. Such offences are also often related to corruption. These processes are also regulated in our directives.

The directives govern how we deal with gifts, invitations and non-cash benefits from third parties. As a matter of principle, we reject such benefits in order to avoid conflicts of interest and bribery. Exceptions apply to gifts, invitations and non-cash benefits in a business context that have a low value and are not paid out in cash. Depending on their value, such benefits must be reported or authorised.

VZ Group is also committed to charitable and cultural causes that are in line with our corporate values and sustainable business strategy. All donations must be ethically acceptable, and they are reported transparently.

Reporting and monitoring

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 Directors of VZ Group.

As part of the fight against money laundering, client transactions are reviewed so that we can identify anomalies and, if necessary, inform the competent authorities.

Awareness-raising and training

We sensitise all employees to the issue of corruption and train them from the outset with various compliance courses. These courses 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

Ethical, legally compliant conduct is of central importance to us. It forms the basis for the trust that our clients and business partners place in us. We minimise the risk of losing their trust by setting out clear guidelines, providing regular training and raising awareness in a targeted manner on the need to prevent corruption. We thus ensure that all internal processes and decisions meet the highest standards.

There is a risk that external service providers and business partners may not fulfil VZ Group's standards with regard to integrity and corruption prevention. To minimise this risk, we discussed the topics of integrity and combating corruption with most of our new suppliers and business partners in 2024 and obtained corresponding confirmations. We addressed the issue with existing business partners as part of annual meetings or contract negotiations.

Additionally, our digital whistleblowing system makes it possible to recognise and prevent corruption at an early stage. It is available to employees, partners and external parties to report violations anonymously and confidentially around the clock.

Performance indicators

In 2024, no suspicion of corruption was reported via the whistleblowing system. Isolated cases of suspicious transactions by clients were reported to the responsible authorities in accordance with the regulatory requirements.

Annex

Climate disclosures in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

| | | |
|--------------|--|-----------|
| 1. | Governance | 20 |
| 2. | Strategy | 22 |
| 2.1 | Climate-related opportunities and their impacts | 23 |
| 2.2 | Climate-related risks and their impacts | 25 |
| 2.2.1 | Physical risks (acute and chronic risks) | 26 |
| 2.2.2 | Transition risks | 28 |
| 2.3 | Materiality analysis | 30 |
| 3. | Risk management | 33 |
| 3.1 | Integration of climate-related risks into overall risk management | 33 |
| 4. | Metrics and targets | 35 |
| 4.1 | VZ Group greenhouse gas balance | 35 |
| 4.2 | Enhanced disclosure of greenhouse gas emissions | 38 |
| 4.3 | Targets | 40 |
| 4.4 | Transition plan | 40 |

1. Governance

VZ Holding Ltd is responsible for strategy and risk management at Group level, among other things. This responsibility includes strategic considerations on sustainability, including climate change and the associated opportunities and risks. In 2024, VZ Group strengthened its governance structure to ensure that sustainability and climate issues are taken into account at all hierarchical levels.

Board of Directors

The Board of Directors of VZ Holding Ltd bears overall responsibility for compliance with the statutory requirements applicable to reporting on non-financial matters. It reviews VZ Group's sustainability strategy, which is set out in our Code of Conduct, and assesses progress towards achieving climate targets. It also identifies the opportunities and risks that arise in this area and monitors their development. Four members of the Board of Directors have proven expertise in ESG, while three are tried-and-tested risk management experts as current or former CEOs of banks. The Board of Directors delegates responsibility for implementing the sustainability strategy and measures to achieve the climate targets to the Executive Board of VZ Holding Ltd.

Risk, Sustainability and Audit Committee (RSAC)

The standing Risk, Sustainability and Audit Committee (RSAC) of the Board of Directors supports the Board of Directors of VZ Holding Ltd in reporting on climate issues. It is responsible for reviewing and recommending the sustainability strategy and developing the transition plan. The tasks of the RSAC also include assessing the functioning and effectiveness of the internal control system (ICS) and risk management, in particular with regard to climate-related risks, the integration of climate issues into existing processes and the monitoring of progress towards achieving climate targets.

Executive Board

VZ Group's Executive Board is responsible for the operational implementation of the Board of Directors' strategic guidelines on sustainability issues. The Executive Board is supported by the Sustainability Committee, which includes representatives from various business units. A member of the Executive Board is responsible for this committee. The duties of the Sustainability Committee include advising and supporting the Executive Board in implementing VZ Group's sustainability strategy and transition plan. It ensures that the framework conditions established by the Board of Directors are taken into account and that sustainability and climate issues are integrated into existing processes. In addition, the committee monitors the ongoing implementation of the measures defined in the transition plan and monitors relevant regulatory developments in the area of sustainability.

Reporting to the Board of Directors

The RSAC usually meets four times each year. At least once a year, the Head of the Sustainability Committee informs the RSAC on developments in sustainability and climate issues. The RSAC is informed about the progress of the transition plan once a year as part of sustainability reporting. The Chairperson of the RSAC reports on this to the Board of Directors of VZ Holding Ltd at its next meeting. The Chairperson of the RSAC informs the Chairperson of the Board of Directors of VZ Holding Ltd immediately of any important developments and findings with regard to climate-related risks.

The detailed risk report of VZ Group is submitted every six months to the Board of Directors, the Executive Board and the internal and external auditors. Every month, the Risk Office reports separately to the Executive Board and the Board of Directors on the risk situation of VZ Depository Bank Ltd. Reporting on climate-related risks is currently under development and will be incorporated into suitable existing frameworks. In the event of any extraordinary developments, the Risk Office immediately informs the Executive Board and the internal auditors.

Governance structure for climate issues at VZ Holding Ltd



2. Strategy

The topic of sustainability is enshrined in VZ Holding Ltd's Code of Conduct as follows: "The sustainable, successful development of VZ is more important to us than short-term gains, and we assume responsibility towards society and the environment."

In addition, VZ is committed to reducing its emissions to net zero by 2050 in accordance with the Swiss Climate and Innovation Act (CIA).

The VZ Group has identified the risks and opportunities presented by climate change to its business model. They are set out in the Strategy section and are mainly explained qualitatively.

Based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), VZ Group distinguishes between the following categories of climate-related opportunities: resource efficiency and energy sources, products, services and markets, as well as resilience. Climate-related risks are divided into two categories: physical risks and transition risks.

The statements made are current estimates. They are based on the current state of knowledge and business model of VZ.

Time horizon

Climate change refers to long-term changes in factors such as temperature and precipitation. Hence, it makes sense to divide the time horizon into segments.

VZ Group has set three time horizons. In the context of climate change, the short-term horizon covers up to five years, the medium-term horizon six to ten years and the long-term horizon eleven to thirty years

| Time horizon | Number of years |
|--------------|-----------------|
| Short term | 0 to 5 |
| Medium term | 6 to 10 |
| Long term | 11 to 30 |

2.1 Climate-related opportunities and their impacts

Resource efficiency and energy sources

The energy consumption of heating systems, procurement of IT devices, employee commuting and paper consumption for print jobs are the most important factors in VZ Group's corporate greenhouse gas balance. Sparing use of resources protects the climate and also enables VZ to save costs.

Over the next three years, the new head office of VZ Depository Bank will be built in Zug. The "Creatower 1" project relies on a sustainable construction approach. One particularly innovative feature is the use of the Rippmann Floor System (RFS). This low-emission ceiling construction is part of the building's supporting structure.

The prefabricated concrete elements provided by the ETH spin-off Vaulted AG are only 6.5 centimetres thick and can bridge spans of up to 6 metres without additional steel reinforcement. Compared with conventional reinforced concrete ceilings, material consumption is significantly lower. Moreover, this technology can save CO₂ emissions of more than 30% during construction, compared with conventional construction approaches.

Products, services and markets

Investments

As part of our investment advice and portfolio management process, we already discuss with all our clients whether or not they would like to invest their money in accordance with ESG criteria. We inform them of the risks and opportunities presented by ESG investments and discuss the advantages and disadvantages with them. We thus raise awareness among our clients and our employees and help them better understand the risks and opportunities associated with investments based on ESG criteria.

Our clients regularly receive a comprehensive report on the performance of their assets. This automatically includes information on the ESG characteristics of their investments (e.g. ESG rating of money invested). Some clients receive a detailed report containing additional assessments, such as the proportion of desired business activities or the CO₂ intensity of their portfolio. Further climate-related key figures are under review.

We engage in regular dialogue with fund providers concerning ESG topics, in which we motivate them to expand their range of ESG funds.

Finally, interested investors can instruct us to examine the ESG characteristics of their securities. This may, for example, involve an analysis of the proportion of desired business activities or the CO₂ intensity of portfolios. We are considering how we can supplement these assessments with additional data points from MSCI ESG Research and Morningstar/Sustainalytics.

Financing

Mortgage advice for all clients includes the topics of energy efficiency and energy-efficient home renovation. If a renovation is being planned, we present financing options and provide information concerning specialist bodies and support measures. Our information leaflets “Energy-efficient renovation of your home: what you need to clarify” and “Renewable heating of your home: tips on replacing fossil heating” can be obtained free of charge by clients and interested parties.

Our consultants receive comprehensive core and advanced training so that they can incorporate the necessary energy efficiency expertise into their advice.

Resilience

Our aim is to make our business model even more resilient, including in the transition to a climate-neutral economy and society.

In the area of investments, we work with well-known data providers, we are members of several industry organisations, and we participate in an international network for sustainable investments. Our most important working partnerships are:

- MSCI ESG Research
- Morningstar/Sustainalytics
- UN Principles for Responsible Investment (UN PRI)
- Swiss Sustainable Finance (SSF)
- PACTA 2020/2022/2024 Climate Alignment Test
- VAV/ABG Contact Group Sustainable Finance

We measure our greenhouse gas emissions in accordance with the Greenhouse Gas Protocol, and we calculate financed emissions (scope 3.15) in accordance with the international standard “Partnership for Carbon Accounting Financials” (PCAF). We take into account relevant direct emissions as well as indirect emissions arising upstream and downstream within our value chain. Based on these key figures, we examine which measures make sense in order to increase our resilience in the transition to a climate-neutral economy. With this aim in mind, we work with Swiss Climate, a consulting company in the areas of CO₂ management, sustainability, climate protection projects and energy.

In our portfolio management mandates, we seek to achieve international diversification while focusing on the domestic market. We deliberately exclude investments in commodities, hedge funds and private equity. In addition, we have submitted our asset management mandates to climate compatibility tests carried out by the Federal Office for the Environment (“Paris Agreement Capital Transition Assessment”, PACTA). This enables us to assess whether investments are compatible with the Paris Agreement. Further disclosure of portfolio-related climate data in line with the Swiss Climate Scores is under consideration.

We raise awareness of ESG among our employees through internal training courses and support external professional development in this area. This enables us to take current developments into account and to minimise risks.

2.2 Climate-related risks and their impacts

The VZ Group distinguishes between operational risks, technology and cyber risks, legal and compliance risks and reputational risks (for more information, see the Risk management section of the VZ Group Annual report). Default/credit risks, market risks (including interest rate risks), liquidity and refinancing risks are also considered for banking and bank-like services, while the insurance risk is identified for insurance services.

Climate-related risks influence these types of risk over the short, medium or long term. They are not a new type of risk, but an additional risk driver.

TCFD divides climate risks into physical risks and transition risks. Physical risks can be acute or chronic. Acute physical risks are event-driven. These include extreme weather events, such as flooding or heatwaves. Chronic physical risks, such as changing precipitation patterns, are caused by long-term climatic change. Transition risks, on the other hand, arise from political, technological or legal disruptions arising during the transition to a climate-neutral economy.

| Physical risks | | Transition risks |
|--|--|---|
| Acute | Chronic | |
| Extreme weather events: <ul style="list-style-type: none"> ▪ Flooding ▪ Landslides ▪ Blizzards ▪ Heatwaves ▪ Forest fires ▪ Hailstorms ▪ Drought ▪ Cyclones | Long-term weather changes: <ul style="list-style-type: none"> ▪ Soil erosion ▪ Rise in sea level ▪ Changes in precipitation patterns ▪ Retreat of permafrost ▪ Ocean acidification | Policy and regulations Technological developments Consumer preferences |

Climate risks are identified and described below on the basis of this classification.

| | |
|---------------------|---|
| Default/credit risk | <p>2.2.1 Physical risks (acute and chronic risks)</p> <p>Extreme weather events, such as flooding, hailstorms and landslides, and chronic climate changes, such as soil erosion, can increase the risk of defaulting on a mortgage. Higher insurance premiums may lead to a reduction in the affordability of mortgage costs or to the need to refurbish buildings.</p> <p>We consider this risk to be low because mortgages are only at risk in the event of natural hazards if the losses exceed the unencumbered portion of the property value and are not sufficiently covered by building insurance. Over the medium term, however, we assume that more preventive measures will have to be taken against natural hazards.</p> <p>Extreme weather events and chronic climate change can reduce the value of collateral. Should this occur, mortgages may no longer be adequately secured by collateral. Climate change can lead to major changes in real estate prices, depending on the location of the properties and the intensity of the risks to which they are exposed.</p> <p>We consider this risk to be low for a number of reasons: We grant residential mortgages exclusively in Switzerland, and primarily for single-family dwellings and owner-occupied apartments. The default risks in these areas are lower than for commercial real estate. The loan-to-value ratio for properties we finance is below average: for most of them it is below 50 percent. Building insurance against fire and natural hazards is essential for the granting of a mortgage. In cantons where such insurance is voluntary, we require private building insurance. We do not grant mortgages for buildings in particularly exposed areas. The framework conditions for Swiss building and zoning regulations already restrict construction in exposed locations.</p> <p>Mortgages in the cantons of Zurich, Basel-Landschaft, Bern and Aargau account for just under two-thirds of our portfolio. Extreme weather events are generally limited to local areas. In such cases, state assistance is usually granted, or support is provided out of solidarity</p> |
| Market risk | <p>Extreme weather events may impact stock prices, foreign exchange rates or commodity prices and thus affect our market risks.</p> <p>We consider this risk to be low too because VZ banks do not engage in proprietary trading, direct investments in commodities are not permitted, and the balance sheet item “Financial investments” primarily comprises prime residential mortgages and bonds held until maturity. We would therefore only be affected to a limited extent by any such events.</p> <p>With regard to assets under management, we seek to achieve broad diversification, in terms of both investment regions and investment instruments. Hence, we consider the market risk to be low here as well.</p> |

Insurance risk

In the non-life insurance sector, the increasing frequency and severity of extreme weather events can lead to higher claims. In the areas of collective life insurance and occupational pensions, increased sickness or death rates are possible scenarios. They would have to be compensated by higher premiums and/or retention fees, or cover could be restricted.

Over the short term, we consider these risks to be low. Taking these types of acute and chronic risks into account is part and parcel of the insurance business. Over the medium and long term, we consider this risk to be moderate. We may react to this by applying premium adjustments, or we may decide not to insure certain risks (any longer). Both lines of insurance are reinsured. Insurance programmes are structured in such defensive terms that major losses are borne primarily by reinsurers.

The insurance risk may also increase if climate-related risks have been inadequately modelled or if the modelling is outdated. This can lead to unexpectedly high loss claims. This risk is an inherent feature of the insurance business, and we consider it to be low. The models are reviewed on an ongoing basis. The life insurance sector in particular is highly regulated, and the models are set out by FINMA.

Operational risk

Extreme weather events could damage our buildings or adversely affect the health of our employees, reducing our operational capacity and thus also our productivity. For example, damage could occur to property owned by us, or to branches or data centres.

We consider these risks to be low for the following reasons. We have branches in Switzerland, Germany and England. The vast majority of our branches are situated in Switzerland, where buildings are subject to compulsory insurance. Our branches are spread throughout Switzerland, so we consider the expected damage from extreme weather events to be low for the Group as a whole.

The likelihood of business interruption due to climate-related damage to our infrastructure (including IT) is low. We expect climate change to increase the risk of data centre failure only marginally. Cooling of IT infrastructure and data centres is ensured even in the event of pro-longed heatwaves.

Our business continuity management ensures that consequential damage resulting from any such events is contained as far as possible and that operations can be quickly resumed.

As we continually invest in our buildings, we can gradually adapt them to new conditions such as heatwaves.

Physical climate risks are not a significant risk driver for other types of risk, i.e. liquidity and refinancing risk, technology and cyber risk, legal and compliance risk and reputational risk.

2.2.2 Transition risks

Default/credit risk

Rising energy prices can lead to more defaults on loans. Climate protection requirements, environmental taxes and technological developments give rise to adaptation costs and can reduce profitability, which can further increase the likelihood of default. A tangible rise in energy prices and CO₂ taxes could reduce the value of residential property, and properties with fossil fuel heating systems could incur higher operating costs.

We consider this risk to be low: radical changes in the law that have a significant impact on the value of real estate are unlikely in Switzerland without transitional periods.

Market risk

Transition risks can lower the value of securities, foreign exchange or commodities due to changes in investor preferences or market preferences. This is especially true for industries affected by a sudden and drastic loss of value (“asset stranding”).

We consider this risk to be low because the financial assets in VZ’s balance sheet consist primarily of Swiss bonds and mortgage bonds. The impact of transitional risks is lower than it is for companies in high-emission sectors.

We also consider the risk to be low with regard to assets under management, as we invest in a broadly diversified manner, primarily in collective investment schemes, equities and bonds.

Legal and compliance risks

Climate protection is being continuously reinforced in Switzerland and the EU. This involves climate protection laws as well as data collection and disclosure requirements. Breaches may result in legal action, penalties or restrictions.

We consider this risk to be low because sudden, incisive regulations are unlikely to be adopted in Switzerland. The share of our business in the EU and England is still so small that we do not meet the regulatory thresholds.

Reputational risk

Our clients, the general public and other stakeholder groups are becoming increasingly aware of environmental issues, and their expectations in terms of sustainable, climate-compatible business practices may continue to rise further. Accordingly, the risk of reputational losses is also growing. For example, our reputation could be harmed if we were to opt for investments that exacerbate climate change or if we were accused of greenwashing.

We inform clients about ESG risks and document their ESG preferences in accordance with the SBA's "Guidelines for the financial service providers on the integration of ESG-preferences and ESG-risks and the prevention of greenwashing in investment advice and portfolio management". Our clients learn what ESG is, what risks and opportunities it presents and what impact an ESG investment strategy can have.

Transition risks are not a significant risk driver for other types of risk, i.e. liquidity and refinancing risk, technology risk, cyber risk and operational risk.

2.3 Materiality analysis

The climate-related opportunities and risks identified are summarised in the following analyses. The likelihood of occurrence and the financial impact have been assessed qualitatively.

According to the information currently available to us, the effects of climate-related opportunities and risks on the financial situation of VZ Group as a whole are low or insignificant. Therefore, we do not need to adjust our financial planning and budgeting at this time.

Climate-related opportunities

| Category | Opportunity | Short term 0–5 years | Medium term 6–10 years | Long-term 11–30 years | Impact* |
|--|--|-------------------------|---------------------------|--------------------------|-----------------|
| Resource efficiency and energy sources | Reduction of energy consumption and CO ₂ emissions | x | | | Lower costs |
| Products, services and markets | Development of new services or expansion of existing services | | x | x | Higher earnings |
| Resilience | Alignment with the transition to a climate-neutral economy and society | x | x | x | Lower costs |
| *Financial impact if this opportunity is exploited | | | | | |

Climate-related risks

Physical risks

| Type of risk | Physical risks | Short term 0–5 years | Medium term 6–10 years | Long term 11–30 years | Likelihood of occurrence | Type of impact* |
|-------------------------|--|----------------------------|------------------------------|-----------------------------|---|--------------------------------|
| Default/ credit risk | Default risks for mortgages due to extreme weather events and chronic climate change | | x | x | Moderate | Low to moderate: impairment |
| Default/ credit risk | Impairment of collateral due to extreme weather events and chronic climate change | | x | x | Low | Low to moderate: impairment |
| Market risk | Impact of extreme weather events on stock, foreign exchange or commodity prices or the revaluation of financial assets | | x | x | Low | Low: fall in value |
| Insurance risk | Increase in claims due to increasing frequency and severity of extreme weather events | x | x | x | Short term: low Medium and long-term: moderate | Medium: higher costs |
| Insurance risk | Insufficient or obsolete risk modelling | | x | x | Low | Low: higher costs |
| Operational risk | Damage to buildings and operational disruptions due to extreme weather events | | x | x | Low | Low: higher costs |

*Financial impact if this risk materialises

Transition risks

| Type of risk | Transition risks | Short term 0–5 years | Medium term 6–10 years | Long term 11–30 years | Likelihood of occurrence | Type of impact* |
|---|--|----------------------------|------------------------------|-----------------------------|--------------------------|--------------------------------|
| Default/ credit risk | Default risks for mortgages due to rising environmental taxes or energy prices | x | x | | Low | Low to moderate: impairment |
| Market risk | Loss in value of financial assets due to changes in client preferences, commodity prices or market changes | x | x | | Low | Low: fall in value |
| Legal and compliance risks | Compliance risks due to new climate legislation (CH/EU) | x | x | x | Low | Low: higher costs |
| Reputational risk | Rising expectations regarding sustainable, climate-friendly business practices among the general public and stakeholder groups | x | x | | Low | Low: lower revenues |
| *Financial impact if this risk materialises | | | | | | |

Over the coming years, we will complete a climate scenario analysis and examine the impact of different short-term and medium-term climate scenarios (e.g. +/-2°C). This year, the analysis has not yet been included in the report.

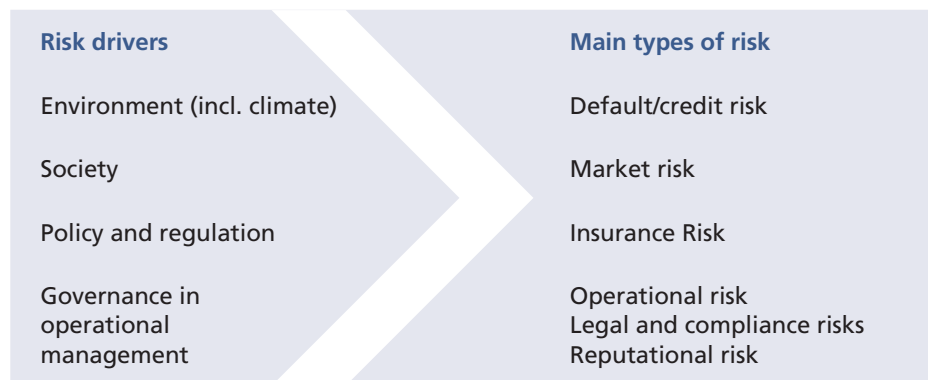
3. Risk management

The good reputation of VZ among clients, investors, providers of capital, authorities, business partners and the general public is our most valuable asset. For this reason, VZ Group operates a risk management system with professional structures, responsibilities and tools. These are described in detail in the “Risk management” section of the Annual Report.

A key element is VZ Group’s framework concept for institution-wide risk management, which sets out the risk policy, risk tolerances and limits for the main types of risk. It also regulates risk identification, measurement and evaluation, risk management in the form of monitoring and limitation, and risk reporting.

These rules also apply to climate-related risks. The VZ Group regards these as additional risk drivers that may have an impact on the following types of risk, which have been assessed as material in the context of the strategy.

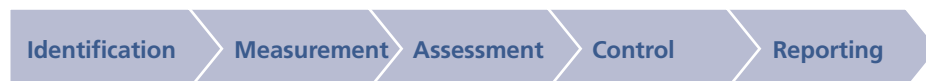
Effect of risk drivers on the main types of risk



We identify, measure, assess, manage and report climate-related risks in accordance with our general risk process.

3.1 Integration of climate-related risks into overall risk management

VZ Group risk process



We continuously review the requirements and tools defined to this effect and adjust and develop them as necessary.

Today, the management of climate-related risks is focused on VZ Depository Bank Ltd and hence on VZ Group’s banking business. The following statements therefore relate to processes at VZ Depository Bank Ltd.

| | |
|---|--|
| Identification | <p>As with all other risks, VZ identifies climate-related risks as additional drivers within the context of a general risk analysis in which the materiality of these risks is assessed. Based on the defined risk categories and risk types, we assess both the short-term acute consequences and the long-term chronic effects of climate change. The aim of the analysis is to understand the risks by identifying the causes, effects and connections between the relevant factors within existing risk categories.</p> |
| Measurement and evaluation | <p>We quantify climate-related risks and their effects on VZ Group as far as possible. These findings are incorporated into the assessment of operational risks on an ongoing basis. If a risk cannot be quantified, the potential effects are described instead. In future, we will apply the TCFD recommendations and the PCAF methodology when identifying and measuring climate-related risks (for more information, see the section on “Key figures and targets”). Business continuity management (BCM) identifies physical risks that affect banking operations. Analyses of different scenarios over several time horizons are planned in order to provide greater depth.</p> |
| Managing, monitoring and limiting risks | <p>To manage climate-related risks, VZ Group measures greenhouse gas emissions caused directly (scope 1) or indirectly (scope 2) as well as relevant indirect upstream and downstream emissions (scope 3). Climate-related key figures are set out in section “Key figures and targets”.</p> <p>Climate-related risks are integrated into the internal control system. They are monitored on an ongoing basis (independent assessment by Risk Control as part of the “three lines of defence” model). Monitoring requirements and the instruments used are regularly reviewed and adjusted or developed as necessary.</p> |
| Reporting | <p>Reporting is continuously being expanded, refined and integrated into suitable frameworks. The Board of Directors and the Executive Board of VZ Group are updated on this on a regular basis, at least once each year. VZ Group notifies the general public annually by means of this report.</p> <p>The integration of climate-related risks into our risk management is an ongoing process involving several governing bodies. This requires ongoing reviews and the necessary adjustments to strategy. The continuous identification, measurement, evaluation, management and limitation of climate-related risks can strengthen VZ Group’s resilience. The risk process ensures that the group is prepared for the challenges of climate change and that governing bodies are informed of significant developments.</p> |

4. Metrics and targets

VZ has calculated its greenhouse gas emissions since 2021. In 2023, we prepared the greenhouse gas balance together with Swiss Climate, and in 2024, Swiss Climate verified the plausibility of this balance. Our greenhouse gas balance is based on the internationally recognised Greenhouse Gas Protocol and the ISO 14064-1 standard.

We rely as far as possible on available data. Drawing on our experience from the previous year, we closed data gaps. Since 2023, we have reported our operational greenhouse gas emissions for all relevant categories (scopes 1 to 3).

Since 2024, we have also collected data on financed emissions (scope 3 category 15). Emissions from the mortgage business and investments from our portfolio management business are taken into account. These emissions are calculated and disclosed in accordance with the international PCAF standard.

Metrics and targets

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

The Board of Directors reviews progress towards this target annually on the basis of VZ Group's greenhouse gas balance.

4.1 VZ Group greenhouse gas balance

We recorded the emissions falling under scopes 1 and 2 for all VZ Group locations in Switzerland, Germany and England.

We reported scope 3 emissions for categories 3.1 (purchased goods and services), 3.2 (capital goods), 3.3 (fuel- and energy-related activities), 3.5 (waste generated in operations), 3.6 (business travel) and 3.7 (employee commuting) – wherever possible for all locations, but at least for Switzerland. In 2023, we reported IT devices under scope 3.2 (capital goods). From the year under report, we report IT devices under scope 3.1 (purchased goods and services). This change has no impact on our total scope 3 emissions.

Emissions in categories 3.4 (upstream transportation), 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) and 3.14 (franchises) are not relevant for us and are therefore not included.

In the 2024 financial year, greenhouse gas emissions per full-time equivalent were 1.85 tonnes.

| | t CO ₂ e ¹ |
|-------------------------------------|----------------------------------|
| Scope 1 – direct emissions | 316 |
| Scope 2 – indirect emissions | 114 |
| Scope 3 – indirect emissions | 2'362 |
| Total by Scope^{2,3} | 2'792 |
| | t CO ₂ e ¹ |
| Electricity | 152 |
| Heat | 416 |
| IT equipment | 310 |
| Shipping | 179 |
| Business travel | 636 |
| of which employee commuting | 544 |
| Paper | 1066 |
| Water | 2 |
| Waste | 31 |
| Total by source | 2'792 |
| | t CO ₂ e ¹ |
| Per full-time equivalent | 1,85 |

1 In tonnes (t) of greenhouse gas emissions in CO₂ equivalents (CO₂ e). The emissions were calculated with "Ecospeed" and include assumptions and estimates. The greenhouse gas balance has been verified by Swiss Climate and covers the period 01.10.2023-30.09.2024.

2 The greenhouse gas balance covers all VZ Group locations in Switzerland, Germany and England (organisational system boundaries).

3 We have fully recorded Scope 1 and 2 emissions for all locations. We have calculated Scope 3 emissions for the categories 3.1 (Purchased goods and services), 3.3 (fuel- and energy-related activities), 3.5 (Waste generated in operations), 3.6 (Business travel) and 3.7 (Employee commuting) for all locations wherever possible, but at least always for Switzerland. Emissions in category Scope 3.15 are shown separately. Emissions in the other categories have not been included due to a lack of relevance.

VZ has drawn up a greenhouse gas balance since 2021. In 2021 and 2022, we used the VfU data tool for this purpose. In 2023, we drew up the balance for the first time together with Swiss Climate. In doing so, we adapted our methodology and expanded our organisational and operational system boundaries. A comparison with previous years is therefore not very meaningful. Since 2024, we have used the Ecospeed CO₂ accounting software to draw up the greenhouse gas balance independently. Swiss Climate has verified the plausibility of our results.

Development of VZ Group's greenhouse gas emissions since 2021

| | 2021 | 2022 | 2023 ¹ | 2024 | Change 2023/2024 |
|----------------------|-------------|-------------|-------------------|-------------|---------------------|
| Scope 1 | 169 | 208 | 349 | 316 | -9.5% |
| Scope 2 | 173 | 165 | 112 | 114 | +1.6% |
| Scope 3 | 1'129 | 1'269 | 2'080 | 2'362 | +13.5% |
| Total | 1'471 | 1'642 | 2'541 | 2'792 | +9.9% |
| Total per FTE | 1.34 | 1.39 | 1.92 | 1.85 | -3.7% |

¹ Changes to data collection (extension of organisational and operational system boundaries, new software for mapping emissions). Since 2023, scope 3 categories 3.1, 3.2, 3.3, 3.5, 3.6 and 3.7 have been taken into account. In 2024, emissions from the procurement of IT devices are reported in Scope 3.1. This means that Scope 3 categories 3.1, 3.3, 3.5, 3.6 and 3.7 are included in the greenhouse gas balance.

In addition to total emissions, we also report emissions per full-time equivalent. As our company is growing rapidly, this is an important metric.

4.2 Enhanced disclosure of greenhouse gas emissions

In 2024, we calculated financed emissions (scope 3.15) for the first time in collaboration with Swiss Climate. VZ uses the global PCAF standard to calculate and disclose these emissions.

We disclose the financed emissions from our main financing and investment activities. Emissions in connection with the mortgage business (residential properties in Switzerland) and emissions relating to assets under management are relevant for us. Unlike many financial institutions, the VZ Group does not grant either commercial real estate mortgages or corporate loans. We have excluded own investments because they only account for a small share of the total volume and there is currently no PCAF standard for a large proportion of these investments

Metrics for mortgage loans

To calculate financed emissions, we take into account all mortgages in our balance sheet as at 30 September 2024. Emissions are calculated using the PCAF standard for mortgages. We show the emissions for scopes 1 and 2, which are related to the energy consumption of the properties financed by the VZ.

The calculations are based on emissions data from Wüest & Partner. The emissions data were calculated using both original data and information from the database of the Swiss Federal Register of Buildings and Dwellings (RDB). Although the RDB database is updated daily, around 50% of the data is based on an old dataset from the 2000s.

Emissions from scopes 1 and 2 are weighted per property using the attribution factor. The attribution factor corresponds to the value of the property (market value) relative to the value of the financed mortgage. Application of this factor results in the share of emissions financed by VZ.

The PCAF score is an assessment of data quality. It indicates how accurate and reliable the calculation of financed emissions is. The scale ranges from 1 to 5 (1 = best data quality / 5 = worst data quality). Our emissions data for financed properties have a PCAF score of 4. A value of 4 means that the emissions were calculated using the estimated energy consumption of the buildings and the average emission factors for the respective energy source. Wüest & Partner uses the RDB database for missing building information. As explained above, some of this data is outdated, which is why the score is 4.

We were able to calculate the emissions for scopes 1 and 2 for 99% of all outstanding mortgages. We have reported the absolute financed emissions and the intensity in tonnes of CO₂e per CHF million and in kg of CO₂e per m².

| | Financed emissions (t CO ₂ e scopes 1 and 2) | CO ₂ intensity (t CO ₂ e/CHF million) | CO ₂ intensity (kg CO ₂ e /m ²) | PCAF score |
|-----------|--|--|--|------------|
| Mortgages | 23'752.47 | 5,7 | 30,7 | 4 |

Metrics for assets under management

When calculating financed emissions from assets under management, we take account of all client assets held in Switzerland and Germany under an portfolio management mandate for unrestricted and restricted pension provision (pillars 2 and 3a). We use the PCAF standard for listed equities and corporate bonds to calculate the financed emissions.

VZ reports the emissions for scope 1 and scope 2 as well as the CO₂ intensity of the assets managed in mandates.

The calculations are based on data from MSCI ESG Research for positions invested directly or indirectly via investment funds in the equities and corporate bonds category.

Emissions are calculated based on the investment share and the emissions data of the invested companies. To calculate the CO₂ intensity, the financed emissions are divided by the amount invested. The CO₂ intensity is reported in tonnes of CO₂ equivalents per CHF 1 million invested (t CO₂e / CHF million). This key figure depends directly on the performance of the invested positions.

Data from MSCI ESG Research for investment funds and individual securities was used for the calculation. The PCAF score depends on whether the data was published by the company itself (score 1–2) or estimated by MSCI ESG Research if no data was available (score 3–4).

Data on emissions is available for 65.7% of the assets invested in individual securities and investment funds. The part not covered includes liquidity, mortgage bonds, real estate funds, government bonds held within investment funds and other investment products for which there is not yet a PCAF standard. Equities and corporate bonds without emission data are not covered either.

| | Financed emissions (t CO ₂ e scopes 1 and 2) | CO ₂ intensity (t CO ₂ e / CHF million) | PCAF score |
|---|--|--|------------|
| Assets under management in equities and corporate bonds | 961'656 | 50,8 | 1–4 |

4.3 Targets

Our target is to comply with the requirements of the CIA, that is to reduce our emissions to net zero by 2050. To this end, we are focusing on avoidance and reduction and are also examining ways of removing greenhouse gases from the atmosphere. VZ is currently working on various packages of measures for the coming years. We are concentrating primarily on the operational sources that cause the most emissions (electricity and heating, IT devices, shipping, business travel and paper consumption/print jobs). You can find details of this in the transition plan at the end of this report.

The target of reducing our emissions to net zero by 2050 is a major challenge. The growth of the VZ Group (clients, staff, branches) will in all likelihood lead to an increase in greenhouse gas emissions over the coming years.

4.4 Transition plan

We are examining various measures to reduce our emissions. Our focus as regards operational greenhouse gas emissions is on avoiding and reducing negative effects. We are optimising operating processes, implementing structural measures in VZ buildings, giving preference to climate-compatible options, such as renewable energies, and raising awareness among our employees.

With regard to the decarbonisation in client business, we primarily follow a supplyside approach. This means that we raise awareness among our clients about ESG topics, provide advice, and actively support them. The effectiveness of our measures is reviewed on the basis of VZ Group's annual greenhouse gas balance.

In the transition plan, we list the measures that we are considering in order to reduce greenhouse gas emissions for the period up to 2030. We are focusing on scopes 1 and 2 with the aim of reducing these emissions to net zero by 2050 in accordance with the legal requirement. In addition, we are considering measures to reduce operational emissions that fall under scope 3. They account for most of our greenhouse gas balance.

We calculated and reported financed emissions for the first time for 2024. These scope 3 emissions are not yet part of the transition plan. For portfolio management clients with an explicit ESG preference, we are considering whether to apply the Swiss Climate Scores in order to increase transparency with regard to climate compatibility.

The transition plan is reviewed on an ongoing basis, adapted in line with new findings and legal requirements, and updated.

Measures under consideration for the time horizon 2025–2030

| Scope and source of emissions | Targets | Measures under consideration | KPI |
|---|--|--|---|
| Scopes 1 and 2: electricity and heating | Net zero emissions by 2050 | <ul style="list-style-type: none"> Convert properties owned by VZ to 100% renewable energy Implement structural measures in our properties | Reduce absolute emissions (t CO ₂ e) per FTE compared with the previous year |
| Scope 3: IT devices | Reduction in CO ₂ emissions | <ul style="list-style-type: none"> Gradually replace obsolete devices with more energy efficient ones Extend useful life | |
| Scope 3: shipping | | <ul style="list-style-type: none"> Increasingly replace with digital alternatives | |
| Scope 3: business travel and employee commuting | | <ul style="list-style-type: none"> Raising employees' awareness of low-emission means of transport Promoting electric cars for business travel | |
| Scope 3: paper and print jobs | | <ul style="list-style-type: none"> Expand digital delivery options | |

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.

VZ Holding AG
Innere Güterstrasse 2
6300 Zug
Phone +41 58 411 80 00
www.vzch.com