



V-ZUG Holding AG

Information on the compensation strategy of the V-ZUG Group

1 Introduction to the compensation strategy and adjustment to the approval process

The new compensation strategy aims to link compensation more closely to the corporate strategy, better take shareholder interests into account and ensure that compensation is in line with market conditions. At the same time, it allows for greater transparency in reporting.

The strategy was implemented in part already in the 2024 financial year. The Board of Directors announced this at the Annual General Meeting on 25 April 2024. In the 2025 financial year, the strategy will be fully implemented, and prospective approval of the entire compensation will also apply to the Executive Committee. In order to link compensation more closely to the shareholder perspective, the introduction of a results-oriented, long-term, share-based compensation component (long-term incentive) is planned for the Executive Committee as well as the partial payment of the compensation of the Board of Directors in shares. These amendments comply with the requirements of the Articles of Association of V-ZUG Holding AG of 25 April 2023 (“Articles of Association”), available at www.vzug.com/ch/en/corporate-governance.

Below we inform you in detail about the planned changes:

- Voting procedure (Section 2)
- Partial compensation of the Board of Directors in shares (Section 3)
- Introduction of the long-term incentive for the Executive Committee (Section 4)

2 Information on the approval process for the compensation of members of the Board of Directors and Executive Committee

Art. 24 of the Articles of Association stipulates that the approval of compensation is granted prospectively for members of the Board of Directors for the term of office following the Annual General Meeting as well as in the case of the fixed compensation for the Executive Committee for the financial year following the Annual General Meeting. The variable compensation for members of the Executive Committee may be approved for the financial year following or preceding the Annual General Meeting or for the current financial year.

In addition, the Board of Directors proposes, in accordance with the Articles of Association, to accept the compensation report as part of an advisory vote. The compensation report was amended based on the compensation concept introduced in the 2024 financial year. It contains new elements with the aim of increasing transparency.

2.1 Prospective approval practice from the 2025 Annual General Meeting

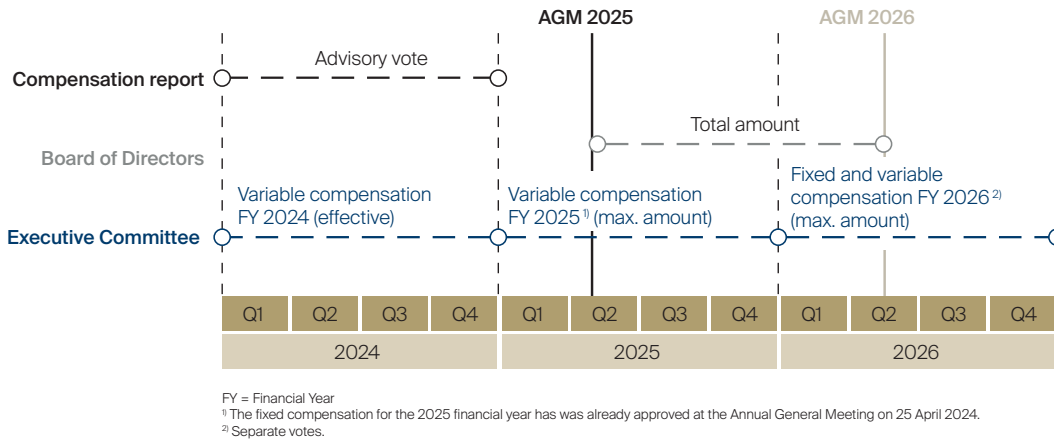
Following the changes to the compensation strategy, as of the 2025 Annual General Meeting, the Board of Directors shall present to the shareholders the compensation components by way of a maximum total amount for prospective approval.

This means that in the transition year of 2025, in addition to the advisory vote on the 2024 compensation report, the short-term variable compensation of the Executive Committee for the 2024 financial year will be approved on a retrospective basis for the last time. In the 2025 and 2026 financial years, the prospective model will be applied for the first time in full. As these are now maximum amounts that can accrue if the highest possible target is achieved in the corresponding calendar year, the maximum amounts requested for variable remuneration will be higher than before. The approved amounts for the fixed compensation of the members of the Executive Committee has remained unchanged since the listing of the company on 25 June 2020 and corresponds to the standard market compensation of comparable companies. The Board of Directors is determined to continue assessing the amount of the variable compensation of the members of the Executive Committee depending on business performance and in the interest of shareholders. The vote on the approval of the compensation for members of the Board of Directors shall remain unchanged.

On the one hand, an exclusively prospective voting model provides planning certainty and sets the binding framework for implementing the compensation strategy. On the other hand, the Annual General Meeting approves the maximum compensation in advance of the company's results, but in keeping with the compensation strategy.

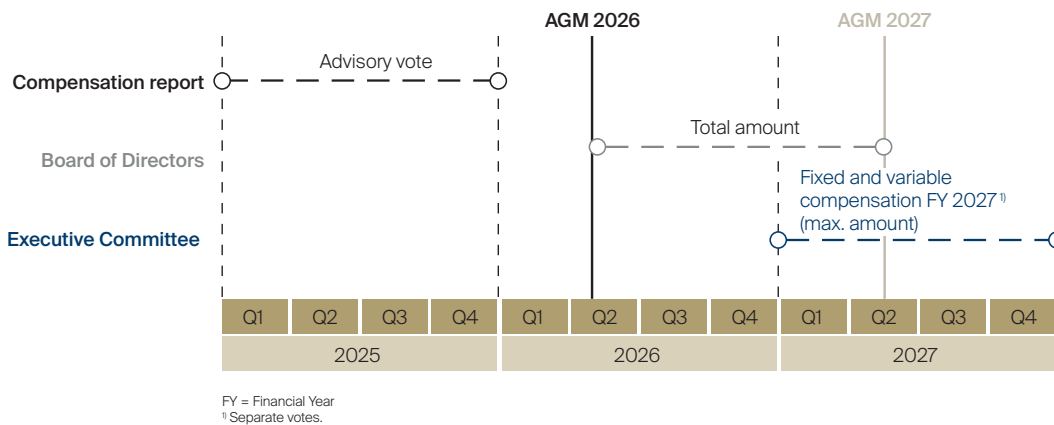
With the advisory vote on the compensation report, the Annual General Meeting will in turn have at its disposal an instrument for subsequent review. As in previous years, the Board of Directors aims to continue its modest compensation policy.

2025 transition year



As of the 2026 Annual General Meeting, approval of the compensation for members of the Executive Committee shall be granted on a purely prospective basis for the financial year following the Annual General Meeting. The vote on the approval of the compensation for members of the Board of Directors shall remain unchanged.

As of the 2026 Annual General Meeting



2.2 Explanations on the vote on the total amount for the compensation of the Board of Directors for the term from the 2025 AGM to the 2026 AGM

The Board of Directors proposes the amount of no more than CHF 850,000 for the compensation of the Board of Directors. This amount shall take into account the compensation of seven members of the Board of Directors, including an additional member who is present in a committee (proposal 5.1 Invitation to the Annual General Meeting). Against this backdrop, the total amount proposed is temporarily higher than in the previous year, when it totalled CHF 750,000 for six members of the Board of Directors.

Since the (first) Annual General Meeting of V-ZUG Holding AG in 2021, no increases in the maximum total amounts proposed to the Annual General Meeting have been made to the compensation of the Board of Directors. The total amount includes a fixed compensation, a lump-sum expense allowance and a fixed amount for the additional responsibility of chairing or participating in a committee (including statutory social security contributions). Members of the Board of Directors who perform special duties (e.g. board activities for subsidiaries or chairing committees) receive an additional fee for such special functions or duties (regarding the fee scale, please refer to the compensation report on p. 68 of the 2024 Annual Report of the V-ZUG Group at www.vzug.com/ch/en/financial-reports).

As explained in Section 3, the compensation is now split into a cash disbursement (75%) and a restricted stock allocation (25%).

2.3 Explanations on the compensation of the Executive Committee with a new long-term compensation component

2.3.1 General information

With the implementation of the compensation strategy, the adjustment to the market situation and the change to the fully prospective approval of the compensation of the Executive Committee, the proposed maximum total amounts of the variable compensation amounts are higher as of 2024 compared to previous years. These amounts are subject to the following factors:

- For the short-term incentive (“STI”), the maximum amount prospectively proposed refers to the highest possible target achievement level (since the 2024 financial year 150 %), whereas in the past, the amount was requested retrospectively based on the actual target achievement level.
- From 2025 onwards, the long-term incentive (LTI) represents an additional compensation component that includes an entitlement to shares, provided that the specified medium-term targets are met.
- After a challenging market situation in recent years, the company is now exhibiting positive development.

Since the (first) Annual General Meeting of V-ZUG Holding AG in 2021 up to and including the 2024 financial year, no increases have been made in the budgeted amount/maximum total amounts proposed at the Annual General Meetings for the fixed compensation of the Executive Committee.

2.3.2 Explanations on the proposal of the Board of Directors regarding the variable, short-term compensation of members of the Executive Committee for the 2024 financial year (retrospectively)

The Board of Directors proposes the maximum amount of CHF 1,400,000 (including social security contributions), which shall be available for the variable compensation of members of the Executive Committee in 2024. The total amount will be used for the compensation of eight members of the Executive Committee, whereby two members who occupied the previously vacant positions in the Executive Committee have been newly appointed in the course of the year. The newly appointed members are entitled to the variable compensation on a pro rata basis for the corresponding duration of the function assumed. The maximum amount that may be paid out according to the regulations is CHF 2,250,000 with all positions in the Executive Committee being filled throughout the entire financial year. This corresponds to a target achievement level of 150 %.

Overall, the financial targets were slightly exceeded, and the strategic targets were significantly exceeded. The remuneration amount actually proposed relates to 100 % for the members of the Executive Committee despite the higher degree of target achievement. This is in accordance with the regulatory principles, as the threshold value based on EBIT was not reached and therefore no variable remuneration above 100 % is planned. (Proposal 5.2 invitation to the Annual General Meeting).

2.3.3 Explanations on the proposal of the Board of Directors regarding the variable compensation of members of the Executive Committee for the 2025 financial year

The Board of Directors proposes the amount of a maximum of CHF 3,700,000 for the variable compensation of the members of the Executive Committee for the 2025 financial year. The total amount shall be used for the compensation of eight members of the Board of Directors. (Proposal 5.3 invitation to the Annual General Meeting).

This amount includes the variable remuneration elements STI in the amount of CHF 2,750,000 (based on maximum target achievement of 150 %) and LTI in the amount of CHF 950,000 (based on allocation), in each case including social security contributions. The amount proposed for the variable compensation element STI is temporarily higher than in the following year due to an overlap in filling an Executive Committee position.

The total amount of fixed compensation to members of the Executive Committee for the 2025 financial year of a maximum of CHF 3,950,000, subject to any additional amount for newly appointed members of the Executive Committee in accordance with Art. 24 of the Articles of Association, has already been approved at the Annual General Meeting of 25 April 2024 and is applied accordingly.

2.3.4 Explanations on the proposal of the Board of Directors regarding the fixed compensation of members of the Executive Committee for the 2026 financial year

The Board of Directors proposes the amount of a maximum of CHF 3,950,000 as the total amount for the fixed compensation of the members of the Executive Committee for the 2026 financial year (proposal 5.4 Invitation to the Annual General Meeting). The total amount shall be used for the fixed compensation of eight members of the Board of Directors. The maximum amount proposed remains unchanged compared to previous years. This amount includes the fixed remuneration as well as contributions due for social insurance schemes.

2.3.5 Explanations on the proposal of the Board of Directors regarding the variable compensation of members of the Executive Committee for the 2026 financial year

The Board of Directors proposes the amount of a maximum of CHF 3,200,000 as the total amount for the variable compensation of the members of the Executive Committee for the 2026 financial year (proposal 5.5 Invitation to the Annual General Meeting). The total amount shall be used for the compensation of eight members of the Board of Directors. This amount includes the variable remuneration elements STI in the amount of CHF 2,250,000 (based on maximum target achievement of 150 %) and LTI in the amount of CHF 950,000 (based on allocation), in each case including social security contributions.

Detailed information on the new long-term variable compensation component (LTI) can be found in Section 4.

3 Compensation of the Board of Directors

From the 2025/2026 term of office, part of the compensation will be paid to members of the Board of Directors in the form of blocked shares. The purpose of this is to link the compensation of the Board of Directors to the interests of shareholders.

The respective amount is 25 % of total compensation (excluding expenses). In principle, the share component is generally remunerated as part of the total compensation, i.e. not paid in addition. The amount of the total compensation therefore remains unchanged for the members of the Board of Directors, with the exception of the chairperson. An analysis of the compensation of the chair of the Board of Directors with respect to comparable, listed companies reveals a significant gap to the market. As a result, the entire Board of Directors (excluding the chair) opted to use the share component (25 %) to increase the compensation for the chair. The total amount also remains unchanged with the adjustment.

The number of shares is allocated based on the volume-weighted average share price of the last three months prior to the **allocation date** (usually on 1 June).

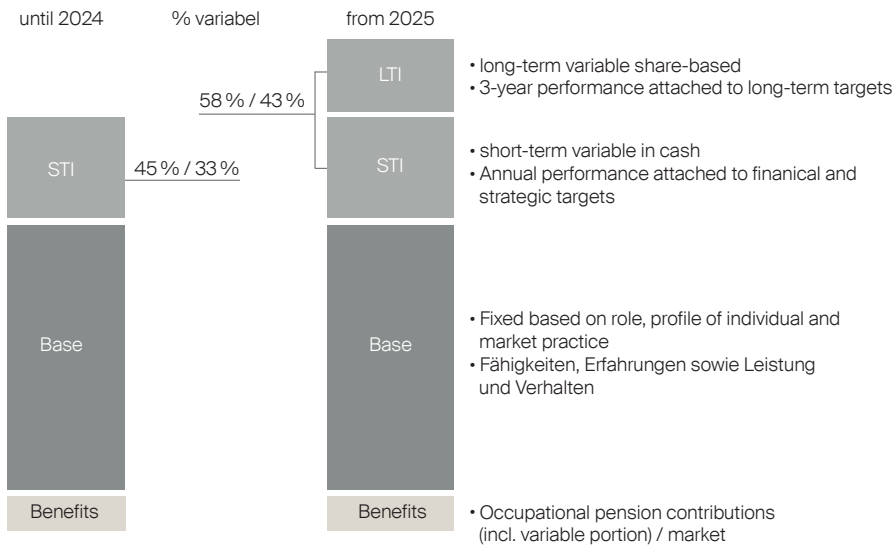
The shares are restricted for three years from the date of allocation ("**holding period**"). The restricted stock grants all shareholder rights, in particular voting and property rights, during the holding period. However, the members of the Board of Directors may not dispose of the shares until the end of the holding period.

4 Results-oriented long-term incentive (LTI) in the interest of shareholders

The analysis with comparable industrial companies conducted in 2022 and confirmed in 2024 showed that both in terms of the amount and structure of the compensation, there is a lack of a long-term, equity-oriented component in the compensation of the Executive Committee. Together with the aim of advancing the shareholder perspective, the Board of Directors is proposing to the Annual General Meeting an increase in the variable compensation sum in order to supplement the compensation with a long-term incentive. The long-term incentive is an entitlement to shares, which are awarded at the end of the multi-year performance period, provided the results defined in advance are achieved. The details of the market-standard implementation are described and illustrated below.

The total compensation is now comprised of the fixed compensation, the short-term incentive (STI), as well as the long-term incentive (LTI) and benefits (social insurance / ancillary benefits). The percentage figures listed on the chart describe the scope of the variable shares until 2024 and as planned from 2025 onwards for 100% target achievement. For the CEO, the variable compensation thus increases from 45 % to 58 % and, for members of the Executive Committee, from 33 % to 43 % of the total compensation.

Overall compensation structure (based on 100 % target achievement) *Illustrative composition, no exact conditions*

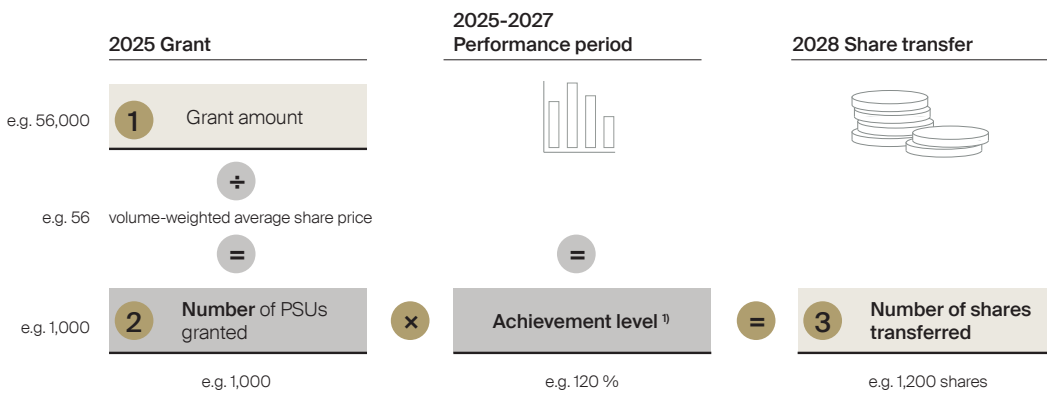


4.1 Performance share units as a market-compliant, long-term and performance-based form of compensation

4.1.1 Basic concept

After approval of the basic amount for the LTI, the number of performance share units (PSUs) is allocated as an entitlement based on a volume-weighted average share price, which remains unchanged for the entire plan period of three years. The number of PSUs (grant) is allocated on the basis of the volume-weighted average share price of the last three months prior to the grant date, usually on 1 June. At the end of the plan period, the PSUs are settled according to the degree of target achievement (in %), converted into the corresponding number of shares and transferred to the plan participants ("share delivery date").

Overview of the general three-year mechanism



¹ Resulting from the annual assessment of target achievement.

4.1.2 LTI amount based on responsibility and function

The entitlement is subject to the function and responsibility of CEO or member of the Executive Committee.

The range is defined as a percentage of the fixed compensation (based on 100 % target achievement) and according to function:

- CEO: 55–65 %
- Member of the Executive Committee: 25–35 %

Allocation is at the discretion of the Board of Directors. In exceptional situations, it may suspend the allocation or make it dependent on additional conditions.

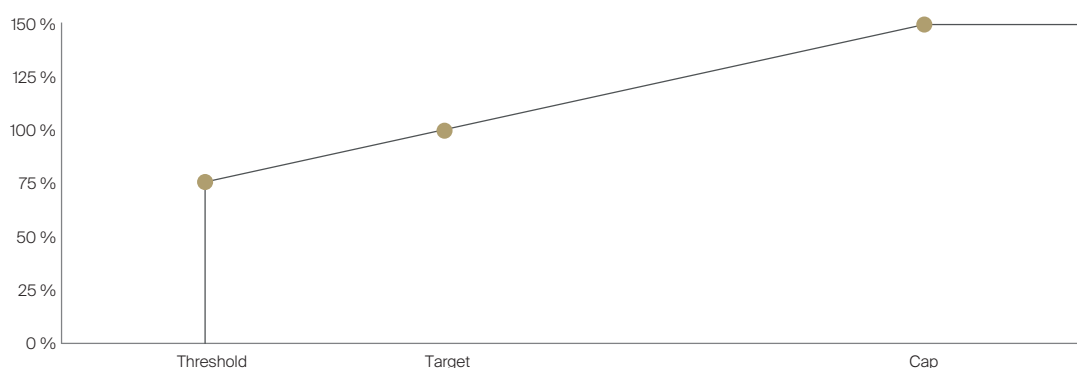
4.1.3 Performance indicators – concept and assessment of results

The key metrics “Return on Capital Employed” (ROCE) as a percentage and absolute “Earnings per Share” (EPS), with the same weighting each (i.e. 50 % each), are used as the performance indicators.

These performance indicators were deliberately chosen as they are shareholder-oriented and show performance in the context of the capital market. The targets set are based on the financial development of the corporate value, where the initial hurdle is determined – for example based on the ROCE – in such a way that it covers capital costs and creates value accordingly. The performance assessment is carried out by determining the annual level of target achievement (in %) and results in the overall level of target achievement (in %) at the end of the plan period.

The spectrum of target achievement ranges from 0% to 150%, with an initial hurdle set at 75%. When determining the KPIs, the target (100 % target achievement), the minimum threshold (75 %) and the maximum cap (150 %) are set.

Progress in the achievement of targets



4.1.4 Conditions

The following main conditions apply to the allocations of PSUs, their conversion into shares and transfer:

- PSUs *do not grant any shareholder rights* (e.g. voting rights or dividends) until the shares are transferred on the share delivery date.
- The *plan period covers three full financial years*, starting with the financial year of the grant date.
- In the event of *termination of the employment relationship* by the employer for legitimate reasons, the PSUs will be forfeited without compensation. In the event of termination by a member of the Executive Committee or upon conclusion of a termination agreement prior to the end of the plan period, the PSUs will be forfeited without compensation. However, the Board of Directors may, at its discretion, decide on a more advantageous procedure (conversion and transfer) to the extent permitted under applicable law.
- If a *breach of statutory or internal regulations* requires a correction or restatement of published financial figures by an Executive Committee member, the Board of Directors is entitled to deem the not yet non-forfeitable PSUs of that member as forfeited (penalty) or to demand the reimbursement of shares transferred from the LTI within three years of the year of the restatement or unlawful act (clawback).

