

# REMU NERATION REPORT

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## 1. Introduction

The Remuneration Report provides an overview of Bellevue Group's compensation policy and stock ownership plans. It describes the method used to calculate compensation and provides detailed information on the compensation paid to the members of Board of Directors and the Group Executive Board in the 2020 financial year. The report presents the information shareholders need in order to make informed decisions regarding the votes on the compensation of the Board of Directors and the Group Executive Board at the Annual General Meeting 2021.

The content and scope of this Remuneration Report are based on Articles 13–16 of the Swiss Federal Ordinance Against Excessive Compensation in Listed Companies (VegüV), Articles 663c (3) of the Swiss Code of Obligations (OR), the Directive on Information Relating to Corporate Governance (DCG) issued by the SIX Swiss Exchange, as well as the Swiss Code of Best Practice for Corporate Governance.

## 2. Compensation policy

### 2.1 Basic principles

The following basic compensation principles apply throughout Bellevue Group:

- The methods used to determine compensation for the Board of Directors and the Group Executive Board and for all Company employees are transparent, understandable, fair and reasonable.
- All pay packages are well balanced and take into consideration the operational and strategic responsibilities of each individual role as well as individual performance levels and the demands placed on each individual.
- Compensation is commensurate with the position held and should reflect individual achievement of specific quantitative as well as qualitative goals as well as the operating results of Bellevue Group and the relevant Group companies.
- Pay packages should be appropriate and competitive compared to the compensation offered by companies operating in the same field and labor market, and they must be sound and sustainable irrespective of the current course of business.
- Variable compensation will be reduced or forfeited in the event of serious violations of internal or external rules, regulations or the law (incl. ESG/sustainability).

All governing bodies and individuals at Bellevue Group with the authority to make decisions concerning compensation policies and payouts must abide by and uphold these basic compensation principles.

### 2.2 Pay-for-performance principle

The compensation system for Bellevue Group employees is conceived to motivate employees at all operating units to do excellent work. It is a compensation model based on «personal ownership» and merit system principles. In setting fixed salaries, a restrained policy prevails from a business point of view. On the other hand, variable compensation is offered under an attractive ownership-oriented profit-sharing plan. This profit-sharing plan is tied directly to Bellevue Group's operating results. Moreover, part of this bonus is paid in the form of restricted stock awards and shares of in-house products («we eat our own cooking»). This system is conducive to a culture of high performance with a long-term horizon.

### 3. Determination of compensations

#### 3.1 Articles of Association

As required by the VegüV, the compensation system for the members of the Board of Directors and the Group Executive Board is presented in the Company's Articles of Association. They include the following provisions:

- Compensation paid to the Board of Directors that is subject to approval of shareholders at the Annual General Meeting (Art. 26)
- Compensation paid to the Group Executive Board that is subject to approval of shareholders at the Annual General Meeting (Art. 27)
- Basic principles of performance-based variable compensation (Art. 28)
- An additional amount of compensation for persons who are promoted or appointed to the Group Executive Board after the Annual General Meeting (Art. 29)
- Reimbursement of business expenses (Art. 30)
- Loans, credit lines and other benefits (Art. 31)

The provisions of the Articles of Association were formulated in general terms to give the Board of Directors the flexibility to adjust compensation levels, the compensation policy and employee stock ownership plans if and when necessary.

#### 3.2 Compensation Committee

In accordance with the Company's Articles of Association and organizational regulations, the Compensation Committee supports the Board of Directors in the performance of its duties pertaining to compensation and personnel policy. These include:

- Formulation of compensation policy for the members of the Board of Directors and the Group Executive Board and presentation thereof to the Board of Directors for approval
- Monitoring of compliance with the compensation principles of Bellevue Group AG (the «Company») and Bellevue Group and advising and informing the Board of Directors on all matters relating to compensation policy and issues
- Presenting proposals regarding the maximum aggregate fixed compensation for the Board of Directors and the Group Executive Board and the aggregate variable compensation for the Board of Directors and the Group Executive Board that will subsequently be submitted to the Annual General Meeting for approval
- Presenting proposals to the Board of Directors regarding the approval of individual compensation paid to members of the Board of Directors and the Group Executive Board, subject to and based on the aggregate compensation approved by the Annual General Meeting
- Presenting proposals to the Board of Directors regarding changes to the Articles of Association concerning compensation policy that will be subsequently submitted to the Annual General Meeting for approval
- Preparation of the Remuneration Report and presentation thereof to the Board of Directors for approval
- Formulating bonus guidelines for variable compensation elements in accordance with the provisions of the Articles of Association and presentation of the bonus guidelines to the Board of Directors for approval

Power and authority regarding compensation matters:

Decision on	CEO	CompC	BOD	AGM
Compensation policy and guidelines	–	Proposal	Approval	–
Maximum total compensation of the Board of Directors	–	Proposal	Review	Approval
Individual compensation of the members of the Board of Directors	–	Proposal	Approval	–
Maximum total compensation of the Group Executive Board	–	Proposal	Review	Approval
Individual compensation of the CEO	–	Proposal	Approval	–
Individual compensation of the other members of the Group Executive Board	Proposal	Review	Approval	–
Remuneration Report	–	Proposal	Approval	–

The Compensation Committee holds at least four meetings a year and consists exclusively of independent, non-executive Board members who are elected to one-year terms by shareholders at the Annual General Meeting. Katrin Wehr-Seiter (chair), Urs Schenker and Veit de Maddalena have been the members of the Compensation Committee since the Annual General Meeting 2020. All members were present at every meeting during the period under review. In principle, all Compensation Committee members, the CEO, the CFO and the head of Human Resources attend the meetings of the Compensation Committee – unless their own compensation is being discussed. The committee chair may invite other employees to attend the meetings if necessary.

### 3.3 Say-on-pay

In accordance with the Articles of Association and the VegüV, the proposed compensation for the members of the Board of Directors and the Group Executive Committee is computed by Bellevue Group as an annual figure and submitted to a vote at the Annual General Meeting. If one or more compensation proposals are rejected at the Annual General Meeting, the Board of Directors may submit new proposals at the same Annual General Meeting. If it does not submit any new proposals or if these are likewise rejected, the Board of Directors may either convene an Extraordinary General Meeting or submit new aggregate compensation proposals at the next scheduled Annual General Meeting. The following table summarizes the results of shareholder votes on compensation matters at the last three Annual General Meetings:

	FOR votes AGM 2020	FOR votes AGM 2019	FOR votes AGM 2018
Maximum total amount of fixed compensation for the Board of Directors (prospective)	94.79%	96.03%	85.35%
Total amount of variable compensation for the Board of Directors (retrospective)	83.42%	85.07%	88.74%
Maximum total amount of fixed compensation and long-term variable compensation for the Group Executive Board (in part prospective)	87.85%	88.45%	91.48%
Total amount of short-term variable compensation for the Group Executive Board (retrospective)	86.66%	87.42%	89.90%

### 3.4 Pool for variable compensation



The basis for calculating Bellevue Group's variable compensation pool is adjusted consolidated earnings before taxes. It is derived by adding the total pool of variable compensations (share of profit) to the earnings before taxes (according to the audited IFRS financial statements), eliminating adjustments for IFRS entries that cannot be influenced operationally and by deducting the cost of capital employed. The interest rate for the cost of capital is determined annually by the Board of Directors (currently 10%). A fixed proportion of the adjusted consolidated earnings before taxes (total pool of variable compensation) is allocated to employees. This is understood to be the employee share of the Company's financial results.

The adjusted consolidated earnings before taxes is an important internal indicator of the performance of Bellevue Group and is considered by the Compensation Committee to be a reliable metric. It already reflects the effects of other key indicators such as the cost/income ratio and changes in AuM or net new money.

The Compensation Committee also prepares a qualitative performance review for the Group Executive Board. This covers issues such as conduct, leadership and corporate development.

The allocation of the total bonus pool among the subsidiaries is determined by taking into consideration the contribution of each operating unit and team to the bonus pool.

## 4. Compensation system framework

### 4.1 Board of Directors

#### 4.1.1 Fixed compensation

Each member of the Board of Directors receives an equal amount of fixed compensation (exception: chairman), which is prospectively determined by the annual general meeting. The chairman is paid a higher amount of fixed compensation due to his additional duties in leading the Board of Directors and his function as a link between the Company's operational and strategic management. The amount of fixed compensation paid is determined at the Board's own discretion, in compliance with the general compensation principles (see section [2.1](#) above).

In addition to this base compensation, the members of the Board of Directors receive fees for services as directors on the boards of Group subsidiaries and associated companies, and for services on Board committees and as the chair of Board committees. The compensation system thus takes into account the responsibility and roles assigned to individual members of the Board of Directors.

The base compensation of every member of the Board of Directors is determined annually and paid out in cash on a quarterly basis before the end of the preceding quarter (in advance). If a director leaves the board before their term of office expires, the fixed compensation will be calculated on a pro rata basis to the end of the quarter of separation.

#### 4.1.2 Variable compensation

The variable compensation of the Board of Directors is based on performance criteria that support the achievement of the strategic goals of the Company, the Group or parts of the Group.

In the year under review, the variable compensation was determined at the Board's own discretion, in compliance with the general compensation principles (see section [2.1](#) above).

The variable compensation of the Board of Directors is paid in the form of shares of the Company, and are subject to a four-year lock-up period. The shares will be awarded only after the corresponding amount of compensation has been approved by shareholders at the Annual General Meeting.

**4.1.3 Business expenses**

Members of the Board of Directors do not receive fixed expense allowances; the actual expenses incurred are reimbursed.

**4.1.4 Pension plan coverage**

The members of the Board of Directors are not covered by the Company’s pension plan.

**4.1.5 Voluntary employee stock ownership plan**

The Board of Directors occasionally offers voluntary employee stock ownership plans under which members of the Board of Directors may also be entitled to purchase Company shares at a discount to the given market price. The maximum discount on the date of the offer is 25%. The difference between the 10-day VWAP at the time the shares are transferred and the purchase price corresponds to the monetary benefit.

**4.1.6 Advisory services**

Subject to approval at the Annual General Meeting, members of the Board of Directors can be compensated in cash at standard market rates for advisory services benefiting the Company or a Group subsidiary that go beyond their duties and responsibilities as a director.

**4.2 Group Executive Board**

The components of compensation paid to the Group Executive Board are as follows:

Functions	Fixed compensation	Variable compensation			
	Criteria	Assessment criteria and distribution		Payout	
		in cash	in shares		
Members of the Group Executive Board (CEOs of the operating units and CFO)	<ul style="list-style-type: none"> <li>• Management/functional responsibility</li> <li>• Seniority</li> <li>• Regional location</li> </ul>	CEO Group	<ul style="list-style-type: none"> <li>• Profit contribution of the directly managed operating unit</li> <li>• Individual performance assessment based on Group KPIs</li> </ul>	50%	50%
		Other CEOs of the operating units	<ul style="list-style-type: none"> <li>• Profit contribution of the directly managed operating unit</li> <li>• Individual performance assessment</li> </ul>	50%	50%
		CFO Group	<ul style="list-style-type: none"> <li>• Discretionary compensation based on market standards</li> <li>• Individual performance assessment</li> </ul>	50%	50%

**4.2.1 Fixed compensation**

The members of the Group Executive Board receive a fixed amount of base compensation that is determined annually for each financial year and that is partial prospective approved by the Annual General Meeting. The payout is in cash. These amounts are determined individually at the Board’s own discretion in compliance with the general compensation principles (see section 2.1 above), taking into account the duties and responsibilities assigned to each member of the Group Executive Board.

The fixed compensation for every financial year is subject to approval by shareholders at the Annual General Meeting, in a prospective vote to some extent.

#### **4.2.2 Variable compensation (share of profit)**

The variable compensation of the members of the Group Executive Board is based on a performance review, measured against goals and expectations that are fixed in advance annually. This process takes into account each individual's role, experience and personal performance as well as the market environment. The weighting of these elements is determined individually.

In addition, the variable compensation of the members of the Group Executive Board is part of the overall variable compensation that has been determined for the individual operating units for which the various Group Executive Board members are responsible and for the entire Company. Aggregate variable compensation is thus also aligned with the value each operating unit creates for Company shareholders.

However, the individual performance review process for the members of the Group Executive Board who are responsible for monitoring and control functions cannot include any components directly related to income items. Instead, the Board uses its discretion in determining the variable compensation for these individuals.

Variable compensation is basically structured and paid out as follows:

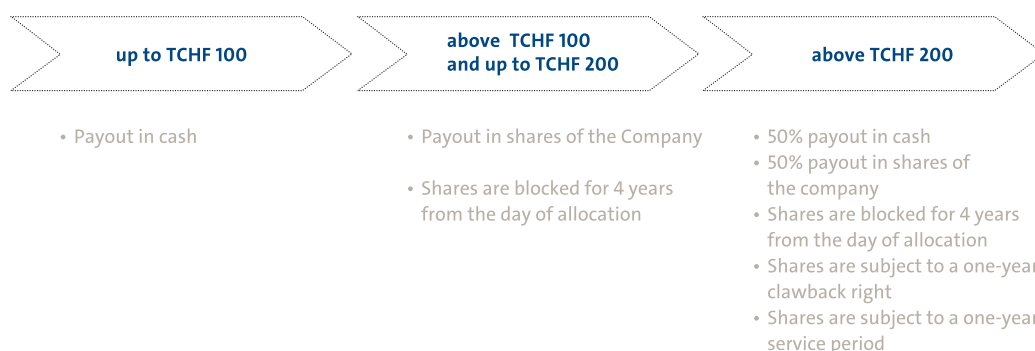
- Short-term variable compensation in cash
- Short-term variable compensation in the form of restricted shares
- Short-term variable compensation in the form of restricted shares with a vesting period and clawback provisions
- Other short-term variable compensation
- Long-term variable compensation

The structure of the variable compensation and the lock-up, vesting and clawback provisions are determined by the Board of Directors or its Compensation Committee, depending on the role and the amount of the designated individual variable compensation.

Variable compensation in the form of restricted shares is reported as short-term compensation despite the long-term nature of such compensation. This is because there are no stock option plans that confer a right to acquire shares of the Company; Company stock awards are exclusively direct grants of shares.

Short-term variable compensation components are subject to retrospective approval by the Annual General Meeting, while the long-term variable compensation components are partially subject to a prospective vote.

The following provisions apply with respect to the payment of short-term variable compensation:



Long-term variable compensation is paid out in shares.

#### 4.2.3 Business expenses

Members of the Group Executive Board do not receive fixed expense allowances; the actual expenses incurred are reimbursed.

#### 4.2.4 Pension plan coverage

The members of the Group Executive Board are enrolled in the standard pension plan offered to all employees in Switzerland. This pension plan only covers the base pay of all employees.

#### 4.2.5 Long-term incentive plans at investment companies

BB Biotech AG and BB Healthcare Trust, Bellevue Group's investment companies, are independent companies listed on multiple stock exchanges and they are managed and overseen by their own independent Board of Directors. Among the requirements stipulated by the boards of these companies with respect to the investment teams at Bellevue Group that have been retained by these companies was the establishment of long-term incentive plans that are in alignment with the expectations and interests of the shareholders of the investment companies.

Team members in the operating units who provide services related to mandates from the listed investment companies participate in employee stock ownership plans that have been set up in conjunction with the asset management mandates of BB Biotech AG and BB Healthcare Trust. Within the scope of these plans, some of the members of the Group Executive Board are entitled to receive a maximum number of shares in BB Biotech AG and/or BB Healthcare Trust. The actual number of shares awarded depends on various conditions. Awarded shares are subject to a three-year vesting period beginning on the date of grant. In addition, the actual number of shares distributed will depend on the achievement of certain performance targets over the subsequent three fiscal years in connection with the respective investment mandates. The maximum number of shares will be distributed only if the absolute performance of the respective mandates during the subsequent three years exceeds the mark of 10% p.a. and the relative performance of the respective mandates is better than that of the relevant indexes. There could be no entitlement to the maximum number of shares if the absolute performance of the respective investment mandates during the three-year period is less than 5% p.a. and does not exceed the performance of at least one of the relevant indexes.

The long-term incentive plans in place at the investment companies are treated as long-term variable compensation.

#### 4.2.6 Voluntary employee stock ownership plan

The Board of Directors occasionally offers voluntary employee stock ownership plans under which all Company employees are entitled to purchase Company shares at a discount to the market price.



The maximum discount on the date of the offer is 25%. The difference between the 10-day VWAP at the time the shares are transferred and the purchase price corresponds to the monetary benefit.

In essence, the voluntary employee stock ownership plans described above are not elements of the Company's compensation policy.

**4.2.7 Employment conditions**

Members of the Group Executive Board have permanent employment contracts with a notice period of three months. Members of the Group Executive Board are not entitled to severance pay.

**4.3 Management and employees**

Compensation components paid to management and other employees are as follows:

Functions	Fixed compensation	Variable compensation		
	Criteria	Assessment criteria and distribution	Payout <sup>1)</sup> in cash: in shares <sup>2) 3)</sup>	
Member of Executive Board of operating Units (excl. Lead PM)	<ul style="list-style-type: none"> <li>• Specialization</li> <li>• Management/functional responsibility</li> <li>• Seniority</li> <li>• Regional location</li> </ul>	<ul style="list-style-type: none"> <li>• Executive Board Members with monitoring and control functions: discretionary compensation based on market standards.</li> <li>• Individual performance assessment</li> </ul>	50% 50%	
PM Teams	<ul style="list-style-type: none"> <li>• Specialization</li> <li>• Management/functional responsibility</li> <li>• Seniority</li> <li>• Regional location</li> </ul>	Investment companies	<ul style="list-style-type: none"> <li>• Base: net income from products</li> <li>• Zusatz: LTI with quantitative and qualitative KPIs (defined by BoD of investment company)</li> <li>• Team distribution defined by Lead PM</li> </ul>	50% 50%
		Funds & mandates	<ul style="list-style-type: none"> <li>• Base: net income from products</li> <li>• Addition: relative outperformance against benchmark and peer group</li> <li>• Team distribution defined by Lead PM</li> </ul>	50% 50%
Other Management & Staff	<ul style="list-style-type: none"> <li>• Specialization</li> <li>• Management/functional responsibility</li> <li>• Seniority</li> <li>• Regional location</li> </ul>	<ul style="list-style-type: none"> <li>• Bandwidth based on functional responsibility and Seniority</li> <li>• Individual performance assessment</li> </ul>	50% 50%	

<sup>1)</sup> For Swiss employees the first CHF 100 000 are paid out in cash. For amounts in excess of this, the 50/50 split comes into effect.

<sup>2)</sup> Portfolio Managers have the choice between shares of the company or funds, which are managed by the team.

<sup>3)</sup> Employees from foreign subsidiaries receive also this part in cash, with a one-year deferral.

As with the Group Executive Board, a restrained policy applies to the determination of fixed compensation for management and employees from an entrepreneurial point of view. For further details on the compensation system for middle management and other employees, please refer to section 4.2, as it does not differ from the compensation system in place for the Group Executive Board.

## 5. Board of Directors: Compensation, loans and stock ownership

### 5.1 Compensation

CHF	Veit de Maddalena	Daniel Sigg	Katrin Wehr-Seiter	Urs Schenker	Rupert Hengster <sup>3)</sup>	Total
<b>1.1. –31.12.2020</b>						
Fixed compensation in cash	196 250	81 250	81 250	81 250	21 250	461 250
Fixed compensation in cash for services in committees	10 000	22 500	21 750	22 750	3 750	80 750
Fixed compensation in cash for services in subsidiaries and associated companies	24 250	50 004	12 125	12 125	3 125	101 629
Subtotal	230 500	153 754	115 125	116 125	28 125	643 629
Social insurance contributions on fixed compensation	–	–	–	8 664	–	8 664
<b>Total fixed compensation</b>	<b>230 500</b>	<b>153 754</b>	<b>115 125</b>	<b>124 789</b>	<b>28 125</b>	<b>652 293</b>
Variable compensation in restricted shares <sup>1)</sup>	36 000	36 000	36 000	36 000	–	144 000
Variable compensation in restricted and discounted shares from voluntary employee participation program <sup>2)3)</sup>	16 457	–	16 457	16 457	–	49 371
Social insurance contributions on variable compensation	450	–	–	3 450	–	3 900
<b>Total variable compensation</b>	<b>52 907</b>	<b>36 000</b>	<b>52 457</b>	<b>55 907</b>	<b>–</b>	<b>197 271</b>
<b>Total compensation</b>	<b>283 407</b>	<b>189 754</b>	<b>167 582</b>	<b>180 696</b>	<b>28 125</b>	<b>849 564</b>

CHF	Veit de Maddalena <sup>5)</sup>	Daniel Sigg	Rupert Hengster	Katrin Wehr-Seiter <sup>4)</sup>	Urs Schenker <sup>4)</sup>	Thomas von Planta <sup>5)</sup>	Miriam Staub Bisang <sup>5)</sup>	Total
<b>1.1. –31.12.2019</b>								
Fixed compensation in cash	182 500	85 000	85 000	63 750	63 750	53 750	21 250	555 000
Fixed compensation in cash for services in committees	11 250	30 000	15 000	11 250	18 750	2 500	3 750	92 500
Fixed compensation in cash for services in subsidiaries and associated companies	21 875	34 817	12 500	9 375	9 375	6 250	6 250	100 442
Subtotal	215 625	149 817	112 500	84 375	91 875	62 500	31 250	747 942
Social insurance contributions on fixed compensation	–	–	–	–	6 448	4 233	496	11 177
<b>Total fixed compensation</b>	<b>215 625</b>	<b>149 817</b>	<b>112 500</b>	<b>84 375</b>	<b>98 323</b>	<b>66 733</b>	<b>31 746</b>	<b>759 119</b>
Variable compensation in restricted shares <sup>1)</sup>	40 000	40 000	40 000	40 000	40 000	–	–	200 000
Social insurance contributions on variable compensation	3 000	–	–	–	3 000	–	–	6 000
<b>Total variable compensation</b>	<b>43 000</b>	<b>40 000</b>	<b>40 000</b>	<b>40 000</b>	<b>43 000</b>	<b>–</b>	<b>–</b>	<b>206 000</b>
<b>Total compensation</b>	<b>258 625</b>	<b>189 817</b>	<b>152 500</b>	<b>124 375</b>	<b>141 323</b>	<b>66 733</b>	<b>31 746</b>	<b>965 119</b>

<sup>1)</sup> Compulsory employee contributions to social insurance plans on the amounts above were settled in cash, not in the form of shares.

<sup>2)</sup> This is the amount of the monetary benefit which reflects the difference between the discounted purchase price and the 10-day VWAP for the effective share allocation.

<sup>3)</sup> Rupert Hengster did not stand for reelection at the Annual General Meeting on March 24, 2020, and therefore stepped down from the Board of Directors as of that date.

<sup>4)</sup> Katrin Wehr-Seiter and Urs Schenker were elected to the Board of Directors at the Annual General Meeting on March 19, 2019.

<sup>5)</sup> Thomas von Planta and Miriam Staub Bisang did not stand for reelection at the Annual General Meeting on March 19, 2019, and therefore stepped down from the Board of Directors as of that date. Veit de Maddalena took over the Chairman position from Thomas von Planta.

In compliance with Art. 8 para. 1, section 1 of the Articles of Association, fixed compensation must be approved by the Annual General Meeting for the term of office extending to the next scheduled Annual General Meeting. Fixed compensation of CHF 796 000 (2018/2019: CHF 1 367 500) was approved for the period from the 2019 AGM to the 2020 AGM. The actual amount paid (including compulsory employer contributions to social insurance plans) for the aforementioned period was CHF 782 719 (2018/2019: CHF 1 332 541). For the period from 2020 AGM to the 2021 AGM an amount of CHF 661 000 was approved.

The reported variable compensation for the business year 2020 totaling CHF 197 271 must be approved by the 2021 Annual General Meeting in compliance with Art. 8 para. 1 section 2 of the Articles of Association.

Subject to approval, the payment of the variable compensation in restricted shares of CHF 144 000 (plus compulsory employer contributions to social insurance plans in the amount of CHF 3 000) will be made in the form of Company shares at fair value in the first half-year 2021. The fair value of the shares is calculated based on the volume-weighted average prices paid during a 10-day period preceding the respective date of transfer. The shares are blocked for a period of four years from the date of transfer.

In 2020, the Board of Directors authorized a voluntary employee stock ownership plan. The members of the Board of Directors were entitled to purchase 8 010 shares of the Company from the given pool at a discounted price of CHF 17.65 per share. This represented a discount of approximately 25% on the quarterly VWAP prior to the date the purchase right was granted. The difference between the 10-day VWAP on the date the shares are actually transferred and the purchase price

corresponds to the monetary benefit. This cash compensation is subject to the approval of shareholders at the AGM. The shares were blocked for 3 years from the date of transfer.

In the 2020 financial year one member of the Board of Directors of an associated company invoiced the amount of CHF 0.1 million (2019: CHF 0.1 million) for advisory services.

No compensation was paid to former members of the Board of Directors after their resignation in the 2020 financial year, nor in the preceding year.

The percentage ratio of fixed compensation to variable compensation for the entire Board of Directors is 77% fixed compensation and 23% variable compensation (2019: 79% fixed and 21% variable).

In previous years, the compensation of the Board of Directors was presented in the Remuneration Report based on cash flow data. As a result of the advance payment in the preceding quarter, the period depicted in the Remuneration Report was from AGM to AGM. In the Remuneration Report for 2020 the compensation of the Board of Directors is depicted based on the actual performance periods. The corresponding figures for the previous year were restated to match the current method of presentation. The restatement of the previous year's figures resulted in only marginal changes.

## 5.2 Loans

Person	31.12.20	31.12.20	31.12.19	31.12.19
	Facility TCHF	Usage TCHF	Facility TCHF	Usage TCHF
Veit de Maddalena, chairman of the Board of Directors	n/a	n/a	3 000	1 852
Daniel Sigg, member of the Board of Directors	n/a	n/a	200	21
<b>Total</b>	<b>n/a</b>	<b>n/a</b>	<b>3 200</b>	<b>1 873</b>

In the past, loans granted to members of the Board of Directors were arranged through Bank am Bellevue AG. Following the divestment of Bank am Bellevue AG, there are no longer any outstanding loans with members of the Company's governing or management bodies. The interest rate for Lombard loans was fixed at 1.0% in October 2018.

There were no outstanding loans to former members of the Board of Directors that had been granted at market terms.

## 5.3 Holdings of shares in the Company

The number of shares in the Company held by the members of the Board of Directors at the end of 2020 and 2019 were as follows:

Number of shares	31.12.2020	31.12.2019
Veit de Maddalena, Chairman	291 664	287 066
Daniel Sigg, Member	39 845	37 917
Urs Schenker, Member	4 502	–
Kathrin Wehr-Seiter, Member	4 598	–
Rupert Hengster, Member (until 24.3.2020)	n/a	3 583

## 6. Group Executive Board: Compensation, loans and stock ownership

### 6.1 Goals and achievement of goals

For the 2020 financial year, the following goals were defined for the Group Executive Board and assessed by the Compensation Committee:

Quantitative targets		Assessment
KPIs	– Recurring revenue	expected Performance
	– Assets under management	expected Performance
	– Cost-Income ratio	successful performance above expectation
	– Operating profit	successful performance above expectation
	– Return on equity	outstanding performance
Qualitative targets		
KPIs	– Performance quality of products	successful performance above expectation

In the overall evaluation, the performance of the Group Executive Board is rated successful and above expectations. The secure management of Bellevue Group AG through the year marked by the COVID-19 pandemic, the achievement of further growth in assets under management, and the increase in operating profit and return on equity shall be highlighted specially. During the financial year, the sale of Bank am Bellevue AG was successfully completed and therefore the strengthening and focusing on asset management has been pushed. In addition, structures were adapted to the new, focused business model with significant cost savings. New growth initiatives were launched in the business unit Bellevue Private Markets, while the repositioning of StarCapital AG continues to be implemented. In addition, major progress was made in the area of ESG/sustainability during the financial year.

## 6.2 Compensation

CHF	1.1. –31.12.2020		1.1. –31.12.2019	
	André Rüegg CEO <sup>1)</sup>	Total <sup>2)</sup>	André Rüegg CEO <sup>1)</sup>	Total <sup>3)</sup>
Fixed compensation in cash	313 542	1 051 042	350 000	1 202 500
Social insurance contributions <sup>4)</sup>	82 183	267 585	92 550	299 862
<b>Total fixed compensation</b>	<b>395 725</b>	<b>1 318 627</b>	<b>442 550</b>	<b>1 502 362</b>
Short-term variable compensation (profit-based compensation)	1 200 000	2 495 000	1 280 000	2 017 500
– in shares	600 000	1 047 500	640 000	1 000 000
– of which in restricted shares <sup>5)</sup>	100 000	300 000	100 000	400 000
– of which in restricted shares with a vesting period and clawback right provisions <sup>5) 6)</sup>	500 000	747 500	540 000	600 000
– in cash	600 000	1 447 500	640 000	1 017 500
Other short-term variable compensation	61 500	163 400	–	–
– in shares	61 500	163 400	–	–
– of which in restricted and discounted shares purchased through stock ownership plan <sup>7)</sup>	61 500	163 400	–	–
Social insurance contributions <sup>8)</sup>	79 040	169 630	101 000	158 000
<b>Total short-term variable compensation</b>	<b>1 340 540</b>	<b>2 828 030</b>	<b>1 381 000</b>	<b>2 175 500</b>
Long-term variable compensation	120 000	187 000	116 800	116 800
– in shares	120 000	187 000	116 800	116 800
– of which long-term incentive plans, investment companies <sup>9)</sup>	120 000	187 000	116 800	116 800
Social insurance contributions <sup>8)</sup>	8 700	13 500	8 500	8 500
<b>Total long-term variable compensation</b>	<b>128 700</b>	<b>200 500</b>	<b>125 300</b>	<b>125 300</b>
<b>Total compensation</b>	<b>1 864 965</b>	<b>4 347 157</b>	<b>1 948 850</b>	<b>3 803 162</b>

<sup>1)</sup> André Rüegg is the CEO of Bellevue Group AG and Bellevue Asset Management AG.

<sup>2)</sup> As of December 31, 2020, the Group Executive Board consisted of André Rüegg, CEO and CEO Bellevue Asset Management AG, Michael Hutter, CFO, and Jan Kollros, CEO adbodmer AG and CEO Bellevue Private Markets AG. Michael Hutter assumed the position of CFO from Patrik Gilli as of August 1, 2020. Patrik Gilli left the Group effective November 30, 2020. Thomas Pixner resigned from the Group Executive Board effective January 31, 2020, in connection with the divestment of Bank am Bellevue AG and officially separated from Bellevue Group on April 30, 2020.

<sup>3)</sup> As of December 31, 2019, the Group Executive Board consisted of André Rüegg, CEO and CEO Bellevue Asset Management AG, Patrik Gilli, CFO and CFO Bank am Bellevue AG, Thomas Pixner, CEO Bank am Bellevue AG, and Jan Kollros, CEO adbodmer AG and CEO Bellevue Private Markets AG. Daniel Koller (former CFO) left Bellevue Group at the end of February 2019. His role as CFO and member of the Group Executive Board was held ad interim by Michael Hutter from March 1, 2019 until December 15, 2019. Patrik Gilli was appointed new CFO and a member of the Group Executive Board as of December 16, 2019. Jan Kollros was appointed a member of the Group Executive Board in July 2019.

<sup>4)</sup> The social insurance contributions include compulsory employer contributions to social insurance plans, employer contributions to pension plans and employer contributions to health and accident insurance plans.

<sup>5)</sup> All shares of the Company were or are valued at market value (volume-weighted average prices during the 10-day trading preceding the date of grant). Compulsory employee contributions to social insurance plans on these amounts were settled in cash, not in the form of shares.

<sup>6)</sup> The shares are subject to a one-year service period and a one-year clawback right clause.

<sup>7)</sup> This is the amount of the monetary benefit which reflects the difference between the discounted purchase price and the 10-day VWAP for the effective share allocation.

<sup>8)</sup> The social insurance contributions include compulsory employer contributions to social insurance plans. With respect to variable compensation that has not yet been paid out, a prospective rate of 6.5% is used to calculate prospective employer contributions to social insurance plans and rounded up. The actual amount due (in the subsequent year) may be lower. Pension plan contributions are not levied on any components of variable compensation, which is not included in the respective insurance coverage.

<sup>9)</sup> Entitlement to a maximum of 2 800 shares of BB Biotech (2019: 2 000 shares of BB Biotech), valued at fair value (closing price on 31.12.2020 and 31.12.2019, respectively).

In compliance with Art. 8 para. 1, section 1 of the Articles of Association, fixed compensation for the current financial year is subject to approval by the Annual General Meeting. Fixed compensation of CHF 1 488 500 (2019: CHF 1 365 000) was approved for the 2020 financial year. The actual payout for the aforementioned financial year (including compulsory employer contributions to social insurance plans) was CHF 1 318 627 (2019: CHF 1 502 362). The Group Executive Board has waived 20% (CEO: 25%) of the fixed compensation from April 1, 2020 to August 31, 2020 due to the Corona pandemic.

In the previous year, following the Annual General Meeting, Mr. Jan Kollros (July 1, 2019) and Patrik Gilli (December 16, 2019) were appointed members of the Group Executive Board.

Art. 29 para. 1 and 3 of the Articles of Association include the following provisions:

If persons are appointed to the Group Executive Board after the Annual General Meeting has approved the maximum aggregate fixed compensation for the Group Executive Board, these new members are entitled to receive a maximum of 50% of the aggregate fixed compensation for the Group Executive Board most recently approved by the Annual General Meeting (additional amount).

This additional amount may only be used if the maximum aggregate fixed compensation for the Group Executive Board for the respective financial year approved by the Annual General Meeting is not sufficient to cover the compensation of the new members. The Annual General Meeting does not vote on the additional amounts of compensation actually expended.

Due to the appointment of the new members of the Group Executive Board during 2019, the aggregate fixed compensation for the Group Executive Board approved by the Annual General Meeting was exceeded. The additional amount of compensation was exclusively tapped for the new member Jan Kollros and amounted to CHF 137 362, which is within the 50% threshold relative to the aggregate fixed compensation approved by the Annual General Meeting.

The reported short-term variable compensation totaling CHF 2 820 030 must be approved by the 2021 Annual General Meeting in compliance with Art. 8 para. 1 section 4 of the Articles of Association.

Subject to approval, the variable compensation of CHF 2 828 030 will be paid out in the first half of 2021 in accordance with the explanations under 4.2.2. For the portion paid out in shares, the fair value of the shares is calculated based on the volume-weighted average prices paid during a 10-day period preceding the respective date of transfer. The shares are blocked for a period of four years (voluntary employee stock ownership plan three years) from the date of transfer.

The short-term variable compensation (profit-sharing) of the Group Executive Board was modified during the financial year for the following reasons:

- As a result of the divestment of Bank am Bellevue, the compensation model was changed so the employees of the Corporate Center no longer receive discretionary variable compensation and instead participate in the pool described in section 3.4 above. In addition, some of the Group's costs could no longer be allocated to the former bank subsidiary. This led to a lower total bonus pool.
- Due to the fact that in the previous year several members of the Group Executive Board had not received variable compensation for the entire financial year, the aggregate sum for the current year showed an increase compared to the previous year.

In 2020, the Board of Directors authorized a voluntary employee stock ownership plan. The members of the Group Executive Board were entitled to purchase 26 481 shares of the Company from the given pool at a discounted price of CHF 17.65 per share. This represented a discount of approximately 25% on the quarterly VWAP prior to the date the purchase right was granted. The difference between the 10-day VWAP on the date the shares are actually transferred and the

purchase price corresponds to the monetary benefit. This benefit is subject to the approval of shareholders at the pending Annual General Meeting. The shares were blocked for three years from the date of transfer.

The reported long-term variable compensation totaling CHF 136 100 must be approved by the 2021 Annual General Meeting in compliance with Art. 8 para. 1 section 3 of the Articles of Association.

In previous years, entitlements to share awards under the long-term incentive plans of the Group's investment companies on the basis of the various performance criteria were recognized as compensation at the time of vesting. In the current Remuneration Report, this was changed to the date of grant. The prior-year figures were adjusted. As a result of this change, these entitlements are now recognized as long-term variable compensation (previous years: short-term variable compensation). This change has no influence on the aggregate compensation of the Group Executive Board approved by the preceding Annual General Meetings.

The percentage ratio of fixed compensation to variable compensation for the entire Group Executive Board is 30% fixed compensation and 70% variable compensation (2019: 40% fix and 60% variable). For the CEO, the total amount of fixed compensation amounts to 21% and the variable compensation is 79% (2019: 23% fix and 77% variable).

Bellevue Asset Management AG regularly reviews the accrued vacation entitlements of its employees from previous periods. From time to time, larger balances are partially settled by cash payments. In fiscal year 2020, André Rüegg, CEO, was paid CHF 28 832 in addition to the above-mentioned amounts as partial settlement of vacation entitlements.

The values in the table above differ in certain respects from the Remuneration Reported in note 11 «Transactions with related companies and persons» of the consolidated financial statements 2020 of Bellevue Group AG, which were prepared in accordance with the International Financial Reporting Standards (IFRS). The differences relate to the valuation date of stock awards in connection with the bonus and the individual long-term incentive plans, which are subject to service period conditions. Under IFRS, their value is spread over the future vesting period («service period»), but for the purposes of this report, the amount granted is fully recognized on the date of grant.

During the reporting year, no compensation was paid to related parties of members of the Group Executive Board.

For the months of January and February 2020 (2019: March to December), CHF 50 000 (2019: 250 000) was paid to Daniel Koller, the former CFO of the Company and a member of the Group Executive Group, as compensation for a one-year non-competition clause, in accordance with Art. 33 para. 4 of the Articles of Association. This compensation was agreed in a severance and release agreement. Daniel Koller left Bellevue Group as of February 28, 2019. In addition, CHF 15 161 (excl. 7.7% VAT) was paid to Daniel Koller for advisory services related to a Group project.



### 6.3 Loans

At the end of 2020 and 2019, the following loans had been granted to the members of the Group Executive Board:

Person	31.12.20	31.12.20	31.12.19	31.12.19
	Facility TCHF	Usage TCHF	Facility TCHF	Usage TCHF
André Rüegg, CEO of Bellevue Group AG and CEO of Bellevue Asset Management AG	n/a	n/a	2 000	1 429
<b>Total</b>	<b>n/a</b>	<b>n/a</b>	<b>2 000</b>	<b>1 429</b>

In the past, loans granted to members of the Group Executive Board were arranged through Bank am Bellevue AG. These were Lombard loans granted for the purchase of shares of the Company's stock or of products that were managed by the Company. Following the divestment of Bank am Bellevue AG, there are no longer any outstanding loans with members of the Company's governing or management bodies. The interest rate for Lombard loans was fixed at 1.0% in October 2018.

There were no outstanding loans to former members of the Group Executive Board that had been granted at market terms.

### 6.4 Holdings of shares in the Company

The members of the Group Executive Board owned the following Company shares at the end of 2020 and 2019:

Number of shares	31.12.2020	31.12.2019
André Rüegg, CEO and CEO Bellevue Asset Management AG	320 000	280 600
Michael Hutter, CFO (from 1.8.2020 before member of Group Executive Board)	80 000	76 837
Jan Kollros, CEO Bellevue Private Markets AG and CEO adbodmer AG	60 000	46 774
Thomas Pixner, CEO Bank am Bellevue AG (until 31.1.2020)	n/a	19 170
Patrik Gilli, CFO (until 31.7.2020) and CFO Bank am Bellevue AG (until 30.4.2020)	n/a	4 704

## 7. Compensation of the Board of Directors and Executive Board subject to approval at the Annual General Meeting in 2021

### 7.1 Approval of maximum total fixed compensation for the Board of Directors

The Board of Directors has made minimal adjustments to the fixed compensation paid with respect to the Board's roles. The amount of fixed compensation in cash paid for service on committees of the Board and for activities performed on behalf of Group subsidiaries was also minimally adjusted per mandate.

The following compensation is therefore proposed:

- Maximum fixed compensation in cash of CHF 423 000;
- Maximum fixed compensation in cash of CHF 87 000 for members of Board committees;
- Maximum fixed compensation in cash of CHF 99 000 for services rendered on behalf of subsidiaries and associated companies.

Compulsory employer contributions to social insurance schemes will be paid on the proposed amounts, resulting in a maximum additional cost of CHF 9 000.

The Board of Directors proposes the approval of maximum aggregate fixed compensation of CHF 618 000 (previous year: CHF 661 000) for the Board of Directors for the period until the conclusion of the next Annual General Meeting.

### **7.2 Approval of the maximum total variable compensation for the Board of Directors**

The calculation of the variable compensation for the Board of Directors is described in section [4.1](#) and disclosed in section [5.1](#). Compulsory employer contributions to social insurance schemes will be paid on the proposed compensation, resulting in a maximum additional cost of CHF 3 900.

The Board of Directors proposes the approval of maximum aggregate variable compensation of CHF 198 000 (previous year: CHF 206 000) for the Board of Directors for the 2020 financial year.

### **7.3 Approval of the maximum total fixed compensation and long-term variable compensation for the Group Executive Board**

The Board of Directors reviewed the fixed compensation paid to the Group Executive Board and did not change the amount of base compensation paid to the board's current members compared to the previous year. Total fixed compensation amounts to CHF 920 000. Compulsory employer contributions to social insurance and other insurance schemes and to pension plans will be paid on the proposed compensation, resulting in a maximum additional cost of CHF 246 500. The proposed amount of fixed compensation for the Group Executive Board for the 2021 financial year is thus CHF 1 166 500 (2020: CHF 1 488 500).

The CEO of the Group participates in an employee stock option program, which exists in connection with the asset management mandate of BB Biotech AG. For 2021, he receives a maximum entitlement of 1 700 shares of BB Biotech AG. Based on the closing price as of December 31, 2020, this corresponds to a maximum compensation of CHF 127 000 plus statutory social security of CHF 9 100, resulting in a maximum total amount of CHF 136 100 (2020: CHF 127 500).

The Board of Directors proposes the approval of a maximum total amount of the fixed as well as long-term variable compensation and long-term variable of CHF 1 302 600 (2020: CHF 1 616 000) for the Group Executive Board for the 2021 financial year.

### **7.4 Approval of the total short-term variable compensation for the Group Executive Board**

The components and the calculation of the variable compensation for the Group Executive Board are described in section [4.2](#) and disclosed in section [6.2](#).

The Board of Directors proposes the approval of maximum aggregate short-term variable compensation of CHF 2 828 030 (2019: CHF 2 314 500) for the Group Executive Board for the 2020 financial year.

# REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF BELLEVUE GROUP AG KÜSNACHT

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We have audited the remuneration report of Bellevue Group AG for the year ended 31 December 2020. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the remuneration report.

## **Board of Directors' responsibility**

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

## **Auditor's responsibility**

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

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

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

**Opinion**

In our opinion, the remuneration report of Bellevue Group AG for the year ended 31 December 2020 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

**Daniel Pajer**

Audit expert  
Auditor in charge

**Roland Holl**

Audit expert

Zurich, 1 March 2021

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