

ESG

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Foreword

Sustainability – both a responsibility and an opportunity

Sustainable business practices combine social and environmental responsibility with successful business results. ESG criteria are playing an increasingly important role in Bellevue's business practices and policies. As a pure play asset manager with a global reach, our daily ambition is to create value for all our stakeholders. Our guiding principles of «independence, entrepreneurship and commitment» form the cornerstone of our sustainable and responsible actions as a company.

This ESG Report, which is part of Bellevue's annual report, provides you with detailed information on our Group's sustainability and governance policies as well as its material topics. We also report on Bellevue's progress towards its ESG goals as well as ongoing projects and initiatives, both at corporate and product level.

In 2022 we were again certified carbon neutral at Group level, for fiscal 2021. We also conducted a Group-wide employee survey to obtain insights about employee attitudes and motivation levels and about the general work climate. We are also pleased to have started a partnership with Swiss Sustainable Finance (SSF) in October 2022. Through this partnership, we are supporting SSF's mission of strengthening Switzerland's position as a leading advocate for sustainable finance and thus contributing to a green and prosperous Swiss economy.

At the portfolio level, we continue to apply our ESG framework, which represents our various sustainability approaches. We are committed to the UN Principles for Responsible Investment (UN PRI) and continuously adapt our ESG investment guidelines to meet the latest requirements. As a responsible investor with a long-term focus, Bellevue supports all measures and initiatives that increase the value of the companies we invest in over the long term in the interests of shareholders and investors. These include engagement activities and the exercise of voting rights at general shareholder meetings. We intensified and documented these activities during the past year. In the report, you will find selected ESG engagement case studies that highlight the close contact our portfolio managers and analysts maintain with company representatives and how they strive to encourage the best possible corporate developments also with regard to sustainability factors within the framework of a constructive dialog. In 2022, our portfolio managers attended 583 general meetings and voted on approximately 7 000 proposals.

The following report was produced utilizing the «GRI index with reference» for the first time.

Sustainable and responsible business conduct is imperative and at the same time an opportunity to actively address the challenges that lie ahead in coming years – in the interests of our clients, shareholders, and employees and of society in general.



Veit de Maddalena
Chairman of the Board of Directors



André Rüegg
Chief Executive Officer

About Bellevue

As a specialty investment manager, we create attractive returns and performance for our clients and shareholders. We apply our expertise and competence to important issues of our times and are a responsible corporate citizen.

What sets us apart?

Our most valuable asset are our talented experts, who stand for team spirit, superior performance and a high level of continuity. The reliable quality of our work and strong innovation skills are the basic building blocks for creating solid value for our stakeholders.

Our strong convictions in the investment decisions we make is why we also have a stake in our products – and thus in the success of the clients we serve.

Creating value with specialty investments backed by expertise and innovation.

Independent – entrepreneurial – committed.

Our philosophy and values

Philosophy

Bellevue – House of investment ideas

Specialized, an entrepreneurial-driven culture and proudly independent: Those qualities guide us to sustained growth themes and enable us to unlock exceptional upside potential. Our strategies are benchmark-agnostic and establish a sound bridge between promising investment themes and diversification for our investors. To achieve that, we sometimes have to swim against the current and we have to always be on the lookout for new innovations. As a pure-play asset manager we specialize in investment themes that require an active investing strategy.

Our commitment to active asset management

Active management means: Investing with conviction. We know exactly what we are investing in and are highly disciplined investors. Investment ideas don't have to be run past any high-level investment committees or a CIO. Our expert investment teams within the various product areas operate autonomously while maintaining high standards of responsibility, mutual respect and visionary leadership. And our employees are investment experts and entrepreneurs at the same time and have a personal stake in the success of their clients. All this has kept us and our clients one step ahead of the market since 1993. Creating value for our clients, employees and shareholders is our mission.

Expertise and quality

We employ the best investment specialists with vast experience in the fields of healthcare, specialized regional and multi asset strategies and private market investments. Top know-how combined with team continuity ensure the consistently high quality of the work we do and the products and services we offer. Professional client management is a top priority. We maintain close contact with our clients, embrace transparency and provide expert advice for complex issues. Rapid response to client inquiries, competent relationship management and reliable outcomes are also givens.

Values

As a pure asset manager with around 100 employees, we are highly specialised. Expertise and innovative strength enable us to create value and tap into new return potential. We think and act entrepreneurially and are also actively involved in investments ourselves.

Independent

Our most valuable asset are our expert professionals. We work in small, agile teams that are characterized by high levels of personal responsibility and short decision-making pathways. Portfolio management teams are given as much autonomy and responsibility as possible to unlock their visionary potential. Thanks to this autonomy, they can determine the best way to get the job done and flexibly address client needs.

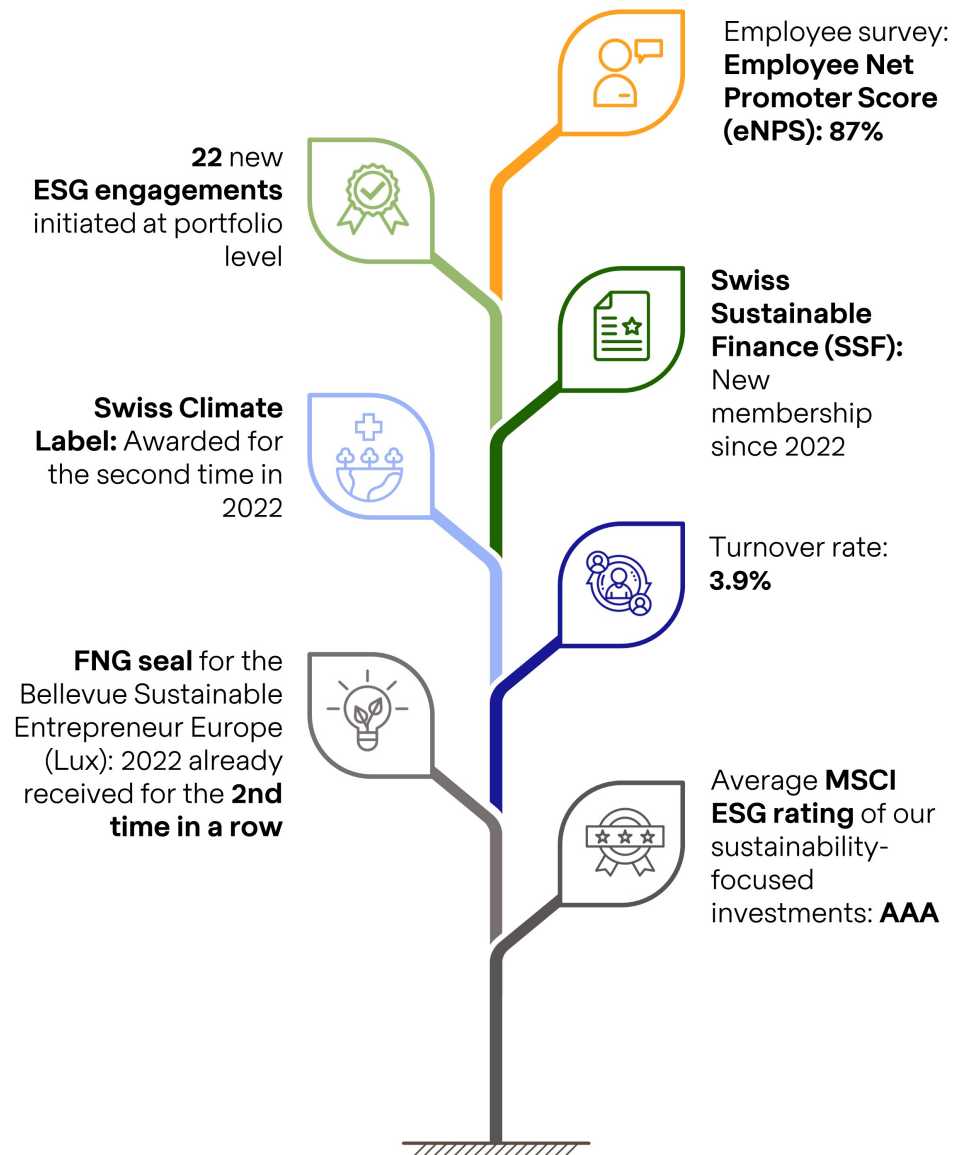
Entrepreneurial

Our strong convictions in the investment decisions we make is why we also have an active stake in our investments – and thus in the success of the clients we serve: «We eat our own cooking.» Strong alignment with the interests of investors promotes discipline and an entrepreneurial mindset.

Committed

We are performance-driven and passionate about working together towards common goals and embrace the power of respectful collaboration. We apply our expertise and competence to address important social issues and act responsibly.

Sustainability achievements 2022



Sustainability strategy

Sustainability is an important factor in the Bellevue Group's business strategy. It is the key to securing our long-term success and at the same time creating value for all of our stakeholders. In line with the «triple bottom line» principle, we seek to generate growth while simultaneously taking into account the needs of the environment and society. As an independent asset manager, we are in a position to promote sustainable development to the benefit of all of our stakeholders.

Our sustainability thrusts 2030 support our aspiration and was developed as part of our stakeholder engagement process, which also incorporated a materiality assessment.

Sustainability thrusts 2030



Integrating sustainability into our business strategy

Preserving the carbon neutrality of our business operations and initiating the net zero process



Improving gender diversity and fostering inclusion

Anchoring sustainability throughout the investment process



Integrating sustainability into our business strategy

The importance of ESG and sustainable investing is now widely recognized. Bellevue Group endeavors to continuously increase and integrate sustainability at corporate as well as portfolio level. Bellevue's distinctive profile is shaped by its core values – independent, entrepreneurial and committed. They lay the foundation for the sustainable, responsible and values-driven business practices that guide our employees every day and they are absolutely essential for creating long-term value for our stakeholders. Based on these core values, we have established clearly defined, transparent ESG policies and corresponding investment guidelines that integrate binding environmental, social and governance aspects into our standards and conduct.

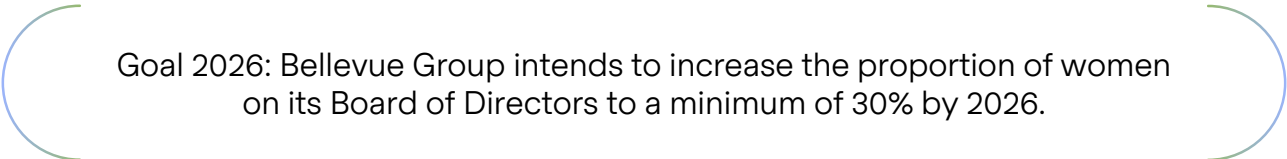
Preserving the carbon neutrality of our business operations and initiating the net zero process

At the company level, we measured Bellevue's carbon footprint for the first time in 2021. Business travel, commuting, heating and electricity are the main sources of our carbon emissions, and we have therefore introduced eco-friendly measures in all of these areas. For example, video conferences are now a prioritized form of communication; we give

employees financial incentives to commute by public transport; and we use lake water to cool or heat our company headquarters in Küsnacht. Having offset its carbon emissions by supporting top-quality climate projects in Switzerland, Bellevue was certified as a climate neutral company for a second time in 2022. We are also committed to achieving net zero by 2050 and our 2030 climate strategy therefore includes a pledge to reduce our carbon emissions per employee (FTE) by 30%.

Improving gender diversity and fostering inclusion

Bellevue Group values employee diversity and believes this is an integral part of its success as a business. Our approach is founded upon mutual respect and a collaborative work culture across languages, cultures and nationalities. This variety of perspectives and approaches, experiences, ideas and talents leads to innovation and underpins Bellevue's success on a lasting basis – including its ability to attract qualified specialist personnel.



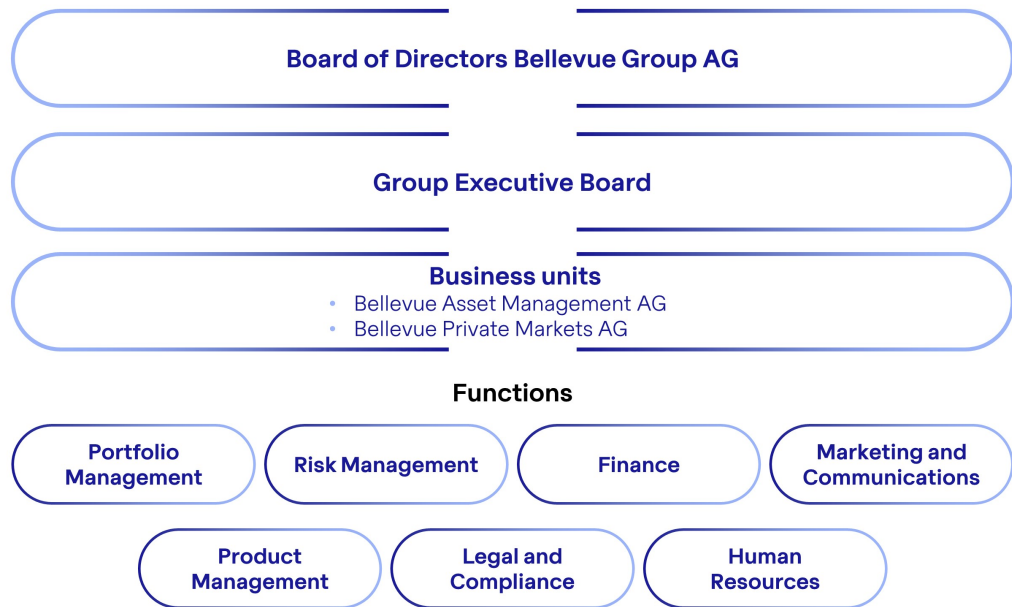
Goal 2026: Bellevue Group intends to increase the proportion of women on its Board of Directors to a minimum of 30% by 2026.

Anchoring sustainability throughout the investment process

Our Group has embraced sustainability at the portfolio level for years. In fact, Bellevue Sustainable Healthcare Fund – our first dedicated ESG strategy – was launched back in 2018. This was followed in 2021 by our second sustainability fund, Bellevue Sustainable Entrepreneur Europe, which is managed in accordance with internationally recognized ESG quality standards. Within the scope of our ESG integration approach, strict exclusion criteria are applied and environmental, social and governance factors are an integral part of our fundamental research and analysis across all portfolios and funds. At the same time, our experts strive to build climate-friendly portfolios and they maintain an active and constructive dialog on ESG aspects with company executives and relevant stakeholders. Bellevue Asset Management AG is firmly committed to the UN Principles for Responsible Investment (UN PRI) and continuously adapts its ESG investment guidelines to reflect the latest findings.

Sustainability governance

Full integration of sustainability within the strategy is one of the objectives of the Sustainability Plan 2030. Sound sustainability governance is essential for ensuring that we continue to embed sustainability within our business practices and product offer, achieve steady progress towards our sustainability targets, and identify potential opportunities and challenges at an early stage. This requires an organizational framework for the management and monitoring of sustainability issues. The Board of Directors of Bellevue Group and the Group Executive Board play an active role in monitoring and implementing the sustainability objectives and measures. The Board of Directors approves the Group's sustainability strategy and plan. The Group Executive Board is responsible for the sustainability strategy.



In addition, the sustainability working group is entrusted with managing the implementation and integration of sustainability across all areas of the business. The working group comprises members from various functions, as shown in the graph above. The group monitors the latest developments on the sustainability front and anticipates their impact on the business model of Bellevue Group. It supports the Group Executive Board with formulating and developing the sustainability strategy. The sustainability working group is therefore additionally responsible for managing and implementing projects within the business areas/functions and areas of activity.

Goal 2023: The organization of sustainability activities is further formalized.

Stakeholder engagement

We believe interaction with our stakeholders is crucial to the identification, analysis, planning, setting of priorities and implementation of our sustainability thrusts 2030, as well as to the underlying objectives and measures. That is why we hold regular discussions with internal as well as external stakeholders.

The following stakeholders were included in 2022:

- Shareholders and analysts
- Employees
- Clients / distribution partners
- Suppliers
- Portfolio companies
- Regulator
- Rating agencies
- Media

Stakeholder	Engagement	Activities 2022	Topics
Shareholders and analysts	<p>Bellevue is in regular contact with its shareholders and analysts, in particular through the publication of its semi-annual and annual results.</p> <p>Investor Relations maintains a constant dialog with investors and analysts through the year. In accordance with the Listing Rules of SIX Exchange Regulation, key business developments are published via media releases or ad-hoc notices on at least two electronic information systems. These announcements are simultaneously published on the corporate website, having been sent to SIX Exchange Regulation in advance.</p> <p>The shareholder notices required under Swiss company law are published in the Swiss Official Gazette of Commerce (SOGC).</p>	<ul style="list-style-type: none"> • Annual general meeting • Conferences and events • Corporate website • Media releases • Annual and interim reports 	<ul style="list-style-type: none"> • Business performance • Share price performance • Sales developments • Product developments • Sustainability
Employees	<p>Employees are given information about business developments, changes within the company and product updates on a regular basis. Communication is via various channels including e-mails and employee information meetings.</p> <p>In addition, Bellevue conducts a group-wide survey every three years to monitor employee satisfaction and commitment as well as ensure employees understand the business.</p> <p>Employee feedback is passed on to the Group Executive Board, which uses the findings to devise concrete measures.</p>	<ul style="list-style-type: none"> • Survey • Training • Talent management 	<ul style="list-style-type: none"> • Health & safety • Sustainability • Strategy • Next generation
Clients and sales partners	<p>Our clients and partners are served by a committed sales team comprising industry experts. Clients and partners have regular personal contact with their key account manager and receive a regular newsletter containing product and business information. They can also subscribe to a free e-mail service.</p>	<ul style="list-style-type: none"> • Key account manager relationships • One-to-one meetings • Conferences and events • Complaint handling 	<ul style="list-style-type: none"> • Products • Sustainable products • Client relationships and satisfaction
Suppliers	<p>Bellevue is in constant contact with its suppliers and service providers. Local suppliers and service providers are preferred where possible. Every supplier or service provider is subject to pre-qualification to ensure compliance with the rules, while correspondence continues throughout the business relationship in order to review requirements, make</p>	<ul style="list-style-type: none"> • Assessments • Direct dialog 	<ul style="list-style-type: none"> • Responsible procurement • Traceability

	payments and negotiate contracts.		
Portfolio companies	In the interests of our investors, best possible corporate performance, role as professional investor, etc. Activities: meetings with company representatives at all levels (top management, board, IR, etc.)	<ul style="list-style-type: none"> • Management meetings (top management, board, IR) • Proxy voting • Sharing of experience 	<ul style="list-style-type: none"> • Sustainability • Innovation • Costs • Capital structure • Corporate governance
ESG rating agencies	Bellevue uses sustainability research produced by ESG rating agencies MSCI ESG and Sustainalytics for the purpose of integrating ESG into investment processes.	<ul style="list-style-type: none"> • Meetings • Survey 	<ul style="list-style-type: none"> • Small vs. large caps • Coverage • Rating methodology
Regulator	In the context of its business activities, Bellevue works with the supervisory authorities to implement updates as well as meet disclosure and regular reporting requirements.	<ul style="list-style-type: none"> • Sharing of experience • Events • Annual and interim reports 	<ul style="list-style-type: none"> • All ESG-related issues, reporting standards
Media	Bellevue's Media Relations unit is engaged in active media relations work with exacting service standards. To ensure balanced reputation management, great importance is attached to the subject of sustainability.	<ul style="list-style-type: none"> • Key account manager relationships • Assessments 	<ul style="list-style-type: none"> • All ESG-related issues • Corporate developments • Product and sector updates

Material topics identified

The materiality analysis supports the Group Executive Board and the management of the subsidiaries in identifying key sustainability issues by considering the expectations and needs of external and internal stakeholders.

The results of the materiality analysis are used to continuously improve sustainability management by sharpening our understanding stakeholders' needs and their shifting perceptions of what they regard as material sustainability issues. The materiality matrix forms the basis for managing corporate processes and helps to identify and manage potential opportunities and risks.

Goal 2023: The Sustainability working group will sharpen the stakeholder engagement process as well as review the materiality issues based on feedback from stakeholders.

Materiality matrix

From the materiality matrix, Bellevue derives eight key topics to which it pays special attention and to which it accords increased transparency in the context of sustainability management:

1) Business performance

Sound finances and long-term profitability ensure that Bellevue Group continues to be a reliable, value-adding partner to all of its stakeholder groups.

2) CO₂ emissions

Bellevue Group places great emphasis on environmental and climate protection. By 2030 we aim to lower carbon emissions from our business operations by 30% per employee (FTE).

3) Corporate governance and corporate ethics

Bellevue Group AG is aware that sound corporate governance and a clear management structure with defined roles and responsibilities are crucial to the long-term success of the business.

4) Transparency

Corporate governance at Bellevue Group AG complies with internationally recognized standards. The fact that we provide transparent information about our governance enables our stakeholders to monitor the quality of the company and helps investors make their investment decisions.

5) Diversity and inclusion

Diversity and equal opportunities are part of the corporate culture that characterizes the Bellevue Group. That is why we encourage the potential as well as the skills and competence of all of our employees irrespective of their age group.

6) Employee development and retention

The corporate culture of Bellevue Group is founded on mutual respect and trusting relationships. Regular feedback and development discussions as well as the recognition and appreciation of achievement are important prerequisites for corporate success.

7) Employee engagement

To gauge employee satisfaction as well as the need for improvement, Bellevue Group conducts a group-wide employee engagement survey every three years.

8) Digitalization and innovation

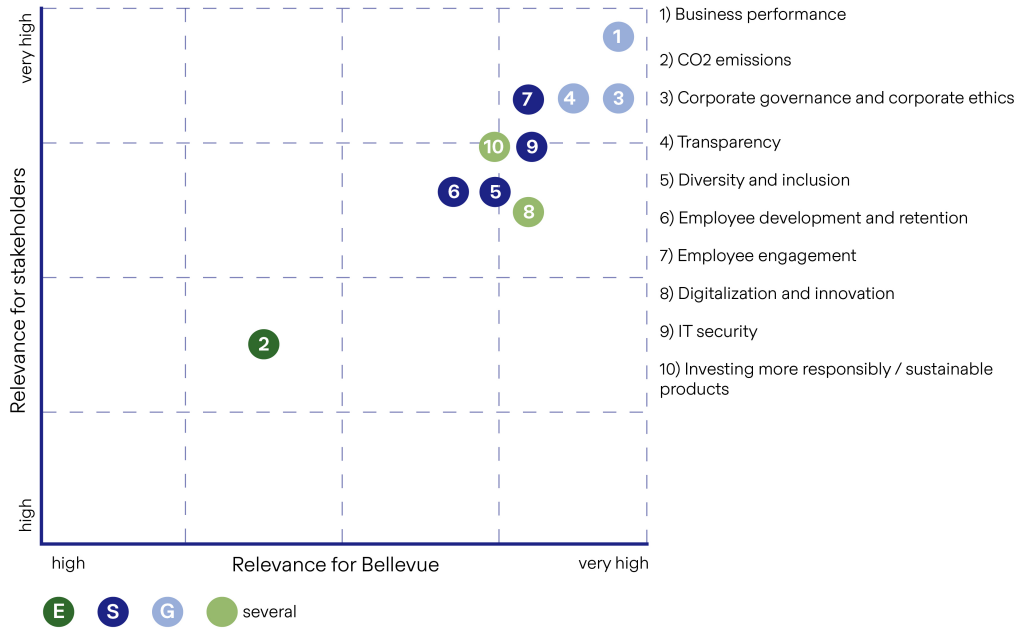
Bellevue Group is pursuing digitalization right across the value chain and implementing it in such a way that significant, sustained added value is created for clients and employees alike.

9) IT security

Group-wide standards apply in relation to IT security. IT security at Bellevue Group is closely tied to respective local data protection regulations such as the Swiss Data Protection Act and the EU General Data Protection Regulation (GDPR).

10) Investing more responsibly / sustainable products

By launching new products that meet stricter rules, are particularly eco-friendly and can be processed more simply and securely, Bellevue aims to help its clients meet ever increasing requirements.



Sustainable Development Goals (SDG)

The UN Sustainable Development Goals are the centerpiece of the Agenda 2030 adopted by the United Nations in autumn 2015. They define the social, economic and environmental milestones that are to be jointly achieved on a worldwide basis by 2030. Companies can make a crucial contribution to Agenda 2030. Bellevue takes its responsibilities seriously; accordingly, the company's sustainability management and core business are as closely aligned with the SDGs as possible.

Entity level

Four SDGs play a central role: quality education (4), gender equality (5), decent work and economic growth (8) and climate action (13). It is in these areas that Bellevue can have the greatest impact at company level.



Source: MSCI ESG Inc.

Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Bellevue supports training for all employees and encourages lifelong learning.

Goal 5: Achieve gender equality and empower all women and girls

Bellevue fosters a culture of gender equality and is committed to ensuring a balanced mixture of gender and age at all hierarchy levels and in all functions of the company.

Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Bellevue offers attractive, family-friendly working conditions, promotes diversity, operates a competitive pay policy with equal pay for women and men, and is committed to training and development for its employees.

Goal 13: Take urgent action to combat climate change and its impacts

Bellevue ensures that responsible corporate environmentalism contributes to reducing carbon emissions. The remaining emissions are offset through the purchase of CO² emission certificates equivalent to the greenhouse gases emitted annually.

Portfolio level

Bellevue Asset Management manages all investment strategies in accordance with the requirements of Article 8 of the EU Sustainable Finance Disclosure Regulation (SFDR). In this connection, the impacts on the 17 UN SDGs are identified for the portfolio companies in the corresponding investment strategies. MSCI ESG Research measures the target contribution of companies to the individual SDGs and categorizes them as «Strongly Aligned», «Aligned», «Neutral», «Misaligned» and «Strongly Misaligned». As soon as there is a positive impact on at least one of the 17 SDGs («Aligned» or «Strongly Aligned») and one or more other SDGs are not negatively impacted at the same time («Misaligned» or «Strongly Misaligned»), Bellevue assumes a positive alignment.

This measurement is undertaken in the context of the definition of a «sustainable investment» within the meaning of the EU Disclosure Regulation 2019/2088 (Art. 2(17)), which is defined as an investment in an economic activity that contributes to an environmental objective and/or a social objective, provided that such investments do not significantly detract from any of those objectives.

The current measurement of the target impact shows that the biggest contributions – viewed across all investment strategies – are in UN Sustainable Development Goals (UN SDGs) no. 1 (no poverty), no. 3 (good health and well-being) and no. 5 (gender equality).

With our investment focus on the global healthcare sector, Bellevue helps ensure good health and well-being for people of all ages. Innovative medications from the biotech industry as well as investments in diagnostics and healthcare service providers can make an important contribution in this regard. The COVID-19 pandemic caused serious impairment of basic health services, shortened life expectancy and exacerbated imbalances in access to basic health services between countries and people, resulting in a risk that years of progress in a number of healthcare areas are being wiped out. In addition, vaccination rates fell for the first time in 10 years and the number of deaths caused by tuberculosis and malaria increased. Urgent, concerted measures are necessary to put the world back on track to achieving goal 3. Products and services from a number of our portfolio companies make an important contribution to achieving this goal.

Portfoliobeispiele

The **Jazz Pharmaceuticals**¹⁾ position, which is represented in various healthcare portfolios, has extended patient access to medications, including through patient assistance programs, product donations to global aid organizations and financial donations to independent charitable organizations. Another example is portfolio company **Danaher**²⁾, whose HemoCue and Cepheid testing systems are dedicated to the diagnosis of highly prevalent diseases such as anemia and tuberculosis. Global pharmaceuticals firm **Daiichi Sankyo**³⁾ promotes a series of projects including research into clinical drug candidates for the treatment of Chagas' disease, which is classified as a «neglected tropical disease» (NTD).

Summary

In conclusion, it is important to note that investment in a company from the healthcare sector does not automatically equate to an alignment with SDG 3. Evidence of contributions to the UN's defined goals and indicators is required in order to be able to demonstrate a positive alignment. Although Bellevue periodically measures the target contributions made by its investment products to the 17 UN SDGs, it does not currently manage an impact strategy that has sustainable investment as its objective pursuant to Article 9 (EU SFDR).

¹⁾ <https://investor.jazzpharma.com/node/19306/html>, <https://sdgs.un.org/goals/goal3>

²⁾ https://www.daiichisankyo.com/sustainability/our_approach/sdgs/sdgs_businessmateriality/

³⁾ <https://www.danaher.com/sustainability>

Sustainability at entity level

Environmental practices

Within the framework of our work processes, we attach importance to environmentally friendly practices and ensure this with the following measures in particular:

Measuring environmental indicators

The environmental indicators were calculated for the second time in 2022 for the 2021 financial year. In the future, the aim is to have the environmental indicators available for the current fiscal years.

Total emissions (in t CO ₂)	2020	2021	Change in %
CO ₂ -emissions scope 1 ¹⁾	32	27	- 15.6
CO ₂ -emissions scope 2 ²⁾	44	28	- 36.4
Co ₂ -emissions scope 3 ³⁾	212	193	- 9
Total CO ₂ -emissions	288	248	- 13.9
CO ₂ -emissions/full-time position	2.7	3.0 ⁴⁾	11.1

¹⁾ Scope 1: Direct greenhouse gas emissions

²⁾ Scope 2: Indirect energy-related greenhouse gas emissions

³⁾ Scope 3: Energy supply (energy-related emissions not received in scope 1 or 2); business travel (external vehicles), commuting, IT equipment, paper, print jobs, waste, water

⁴⁾ Benchmark: Swiss Banks (SC): 2 t CO₂/FTE

Total emissions at a glance

In the future, the 2020 balance with normalized data in the commuter trips and business flights categories will be used as the reference base to assess the efficiency of the measures implemented as part of the climate policy and to show improvements in the CO₂ emissions.

Total emissions (in t CO ₂)	Base year*	2020	2021	Change in % 2020/2021
Business trips	505	99	102	3
Heating	58	58	45	- 22.4
Commuting	130	55	57	3.6
Electricity	32	32	21	34.4
IT equipment (computers, laptops, monitors, cell phones, phones, tablets)	14	14	18	28.6
Waste	2.5	2.5	2.7	8
Water	1.5	1.5	0.9	- 40
Paper and printing	0.9	1.2	1.8	50
Total emissions	801	288	248	- 13.9
Emissions Total / FTE (t CO ₂ /FTE)	8.2	3	2.7	- 10

* Base year: 2020 adjusted for COVID-19 effects (travel / home office).

Bellevue Group's operations include four focus areas related to CO₂ emissions: business travel, commuting, heating and electricity. These account for 93% of emissions. The effects of the measures to contain COVID-19 are particularly evident in business travel. Air travel and commuting account for over 85% of CO₂ emissions in a normal year. Since air travel was

limited as of March 2020 and home-working recommendations/requirements massively reduced commuting, CO₂ emissions in 2020 were reduced by about 65% due to COVID-19. Significantly more business travel is expected again from 2022 onwards.

CO₂ neutrality

Swiss Climate certified Bellevue as a climate neutral company for the second time in 2022 (based on 2020 values). By purchasing CO₂ emission certificates in the amount of the greenhouse gas emissions emitted annually, we support projects that remove the same quantity of emissions released into the atmosphere. Bellevue Group selected a project focusing on «Climate protection and sustainable management in Swiss forests» for climate neutrality in 2021. The project ensures CO₂ storage and sustainable management of 7 279 hectares of forest in the canton of Schwyz. This protects the climate, preserves biodiversity in Swiss forests and enables the production of timber for renewable energy production.

Goal 2030: As part of the certification, Bellevue Group has set a reduction target of 30% of emissions per FTE by 2030. The CO₂ emissions in 2020 adjusted for COVID-19 effects serve as a basis.

Energy consumption

At Bellevue Asset Management's headquarters in Küsnacht/ZH, the building as well as the premises of our data centers are heated and cooled with natural lake water.

When procuring electronic devices such as computers, monitors, printers, etc., we make sure to use energy-efficient equipment. Wherever possible, power consumption settings are configured to automatically switch IT equipment – whether entire groups of systems or individual devices – to stand-by mode at certain times. The buildings are only lit when they are in use. We use additional energy consumers such as air conditioners or radiators only for extreme external weather conditions.

Transportation and mobility

Our locations are very easy to reach by public transport. Employees are motivated to travel by public transport. We actively support this through financial incentives. Parking spaces are not subsidized and are charged at full market rates. Showers and changing rooms are available at company headquarters, which makes commuting to work by bicycle an attractive alternative. Public transport options will become even more attractive when the head office is relocated from Küsnacht to central Zurich in 2025.

International contacts are important given our global investment strategies and distribution activities with employees at different locations. All locations have video conferencing infrastructure. Most of the meetings are through telephone and video conferencing as a substitute for physical meetings to limit travel. Where possible and appropriate, we substitute air travel with public transportation such as train travel and coordinate joint site visits.

The Group Executive Board is regularly informed about the travel activities of the employees.

Goal 2030: Reduce carbon emissions for road and air in order to achieve the 2030 CO₂ target.

Procurement process

When procuring materials, furniture, food, etc., we consider local suppliers and local products wherever possible in order to reduce the environmental impact. Likewise, when selecting suppliers and service providers, their environmental practices are taken into account. When procuring furniture and other office materials, we pay attention to durability.

Goal 2023: As part of the stakeholder engagement process, a survey of external suppliers and service providers will be carried out in 2023 in order to gain a better understanding of their procurement processes and examine their sustainability.

Waste management and recycling

Systems are in place at all sites to collect and recycle a wide range of materials, including cardboard, PET, glass, paper, batteries and IT equipment. We separate waste and dispose of it properly. We take care at the procurement stage to avoid excessive waste or other unnecessary environmental impact. In addition, water filtering devices are installed to reduce PET bottle consumption.

Paper consumption is a significant resource for a service company. We take appropriate measures to ensure that paper consumption is constantly reduced and can be replaced by other means (e.g. client presentations on notebooks/tablets instead of printed handouts, Webex/Zoom for client meetings, annual reports printed on FSC paper, shipping only on request). Print programs are initialized so that printouts are two-page and black and white by default.

Key climate-related memberships (status as at December 31, 2022)



TCFD

The recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) introduce uniform, transparent rules for the disclosure of financial climate risks faced by economic actors.

Bellevue is currently working to identify and evaluate climate-related risks that may impact on our business activities. We will be reviewing and likely expanding our reporting on climate-related matters in the years ahead.

The recommendations are structured around four thematic areas that represent core elements of how organizations operate: governance, strategy, risk management, and metrics and targets.

Governance	Strategy	Risk Management	Metrics & Targets
Disclose the organization's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Source: TCFD, 2022

Governance

Climate-related opportunities and risks can potentially affect all areas of Bellevue and its business – in terms of our own business activities as well as the investments (portfolio level) – hence the fact that ultimate responsibility for this issue lies with Bellevue's Board of Directors and/or Group CFO.

The portfolio management team is responsible for implementing the investment strategy, with a focus on sustainability themes as well as overarching principles and policies.

Strategy

Bellevue endorses and is committed to the goals of the Paris Agreement. We can play our part in achieving them through the way we structure our portfolios, as well as by analyzing climate-related risks and showing how they influence our investment decisions. Naturally we apply exclusions for controversial industries (e.g. fracking/oil sands, etc.), maintain an active dialog with companies or other stakeholders regarding their climate strategy, and exercise our voting rights.

At operating level, we disclose the emissions resulting from our own business activities in our Sustainability Report. In the future, we plan to develop a new climate strategy and implement the recommendations of the TCFD. At Bellevue we see sustainability risks as a critical element of our management of risk.

Risk management

Risks arising as a result of distortions and changes affecting Bellevue indirectly, e.g. due to the introduction of climate policy measures involving the transition to a low-carbon economy (e.g. carbon taxes, emission or energy efficiency standards, or restrictions on «non-sustainable» industries such as coal or oil), changes in customer and consumer sentiment, and disruptive technological breakthroughs.

Metrics and targets

Bellevue endorses the goals of the Paris Climate Agreement signed in December 2015 and supports measures to mitigate global warming. Carbon intensity is measured at portfolio level on at least a quarterly basis and compared with the respective investment universe or benchmark for the fund concerned.

Bellevue purchases electricity from renewable sources for all Swiss sites – either directly or indirectly through regional proof of origin. We are currently formulating our net-zero climate

strategy. Our aim is to reduce net greenhouse gas emissions from our business activities to net zero by 2050.

Social Practices

Sustainability as an employer

For a service-sector business like Bellevue Group, employees are the most important asset for the company's long-term success.

We foster a highly entrepreneurial culture that emphasizes personal responsibility and is distinguished by flat hierarchies and flexibility as regards working times, length of working week and place of work.

Bellevue Group	2022	2021	2020
Average length of service of employees	6.7 years	6.4 years	5.7 years
Average age	45.1 years	45 years	44.5 years
Part-time employees	19%	22%	23%
Employee turnover	3.9%	2.9%	2.6%

Employee selection process

The added value that Bellevue creates for its clients is inextricably linked to the expertise, motivation and high level of identification of its employees with the company. Accordingly, we place great emphasis on the careful selection of suitable talent. The suitability of a candidate is usually assessed over several selection stages and assessments. In addition to professional competence, soft skills, team spirit and compatibility with corporate values are also assessed. From the employees' point of view, the manageable size of the company and the resulting personal contacts are a key success factor. Discrimination is not permitted on the basis of criteria such as age, ethnic origin and gender.

Bellevue recruited a total of 15 employees and six interns in 2022 across all sites and had a total of 96.9 FTEs as at December 31, 2022.

Employee development

Employee development is vitally important and an integral element of our Sustainability Plan 2030. Lifelong learning is becoming increasingly important. The company's organization encourages employees to develop and deploy their professional skills in the best interests of the company's stakeholders while taking into account their family or personal situations (e.g. by offering part-time employment contracts, IT infrastructure to enable staff to work from home, support with employee training and development).

Under the supervision of the HR department, employees are offered a variety of opportunities for professional development as well as career and succession planning as part of Bellevue's onboarding and induction process as well as its training and talent management program. Regular, formal employee performance reviews provide the framework for personal assessment and development planning.

On a regular basis, all Bellevue Group employees are required to complete e-learning modules on cybersecurity. Starting in 2023, employees will also receive training on the topic of sustainability including through presentations by external experts.

Fifteen employees completed training programs in 2022.

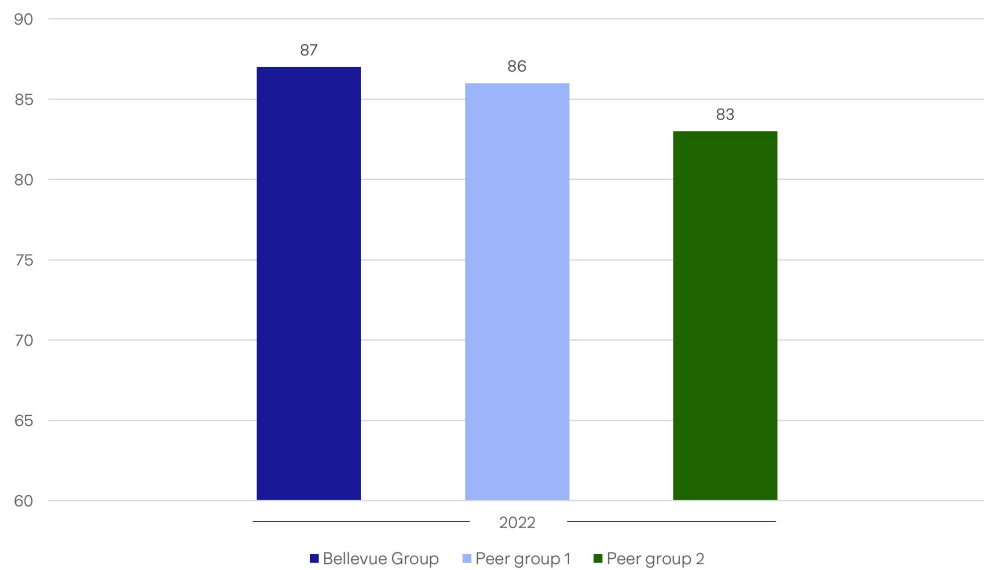
Employee engagement

Bellevue conducted its first Group-wide employee survey in 2022. Carried out in collaboration with independent research institution iCommit, the aim was to gauge employee satisfaction and any attendant need for improvement.

The results were discussed by the Group Executive Board, then at team level with employees. Action points are now being defined jointly with the employees so that improvements can then be brought about.

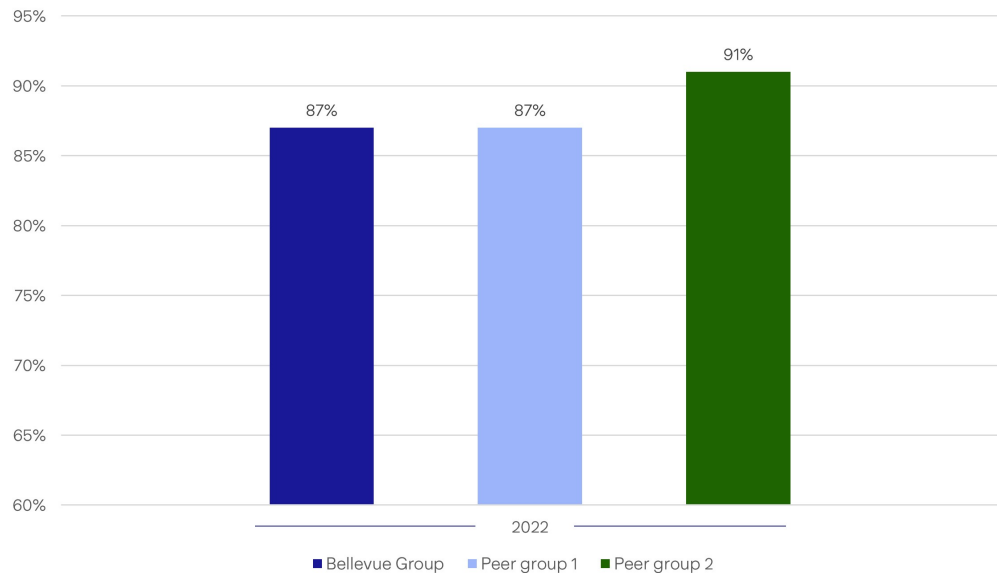
Goal 2025: The response rate to the survey in 2022 was 73%. Bellevue Group has set a target of raising the response rate to at least 80% as well as maintaining the commitment/engagement value.

The extent to which employees are prepared to go the extra mile for Bellevue Group is shown by the commitment/engagement value in the following diagram.



Peer group 1: comparable Swiss financial institutions (with a total of 5 264 respondents); peer group 2: companies participating in the «Swiss Employer Award» presented in Switzerland in 2021/22.

The employee net promoter score (eNPS) measures and tracks employee retention and is therefore of great importance to the success of companies.



Peer group 1: comparable Swiss financial institutions (with a total of 5 264 respondents); peer group 2: companies participating in the «Swiss Employer Award» presented in Switzerland in 2021/22.

Compensation policy

The following basic compensation principles apply throughout Bellevue Group:

Compensation for the Board of Directors and the Group Executive Boards is transparent, comprehensible, fair and appropriate. 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 of 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 (including ESG/sustainability).

Further information is given in the audited annual [Remuneration Report](#) published by Bellevue Group.

Employee stock ownership plan

In the spirit of identification with the company and the entrepreneurial activities of each employee at his or her level, we give employees across all hierarchical levels a share in the success of their own company.

Part of the variable salary components (profit-sharing) is distributed in the form of treasury shares or fund units which remain blocked for a predefined period. In this way, the interests of employees are to a large extent aligned with the interests of investors, shareholders and other stakeholders.

Furthermore, Bellevue periodically offers an employee share ownership program. From time to time, the Board of Directors offers voluntary employee stock ownership plans under which employees are entitled to purchase company shares at a discount to the market price.

The compensation system for Bellevue Group employees is conceived to motivate employees at all operating units to do excellent work. This is «entrepreneurial compensation with commitment» – a meritocratic model, in other words. It comprises an attractive

entrepreneurial profit-sharing bonus as variable compensation. This profit-sharing is directly linked to the operational financial performance of Bellevue Group. In addition, part of this variable profit-sharing is paid out in the form of blocked shares and commitments in managed products (we believe in «eating our own cooking»). This approach promotes a long-term performance culture. More in-depth information is disclosed in the audited annual [Remuneration Report](#).

Equality (diversity, equal opportunities and non-discrimination)

Bellevue Group provides equal employment and advancement opportunities to all individuals regardless of age, ethnicity, gender, sexuality, disability, religion or other characteristics, as laid down in our internal Employment Regulations. We therefore benefit from a diverse workforce and the competitive advantages that offers: With their different perspectives and approaches, experiences, ideas and skills, employees inspire and learn from each other. As a result, the company gains creativity, innovation and success.

We foster a culture of gender equality and promote a balanced mix of gender and age across all hierarchical levels and functions of the company. Employee compensation is periodically reviewed for unjustified differences and adjusted if necessary. The last analysis was carried out in August 2021 using the standard Swiss analysis tool («Logib»); no gender effect was identified. The next pay analysis will be conducted in 2023.

Both genders should be represented on the Group Executive Board and on the Board of Directors. Any discriminatory behavior will not be tolerated and improper conduct will be punished by line managers. To that end, a whistleblowing policy was approved and an internal reporting system created in 2022.



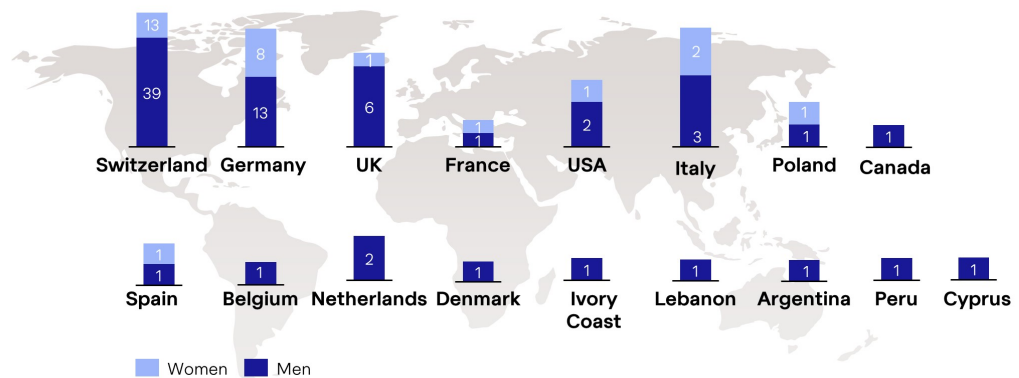
Annual comparison of full time employees

Women		Men	
2021	2022	2021	2022
28%	27%	72%	73%

The Board of Directors has set the goal of continuously increasing the proportion of women at all levels, but particularly at senior levels (Board of Directors and management), by promoting the development and retention of women within the company. In addition, the aim is to use targeted talent attraction measures in order to ensure that vacant positions are filled by women.

Goal 2026: Increase proportion of women on Board of Directors to a minimum of 30% by 2026.

17 Nationalities



Source: Bellevue Group AG, as at December 31, 2022, incl. dual citizenship

Governance practices

Corporate governance, corporate ethics and transparency

As a listed company, we report transparently on governance topics in the Annual Report as part of our compliance with the Corporate Governance Directive (DCG). An independently audited Compensation Report provides information on remuneration paid to the Board of Directors and Group Executive Board. The four-member Board of Directors is international and interdisciplinary in its composition and has in-depth expertise in various areas. An important element of corporate governance is the clearly defined, balanced distribution of responsibilities between the Board of Directors and the Group Executive Board. The country-specific requirements of each location are taken into account. More information is available in the Bellevue Group's Corporate Governance Report.

Digitalization and innovation

Internal processes are optimized and the use of new technologies is promoted to meet the constantly changing demands of clients and employees. The digital transformation leads to new forms of communication, promotes transparency and efficiency, and is intended to make the entire company more agile in order to ensure its long-term competitiveness.

In the course of this ongoing process, a number of projects and initiatives were completed in 2022: launch of a new digital expenses tool, a dedicated tool for the Private Markets team, the ABACUS accounting system for various subsidiaries, as well as the launch of Group-wide communication and work tools.

Goal 2023: Launch of a new integrated portfolio management system offering consistent data management, reporting and risk management on a single platform.

IT security

In an increasingly digitalized world, and in the financial services sector in particular, IT security plays an increasingly crucial role. The fundamental objectives of IT security management at Bellevue include the protection of confidential data, integrity of our systems

and the information they contain as well as the availability of all systems, services and information when they are required by employees, partners and clients. Together with external experts, the in-house IT team ensures system availability and the tackling of cybersecurity incidents. In addition to cutting-edge technical security solutions, protective measures include regular maintenance work, which together with our network is monitored by an external partner as part of a dedicated cyber defense service. Bellevue's IT security concept is rounded off by annual business continuity and penetration tests, together with regular staff training and simulated phishing attacks.

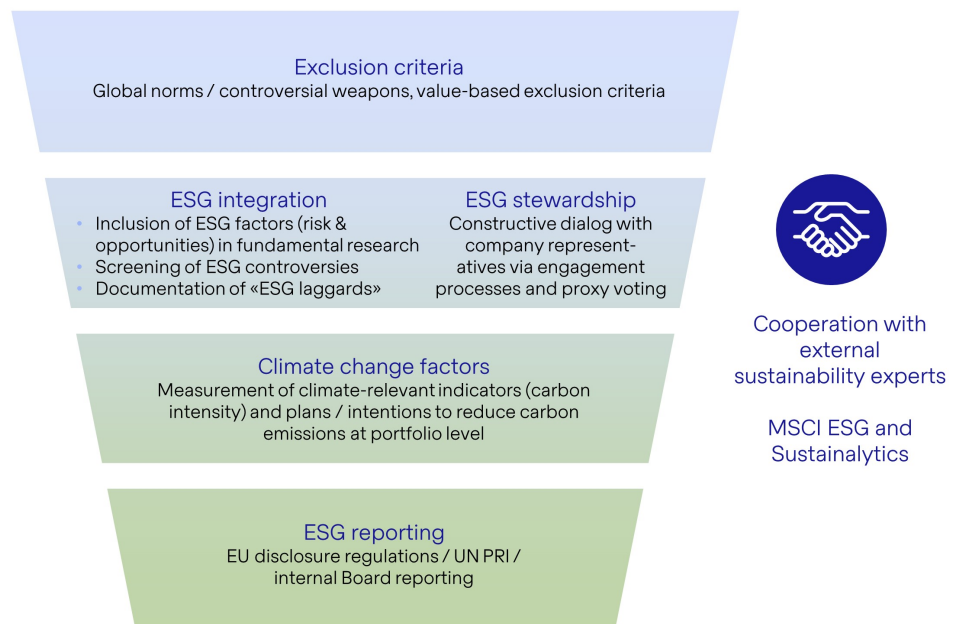
Data protection is part of the remit of the Head of Compliance, who in turn reports directly to the Chief Risk Officer (CRO). Through regular meetings, the Head of IT and his team receive inputs and updates from the Head of Compliance in order to keep abreast of the latest legal requirements.

IT security is on the agenda at both monthly Executive Board meetings, Bellevue Group and Bellevue Asset Management, as well as once a quarter at the Bellevue Audit Committee.

Sustainability at portfolio level

ESG criteria are systematically integrated into investment processes and portfolios, while taking regulatory requirements into account.

Bellevue addresses sustainability at portfolio as well as corporate level. The individual sustainability approaches are summarized as part of our ESG framework, which we systematically implement and continuously develop.



Source: Bellevue Asset Management AG, as at December 31, 2022

The ESG investment guidelines of Bellevue Asset Management AG essentially comprise the following elements:

Exclusion criteria

We are committed to adhering to internationally recognized norms and systematically exclude from the managed investment portfolios any companies that seriously violate human rights, the environment or labor norms, or are involved in corruption. No investments may be made in companies that are implicated in serious environmental, human rights and business ethics issues. Compliance with the principles and guidelines of the UN Global Compact and the UN Guiding Principles for Business and Human Rights, as well as the standards and rights of the International Labour Organization, serves as an indicator in such cases.

In contrast to exclusions based on violations of global principles and standards, value-based exclusions are founded on social, ethical or moral values. Thresholds have been defined for the percentage of overall revenues that can be generated from business areas with high ESG risk scores such as conventional weapons, thermal coal and tobacco production. Companies that exceed the generally accepted annual revenue thresholds in the business areas below are excluded.

Business area	Revenue threshold
Controversial weapons	0%
Conventional weapons	10%
Thermal coal	5%
Fracking/oil sands	5%
Production of tobacco	5%
Sale of tobacco	20%
Adult entertainment	5%
Gambling	5%
Palm oil	5%

Compliance with these revenue thresholds is systematically reviewed, even though in the case of most strategies – particularly healthcare – there is no involvement in these business areas. The set revenue thresholds serve primarily for the practical implementation of the exclusion criteria and are based on empirical values with institutional investors and industry experts. More far-reaching and/or stringent exclusion criteria may be applied for individual strategies with a dedicated sustainability focus.

Bellevue Asset Management maintains an exclusion list, which is updated on a quarterly basis. Based on this list, nearly 900 companies from across our investment universe were excluded from direct investment as at the end of 2022.

ESG integration

Environmental, social and governance factors are integrated into the fundamental analysis of every company through an ESG integration process in which the associated financial risks or opportunities are evaluated with respect to future stock market performance. This approach gives our portfolio managers a holistic picture of an enterprise.

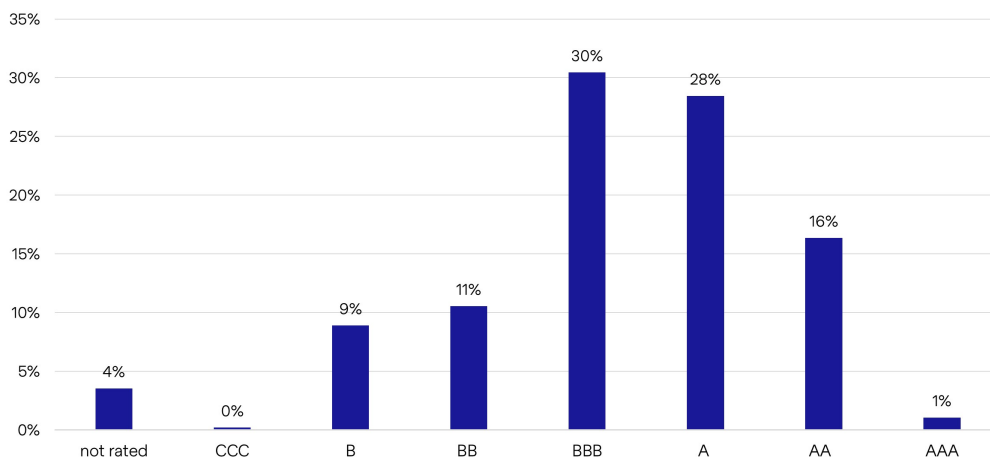
The environment sub-category focused on aspects such as whether a company systematically measures its carbon footprint and discloses the related data. The Social subcategory covers aspects such as product quality, data privacy policies and employee development. Examples of Governance issues are board independence, board compensation and corporate ethics.

A system of ESG ratings forms the basis by which sustainability criteria are integrated into the asset manager's investment decision process. Every issuer of securities in its investment universe is assigned an ESG rating based on various sub-scores. These scores are based on data from independent third-party providers MSCI ESG Research and Morningstar Sustainalytics. Their relevance, and consequently their weightings, can vary sharply depending on the sector in question.

In 2022 it was once again important to interpret ESG scores with caution and a critical eye. Most ESG rating methods are based on a predefined systematic approach that does not always result in an objective or «fair» assessment of risks. In fact, such methods often systematically disadvantage start-ups and small cap companies relative to large cap companies. A lack of manpower and experience in handling ESG issues can result in a company being underrated. That is why our portfolio managers always take a closer look at potential or ostensible «ESG laggards» (CCC, B rating) and reach out to the ESG specialists at our external ESG research providers and at the companies with lagging ESG ratings. Investments in «ESG laggards» must be documented in detail. Bellevue Asset Management does not apply a «best-in-class» approach for the reasons mentioned above, unless otherwise dictated by a specific investment strategy.

Across all liquid investment strategies⁵⁾ of Bellevue Asset Management, this gives the following distribution of invested assets based on MSCI ESG ratings:

Distribution by MSCI ESG rating as at December 31, 2022



Source: Bellevue Asset Management, MSCI ESG Research

⁵⁾ Net invested assets of equity and fixed-income strategies of Bellevue Asset Management excluding cash, private equity, ventures, PF and white label funds/mandates and dedicated derivative strategies.

ESG stewardship

As a responsible long-term investor, Bellevue supports all measures and moves designed to increase the value of portfolio companies over the long term in the interests of shareholders and investors. This includes engagement activities as well as the exercising of voting rights at general meetings of shareholders.

Engagement

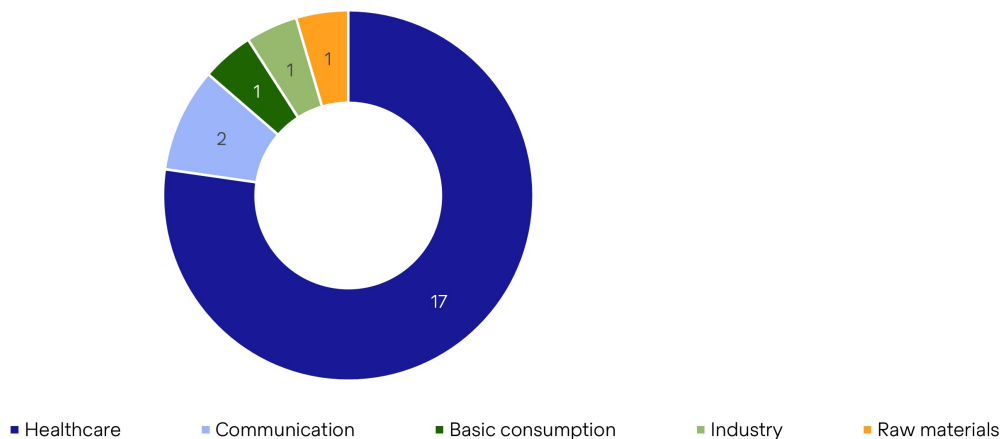
Active management means investing with conviction. We know what we are investing in, and pursue this with great discipline. At Bellevue Group you will not find any overarching investment committees or a CIO. Working independently in their own product areas, the relevant specialist teams are all committed to personal responsibility, respect, and the strength of their own vision. As well as being investment experts, our employees are simultaneously entrepreneurs who participate in the success of clients through their own investments.

This commitment to active investment management also highlights the importance of engagement as a key element in our ESG framework. Portfolio managers are engaged in an active and constructive dialog with the executives and other relevant stakeholders of portfolio companies on environmental, social and governance issues. If there are any indications of a significant controversy related to ESG issues, they are constructively discussed with the company and subsequent developments (e.g. change in strategy or processes, improvement of ESG rating) documented over time. Engagement activities are undertaken in the context of materiality and proportionality considerations. The level of engagement can vary depending (among other things) on the size of the position held by an investment strategy, the market capitalization of the company, and the entity’s stage of corporate development.

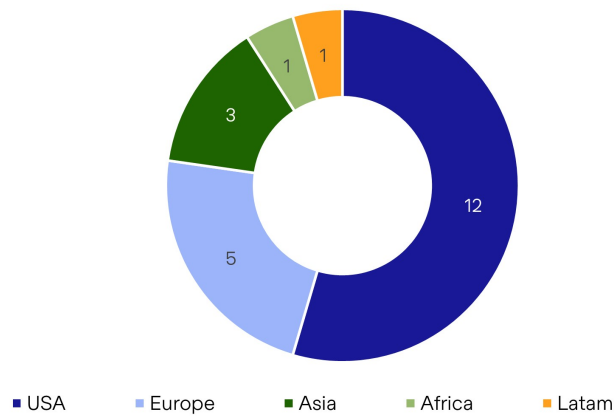
Written records of ESG engagement activities are maintained as part of the regular documentation of conversations with company representatives. In 2022 we also established a proprietary tool in which ESG engagement activities are systematically recorded and subsequent developments documented over time.

22 new ESG engagements were launched in the 2022 financial year. These may affect one or more of the three sustainability criteria of environmental, social and governance, and may be either of a short to medium-term nature or long-term. As a substantial portion of the investments in companies from the healthcare sector are invested in the US, a majority of the engagement activities also occurred in this area.

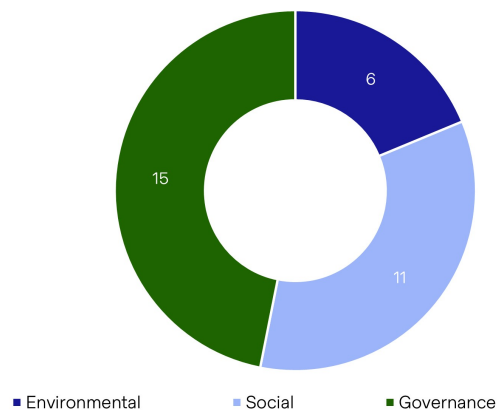
Breakdown of ESG engagements by sector



Breakdown of ESG engagements by region



Breakdown of ESG engagements by ESG criteria (multiple answers possible)



Selected ESG engagement case studies show that our portfolio managers and analysts maintain a very close exchange of views with the companies and through constructive dialog endeavor to bring about the best possible corporate performance in terms of sustainability criteria too. Qualified opinions of third parties such as independent voting-rights representatives are included in the process, although ultimately we always act in the interests of our investors.

Engagement case: Example 1 – PacificBiosciences (US)

Whereas Europe plays a pioneering role in terms of sustainability reporting and transparency requirements, the issue is not yet accorded such a high priority in other markets. Indeed it is not unusual for many US companies to have only recently begun to address sustainability reporting in greater detail.

Details of the engagement

With an MSCI ESG rating of B («Laggard»), PacBio had a below-average sustainability rating at the start of our ESG engagement. On November 8, 2021, we then embarked on an extremely constructive dialog with Christian Henry (CEO) and Todd Friedmann (IR); analysis of the research report from MSCI ESG showed that the ostensible laggard rating was not attributable to poor ESG quality standards but primarily to a lack of sustainability reporting. On 6 December 2021, PacBio informed us that the company had hired an ESG consultant. The top priority was to set up a sustainability website and produce a sustainability report. On February 9, 2022, PacBio confirmed that it had started internal work on its ESG transparency processes as a result of our bilateral exchange of views and engagement. On May 11, 2022, PacBio notified us that the first sustainability report would be published over the course of summer 2022.

Outcome

PacBio's first sustainability report can now be viewed at <https://www.pacb.com/sustainability/>. We are convinced that this is an important step towards greater transparency, as well as strengthening awareness of ESG, and that such efforts are also likely to be reflected in future rating upgrades (now rated BB).

Proxy voting

Bellevue Asset Management also protects the long-term interests of its investors by making active use of its voting rights at the general meetings of shareholders of the companies in its portfolios via proxy voting.

We are supported by International Shareholder Services (ISS), which has many years of experience in relation to proxy voting and employs market-leading practices. However, we are under no obligation to abide by the voting guidelines issued by ISS. Bellevue Asset Management may go against the voting recommendations of third parties if it determines that these are not in the best interests of the investors. As a rule, voting rights are always actively exercised.

We generally vote in line with the recommendations of company boards regarding agenda items that will not have a material impact on the long-term development of the company in question. Agenda items that we believe could have a material impact on the long-term development of the company will be examined in detail before deciding how to vote. Below are typical examples of such items:

- Mergers and acquisitions
- Divestment of business units
- Changes in capital structure or outstanding voting rights
- Corporate governance matters (acquisitions, restructuring projects, etc.)

The responsible portfolio managers will conduct this analysis. The analysis is based on the currently available information from various sources such as analyst reports or media releases and other reports published by the company itself.

Voting rights can be exercised directly through active participation in a general meeting, via an online voting platform, or through one or more representatives/proxy advisory firms.

Overview of voting activities in 2022:

In 2022 our portfolio managers and analysts attended 583 general meetings and cast their votes on a total of 898 resolutions out of a possible 910 – representing a participation rate of 98.7%. This figure can be below 100% because some markets require an equity blocking period in connection with voting, which would in turn restrict trading in the securities concerned. In order to maintain portfolio liquidity, however, no voting takes place in such cases.

Detailed information on voting behavior can be found in the following evaluations:

Meeting overview

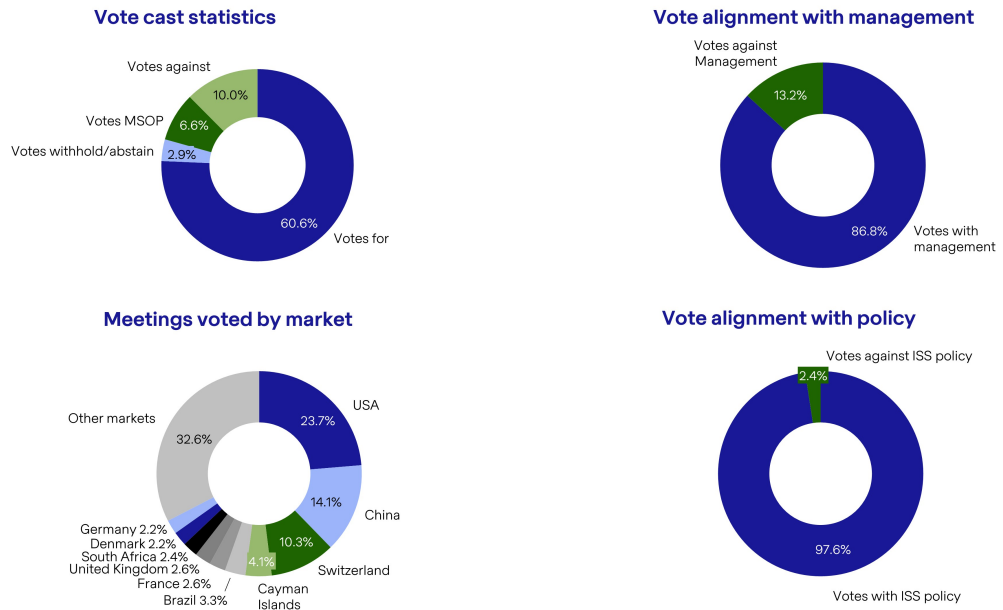
Category	Number	Percentage
Number of votable meetings	593	
Number of meetings voted	583	98.31%
Number of meetings with at least 1 vote against, withhold or abstain	313	52.78%

Ballot overview

Category	Number	Percentage
Number of votable ballots	910	
Number of ballots voted	898	98.68%

Proposal overview

Category	Number	Percentage
Number of votable items	7 069	
Number of items voted	6 938	98.15%
Number of votes FOR	5 612	80.89%
Number of votes AGAINST	693	9.99%
Number of votes ABSTAIN	79	1.14%
Number of votes WITHHOLD	125	1.80%
Number of votes on MSOP	458	6.60%
Number of votes with policy	6 810	98.16%
Number of votes against policy	168	2.42%
Number of votes with management	6 060	87.35%
Number of votes against management	918	13.23%
Number of votes on shareholder proposals	120	1.73%



Engagement case: Example 2 – service provider (advertising, marketing, social research) (France)

Engagement case: Example 2 – service provider (advertising, marketing, social research) (France)

During the main reporting season, it is not unusual for Bellevue Asset Management analysts and portfolio managers to maintain a dialog with the portfolio companies in parallel with the exercising of voting rights.

Details of the engagement

In April 2022 various minority shareholders representing a total of fewer than 5% of the voting rights proposed the nomination of A. Z.* as an independent member of the executive board at the next annual general meeting in mid-May 2022. This was with the aim of improving the company’s governance structure. Although we share the view that governance at the company in question needed to be improved further, following a personal exchange of views with the proposed candidate we were not fully convinced by his profile. We also shared some of the concerns of the minority shareholders, even if in some cases they were clumsily worded. We reported this to the company, as represented by the CEO, CFO and IR. ISS advised voting for the appointment of A. Z.*; however, we voted against the nomination.

Outcome

In May 2022 the nomination of A. Z.* was rejected, to our satisfaction. Nevertheless, the fact that the governance criticisms expressed had now been identified and addressed by the company management was a significantly positive development. In an initial step the CEO/ chairman role was split; in addition, a new CFO was appointed.

* Abbreviation arbitrarily chosen.

Climate change factors

Carbon intensity (tonnes of CO₂ per USD 1 mn of revenues) is regularly measured at portfolio level and scored based on the relevant investment universe or fund benchmark. It should be noted that over 85% of our asset base (as at December 31, 2022) is invested in the healthcare sector, which is naturally exposed to substantially lower carbon emissions than industrial, commodity or energy sectors and broadly diversified global equity indices.

For instance, the five largest investment strategies⁶⁾ show an asset-weighted carbon intensity (scope 1 + 2) of 24.4 tonnes of CO₂ emissions per USD 1 mn of revenues. According to the five-stage scale of MSCI ESG⁶⁾, this represents the second-best category of “Low”. By way of comparison, the MSCI World equity index shows a weighted average carbon intensity of 138.2 tonnes per USD 1 mn of revenues, which is classed as «Moderate».

Calculated across all Bellevue Asset Management’s liquid investment strategies, asset-weighted carbon intensity (scope 1+2) is around 32.8 tonnes of CO₂ per USD 1 mn of revenues.

If a security contributes 10% or more to the intensity of the overall portfolio or the carbon intensity of a particular security is 10% or more than the comparable industry average, we pay particular attention to the principal adverse impacts on sustainability criteria (PAIs) – which can culminate in an engagement.

⁶⁾ BB Biotech AG, Bellevue Medtech & Services (Lux), Bellevue Healthcare Trust, Bellevue Digital Health (Lux), Bellevue Healthcare Strategy (Lux)

⁷⁾ These figures are based on MSCI CarbonMetrics and are calculated as the portfolio-weighted average carbon intensity of the companies. At company level, carbon intensity is the ratio between scope 1 and 2 emissions and annual revenues. The carbon risk is classified as very low (0 to <15), low (15 to <70), moderate (70 to <250), high (250 to <525) and very high (>=525).

ESG reporting

Bellevue Asset Management AG became a signatory of the United Nations Principles for Responsible Investment (UN PRI) on August 19, 2019. PRI reporting is the largest global reporting project on responsible investment. It was developed with investors, for investors. Reporting on our activities and progress in relation to sustainability is one of the six principles of the UN PRI.

We fulfil our responsibilities in relation to ESG reporting via the following channels:

- Fact sheets on individual strategies

As well as information on portfolio positioning and performance, our monthly fact sheets also include summarized ESG data. We will be expanding our reporting in the first half of 2023 and making dedicated sustainability fact sheets available to our investors.

- Bellevue website

On our website at www.bellevue.ch we have created a special page focused on sustainability at both corporate and portfolio level. Advances and news on sustainability matters are posted here on a continuous basis. Information regarding the regulatory requirements (EU SFDR/MiFID II sustainability preferences) is also provided here.

- UN PRI Responsible Investment (RI) report

The UN PRI Report is published annually. This report ensures accountability and transparency regarding the responsible investment activities of the signatories and aids dialog between the signatories' organizations as well as with their clients and other stakeholders. The latest report can be viewed on our website.

- Internal ESG reporting

An ESG report for each investment strategy is submitted to the Group Executive Board and the Board of Directors at least once a quarter. The report is assessed by these bodies and used to derive any targeted measures.

Strategies with a sustainability focus – brief profile

Bellevue Sustainable Healthcare (Lux)

- Track record since June 2018
- Austrian Ecolabel (EL 49)
- Signatory of Eurosif Transparency Code
- MSCI ESG rating: AAA

Bellevue Sustainable Entrepreneur Europe (Lux)

- Awarded FNG label for second time
- Signatory of Eurosif Transparency Code
- MSCI ESG rating: AAA



Implementation of regulatory requirements

The extension of sustainability-related regulatory requirements has created additional obligations. The focus here is on the EU Disclosure Regulation 2019/2088 (regulatory product disclosures, Art. 10) and on Commission Delegated Regulation (EU) 2021/1253 on MiFID II sustainability preferences (Art. 9). In this connection, Bellevue has introduced the two criteria of “investments with sustainable characteristics” and “sustainable investments” and – in the absence of a standard Europe-wide classification system – implemented them in the investment process of the respective strategies with the greatest of care and in good faith based on currently available knowledge and the partially limited availability of data.

Investments with sustainable characteristics (EU SFDR)

All investment strategies of Bellevue Asset Management take into account social, environmental as well as governance-related characteristics (ESG) as part of the implementation of their investment objectives, in accordance with the provisions of Article 8 of the EU Disclosure Regulation 2019/2088 (EU SFDR), but do not have sustainability as their objective. In principle, the aim is to invest all of the assets of the relevant strategies in investments with sustainable characteristics. However, as there is not yet a sufficient amount of ESG data available in every asset class and sector, and given that some companies do not yet have an ESG rating, a minimum allocation of investments with sustainable characteristics has been set as a percentage of total invested assets.

For strategies with a considerable allocation of small and mid cap investments and/or a significant emerging market quota with low ESG research coverage, the minimum allocation for «investments with sustainable characteristics» is 50%. Strategies that are less heavily affected by these factors must adhere to a higher minimum allocation of 75% «investments with sustainable characteristics».

Detailed information on the individual investment strategies as well as the methodology can be found in the product-specific documents available via the following link:

<https://www.bellevue.ch/all-en/all/esg/sustainability/sustainability-portfolio>

Sustainable investments (MiFID II)

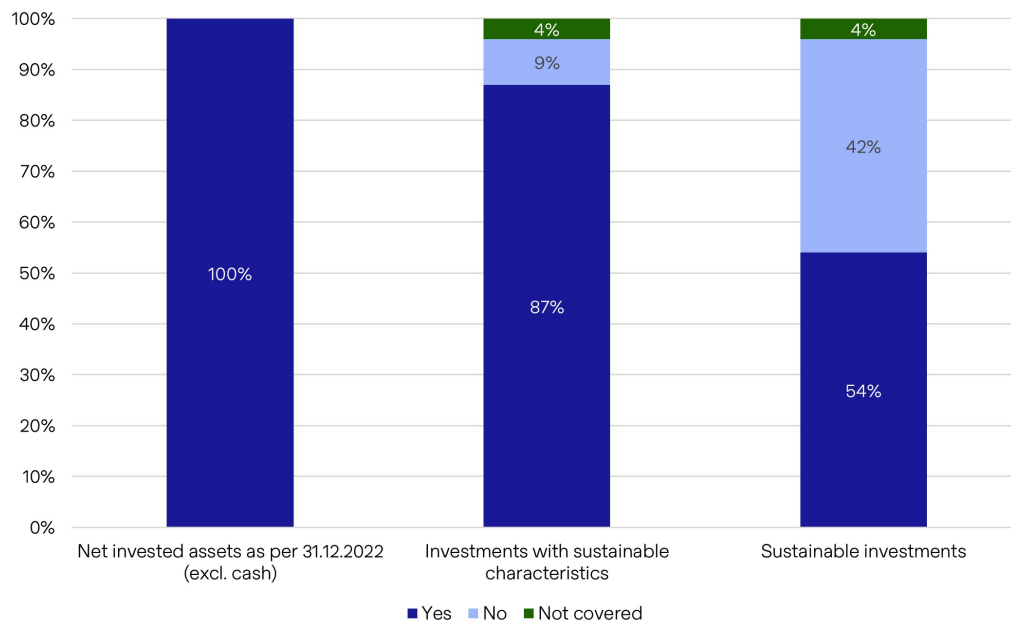
With the amendment of the MiFID II Directive as part of the implementation of the EU Action Plan on Financing Sustainable Growth, it became mandatory from 2 August 2022 to inquire as to clients' sustainability preferences during the investment advisory process. Financial instruments that may target (potential) clients with sustainability-related objectives according to Art. 9(9) sub-para. 1 MiFID II Delegated Regulation are required to apply one or more of the following three concepts:

- a) A financial instrument where the (potential) client determines that a minimum proportion is to be invested in environmentally sustainable investments within the meaning of the Taxonomy Regulation (Art. 2(1))
- b) A financial instrument for which the (potential) client determines that a minimum proportion shall be invested in sustainable investments within the meaning of the Disclosure Regulation 2019/2088 (Art. 2(17))
- c) A financial instrument where the principal adverse impacts on sustainability factors («PAI») are taken into account and where the qualitative or quantitative elements demonstrating this consideration are determined by the (potential) client

In addition to consideration of the principal adverse impacts on sustainability factors (PAI), Bellevue Asset Management has determined that a minimum proportion shall be invested in sustainable investments within the meaning of Disclosure Regulation 2019/2088 (Art. 2(17)). Art. 2(17) defines a «sustainable investment» as an investment in an economic activity that contributes to the achievement of an environmental and/or a social objective while not significantly harming any of these objectives. Furthermore, the investee companies must apply practices of good corporate governance («good governance»).

Investments are assigned to the «sustainable investment» quota if, on the one hand, they exhibit a positive target contribution in terms of the 17 UN Sustainable Development Goals and, on the other hand, they meet the described sustainable investment characteristics. The MSCI ESG methodology is used to measure the target contributions to the UN SDG (see section on relationship to UN SDG). Minimum quotas of 25% and 50% have been defined for the categorization of a sustainable investment. Here too, the existing ESG research coverage as well as the investment focal point (e.g. small and mid-caps) play an important role.

In accordance with the above definitions and applied methodologies, around 87% of the liquid net invested assets⁸⁾ of Bellevue Asset Management qualified as «investments with sustainable characteristics» and 54% as «sustainable investments» in the context of the EU SFDR as at December 31, 2022:



⁸⁾ Net invested assets of equity and fixed-income strategies of Bellevue Asset Management excluding cash, private equity, ventures, PF and white label funds/mandates and dedicated derivative strategies.

It should once again be pointed out that an industry-wide comparison of these allocations is not permitted owing to the current lack of harmonization in the classification grids and valuation methodologies to be used in the context of the EU SFDR.

Principal adverse impacts on sustainability factors (PAI)

Bellevue Asset Management takes the principal adverse impacts (PAI) of its investment decisions into consideration in the course of its investment and portfolio management activities. Implementation may take place through direct decisions within portfolio management, company exclusions, targeted engagements or a combination of the described activities.

Consideration of the principal adverse impacts largely depends on the availability of relevant information. The necessary data is not always available in sufficient quantity and quality for all assets in which Bellevue Asset Management invests. Consequently, the list of PAI indicators considered is continuously being expanded in line with data availability and quality.

GRI

GRI content index with reference

GRI content index		
Statement of use	Bellevue Group AG has reported the information cited in this GRI content index for the period 01.01.2022 – 31.12.2022 with reference to the GRI Standards.	
GRI 1 used	GRI 1: Foundation 2021	
GRI Standard	Disclosure	Location in Annual Report
GRI 2: General Disclosures 2021	2-1 Organizational details	About us
	2-2 Entities included in the organization's sustainability reporting	Sustainability Strategy: Sustainability Governance
	2-3 Reporting period, frequency and contact point	Corporate Governance: Information policy
	2-6 Activities, value chain and other business relationships	About us: Organization & profile
	2-7 Employees	Social Practices
	2-9 Governance structure and composition	Corporate Governance
	2-10 Nomination and selection of the highest governance body	Corporate Governance: Board of Directors
	2-11 Chair of the highest governance body	Corporate Governance: Board of Directors
	2-19 Remuneration policies	Remuneration Report: Compensation policy
	2-20 Process to determine remuneration	Remuneration Report: Determination of compensations
	2-22 Statement on sustainable development strategy	Sustainability Strategy
	2-25 Processes to remediate negative impacts	Environmental Practices
	2-26 Mechanisms for seeking advice and raising concerns	Social Practices: Diversity and Inclusion
	2-28 Membership associations	Environmental Practices: Key climate-relevant memberships
GRI 3: Material Topics 2021	2-29 Approach to stakeholder engagement	Stakeholder Engagement and Material ESG Topics
	3-1 Process to determine material topics	Stakeholder Engagement and Material ESG Topics
	3-2 List of material topics	Stakeholder Engagement and Material ESG Topics: Material ESG topics identified
GRI 201: Economic Performance 2016	3-3 Management of material topics	Environmental Practices: Measurement of environmental indicators
	201-1 Direct economic value generated and distributed	Financial report
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Environmental Practices: Energy consumption

GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Environmental Practices: Measurement of environmental indicators
	305-2 Energy indirect (Scope 2) GHG emissions	Environmental Practices: Measurement of environmental indicators
	305-3 Other indirect (Scope 3) GHG emissions	Environmental Practices: Measurement of environmental indicators
	305-4 GHG emissions intensity	Environmental Practices: Total emissions at a glance
	305-5 Reduction of GHG emissions	Environmental Practices: CO2 emissions
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Environmental Practices: Waste management and recycling
	306-2 Management of significant waste-related impacts	Environmental Practices: Waste management and recycling
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Social Practices
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social Practices: Employee development and retention
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Social Practices: Diversity and inclusion