

ESG

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Foreword

Sustainability – operational progress, detailed reporting

Sustainability is and will remain an important factor in Bellevue Group's business strategy, because it is crucial to the success of our business over the long term and for creating value for all stakeholders. In order to deliver on this claim as best as possible going forward, we strengthened Bellevue's sustainability governance and organization in 2023. All relevant roles and responsibilities were reviewed at management level as well as throughout the workforce and changes were made where necessary.

We have expanded the sustainability section of our company's 2023 annual report in compliance with the Swiss non-financial reporting rules and regulations. This ESG report meets the requirements of the pertinent art. 964a et seq. of the Swiss Code of Obligations and was approved by the Board of Directors of Bellevue Group on February 19, 2024.

An important part of the Swiss non-financial reporting rules is the disclosure and presentation of climate-related matters. This ESG report therefore includes a section with such data that, for the first time, is in alignment with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). It provides an overview of how Bellevue is addressing the issue of climate change and how it is managing the opportunities and risks that arise from the transition towards a low-carbon and climate-resilient economy. Since Bellevue does not operate in a carbon-intensive industry, climate change has a rather small impact on its business activities. Climate change does, however, have a major impact on investment product regulations and transparency requirements.

Bellevue also thoroughly reviewed and revised its ESG materiality matrix during the past year. Our reporting is now based on the principle of «double materiality». This means we report on the impact that the relevant ESG issues have on Bellevue's business operations, reputation and financial performance and on the impact that our business activities have on environmental, social and community issues.

In 2023, we made operational progress on several ESG fronts:

- For example, the proportion of women on Bellevue Group's Board of Directors has been 50% since the annual general meeting held in March 2023, which means we have already achieved and exceeded our initial goal of having 30% female representation on the Board of Directors by 2025.
- In August 2023, we analyzed the salaries of our employees using the Swiss government's national salary analysis tool and were pleased that this revealed no indications of a gender pay gap.
- Acting on the findings of the latest employee survey conducted in 2022, a number of measures pertaining to employee information channels, employee development and collaboration between executive management teams were implemented in 2023.
- All employees received training on data protection and market conduct rules during the year under review, and all new hires additionally received training on compliance issues.
- Furthermore, Bellevue Group was certified by Swiss Climate for the fourth consecutive year in 2023.

We also protect the long-term interests of our investors by making active use of our voting rights at the general meetings of the companies in our portfolios via proxy voting. In 2023, our portfolio managers and analysts participated in 572 general meetings and cast votes on 909 of a total of 934 votable proposals – which represents a participation rate of 97.3%.

During the 2023 financial year, the employee turnover rate rose above 10%. There are several reasons for this: On the one hand, long-serving employees left the company to pursue new career challenges and, on the other hand, strategic management decisions led to the voluntary departure of some employees as well. In 2024, we are aiming to bring the turnover rate below 10% again. This is in alignment with our efforts to continuously expand and integrate sustainability at both the corporate and the product level.

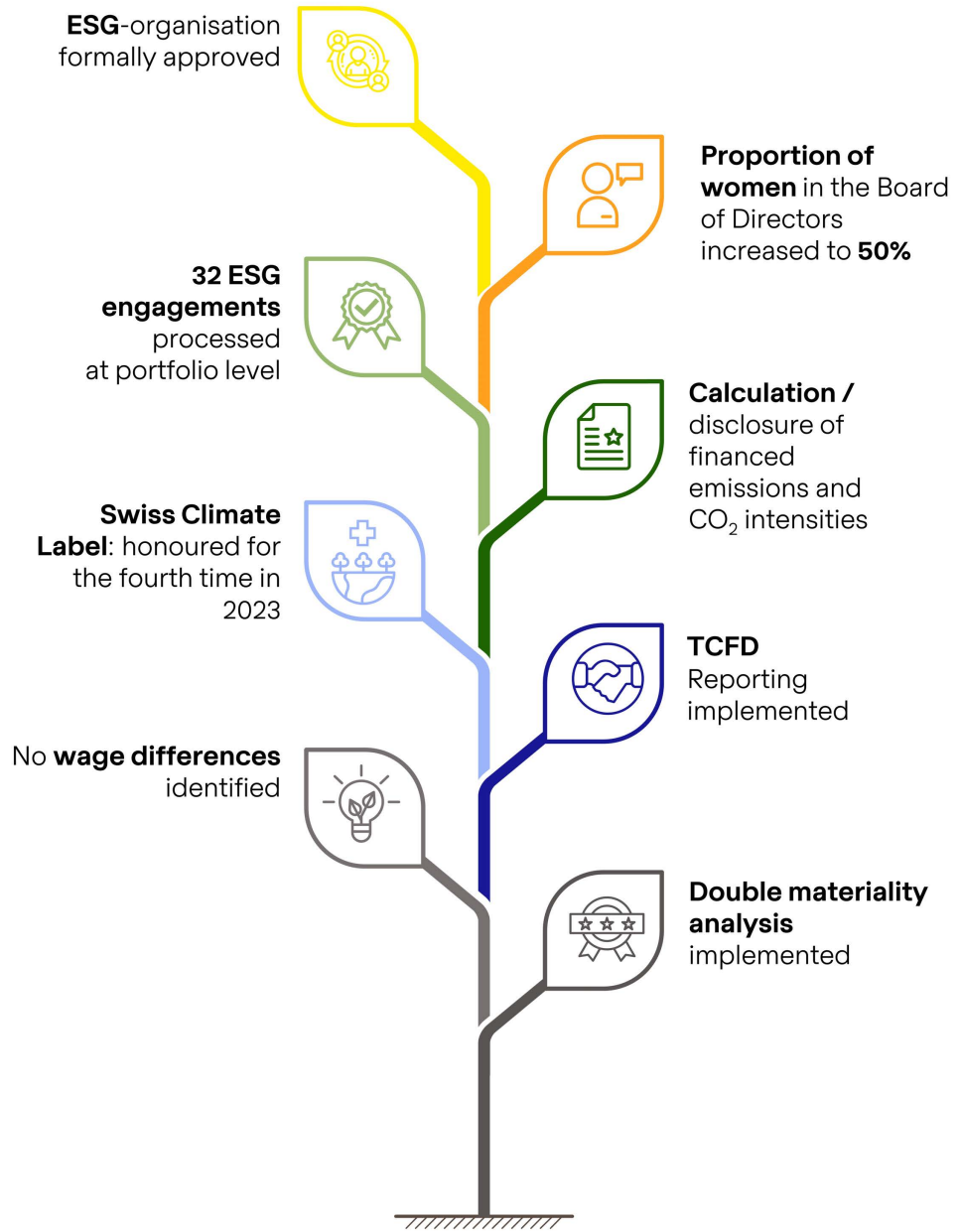


Veit de Maddalena
Chairman of the Board of Directors



Gebhard Giselbrecht
Chief Executive Officer

Sustainability achievements 2023



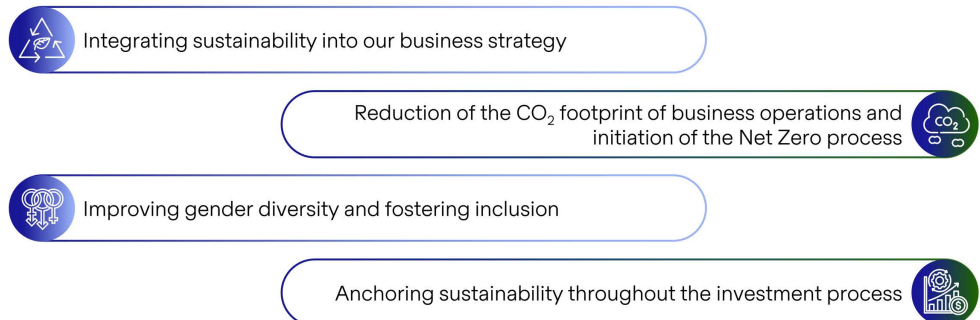
Sustainability strategy

GRI 2-22

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.

2030 sustainability agenda



Integration of sustainability into 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. Our values 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 investment guidelines that integrate binding environmental, social and governance aspects into our standards and conduct. Please consult the [ESG policy](#) document that we have published on our website for further information.

Reducing the CO₂ footprint of business operations and initiation of the net zero process

We measured Bellevue's carbon footprint at company level for the first time in 2021 for the year 2020. Business travel, commuting travel, heating and electricity are the main sources of our carbon emissions and we have therefore introduced sustainability 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 CO₂ emissions by supporting top-quality climate projects in Switzerland (a forest management project in the canton of Schwyz), Bellevue was certified by Swiss Climate for the fourth consecutive year in 2023. 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. Our goal of increasing the proportion of women on the Board of Directors to 30% was achieved in 2023. The proportion of women on the board as of December 31, 2023, was 50%. The targeted minimum proportion of women at executive management level remains 20%. This goal should be achieved by 2030 within the scope of our succession planning.

Anchoring sustainability throughout the investment process

Sustainability aspects have been an integral part of Bellevue's investment and risk management processes for many years. In 2018, we launched the Bellevue Sustainable Healthcare Fund, which adheres to strict formal ESG requirements. 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. Environmental, social and governance factors are taken into consideration across all portfolios within the scope of our ESG integration policy. In addition to clearly defined exclusion criteria based on global norms and values, these include, in particular, the relevant ESG risks are integrated into the fundamental analysis of investment candidates. The ESG profiles of potential investments and their impact alignment in connection with the UN's sustainable development goals are also screened. Potentially adverse effects of our investments on sustainability factors are monitored centrally and are formally included in the assessment of an investment as part of its sustainability profile. An internal working paper «Consideration of PAI» regulates the details. Environmental and climate aspects are an integral part of the overall assessment. Financed greenhouse gas emissions have also been systematically measured in accordance with the PCAF standards (Partnership for Carbon Accounting Financials) since 2023 and disclosed in accordance with the TCFD recommendations. Lastly, our portfolio managers are actively engaged in a constructive dialog with executive managers and relevant stakeholders on ESG matters. Bellevue Asset Management AG firmly embraces the United Nations Principles for Responsible Investment (UN PRI) and continuously adapts its ESG investment guidelines to meet the latest PRI reporting framework.

Sustainability governance

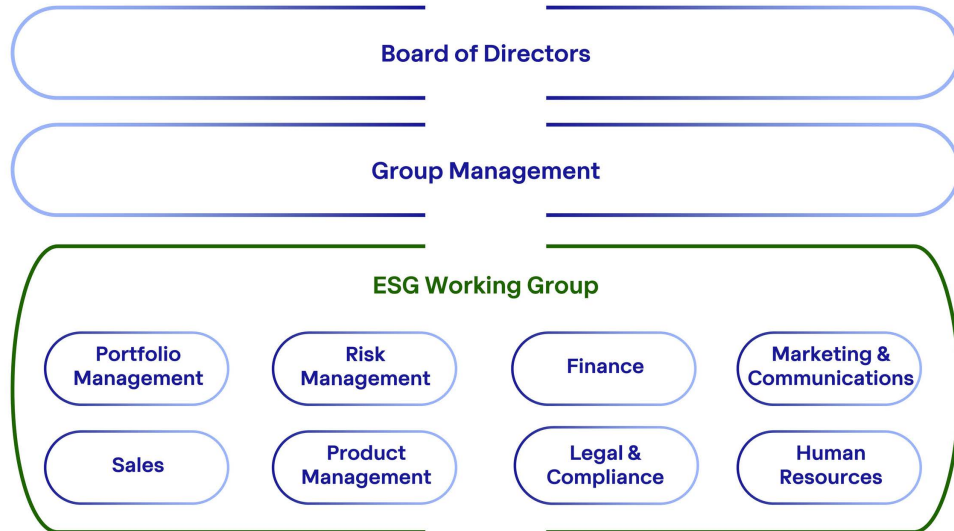
GRI 2-12

GRI 2-13

GRI 2-14

Over the past three years, Bellevue has strengthened its sustainability governance practices and its corporate sustainability framework and introduced new roles and responsibilities at management level as well as throughout the organization.

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. In September 2023, the Board of Directors introduced a new corporate framework for sustainability.



- Responsibility for sustainability-related performance, the monitoring of sustainability-related developments and the adoption of sustainability policies and strategies lies with the Board of Directors. It is also responsible for approving the sustainability report.
- The Group Executive Board is responsible for developing and implementing measures to achieve the sustainability strategy and objectives defined by the Board of Directors. Further information about the members of the Board of Directors and the Group Executive Board can be found in the Corporate Governance report.
- A sustainability working group has also been tasked with overseeing the implementation and integration of sustainability policies across all areas of the business. This working group is headed by the Group's CFO and includes representatives from various functions/ departments, as shown in the diagram above. It monitors the latest developments on the sustainability front and forecasts their impact on Bellevue Group's business model. It supports the Group Executive Board in formulating and developing the sustainability strategy. The sustainability working group meets at least once every quarter and reports to the Group Executive Board and the Board of Directors. It is additionally responsible for managing and implementing sustainability-related projects within the various business areas and functions and areas of activity.

Stakeholder engagement

GRI 2-29

We believe interaction with our stakeholders is crucial in identifying, analyzing, planning, prioritizing and implementing our 2030 sustainability goals, as well as the underlying objectives and measures. That is why we maintain regular contact with internal as well as external stakeholders.

In 2023, the following stakeholders were asked to participate in our double materiality assessment:

- Shareholders (interview and survey)
- Employees (survey)
- Clients/distribution partners (interview and survey)
- Suppliers (survey)
- Portfolio companies (survey)

Stakeholder	Engagement	Activities	Topics discussed
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. 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 • ESG survey • Interview major shareholder 	<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. 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. 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"> • ESG survey • Training • Talent management 	<ul style="list-style-type: none"> • Job satisfaction • 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"> • ESG survey • 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 payments and negotiate contracts.</p>	<ul style="list-style-type: none"> • ESG survey • Assessments • Direct dialog 	<ul style="list-style-type: none"> • Responsible procurement • Traceability
Portfolio companies	<p>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.)</p>	<ul style="list-style-type: none"> • ESG survey • 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	<p>Bellevue uses sustainability research produced by ESG rating agencies MSCI ESG and Sustainalytics for the purpose of integrating ESG into investment processes.</p>	<ul style="list-style-type: none"> • Meetings 	<ul style="list-style-type: none"> • Small vs. large caps • Coverage • Rating methodology

Material topics identified

GRI 3-1

GRI 3-2

GRI 2-29

The materiality analysis supports the Group Executive Board and the management teams 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 the company's understanding of stakeholder 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.

Bellevue thoroughly revised its materiality matrix during the year under review. Its sustainability reporting is now based on the principle of «double materiality».

Outside in: The impact of sustainability issues on Bellevue's business operations, reputation or financial success. Here the term «impact» refers to the actual or potential impacts on Bellevue's business model or value drivers (e.g., sales, cash flow, margins) in the short, medium or long term. For example, Bellevue depends on electricity to operate and it is likely to be significantly affected by rising energy prices.

Inside out: Bellevue's impact on sustainability issues. Here the term «impact» refers to the actual or potential effect, negative or positive, that Bellevue has or could have on the environment, the economy and on society, including basic human rights, in the short, medium or long term.

To ensure that all of the most important issues for Bellevue are identified, we have taken the following measures:

- Peer review
- Assessment of sector requirements
- Interviews with key stakeholders
- Surveys of all stakeholders

For the survey, the working group reviewed a list of 150 potential topics, including the topics of the previous year, discussed their relevance to our business and our sector, and drew up a definitive list of 20 topics that were then included in the survey. 200 stakeholders were asked to evaluate the topics on a scale ranging from «no impact» (1) to «very high impact» (5). 57% of the stakeholders contacted completed the survey.

Respondents assessed the materiality of the 20 topics from both an outside-in and an inside-out perspective. Material topics were discussed with senior management during two meetings at which all survey responses were presented and evaluated.

The Group Executive Board made the final decisions to ensure alignment with long-term strategy.

Materiality matrix



Change in material topics from year to year

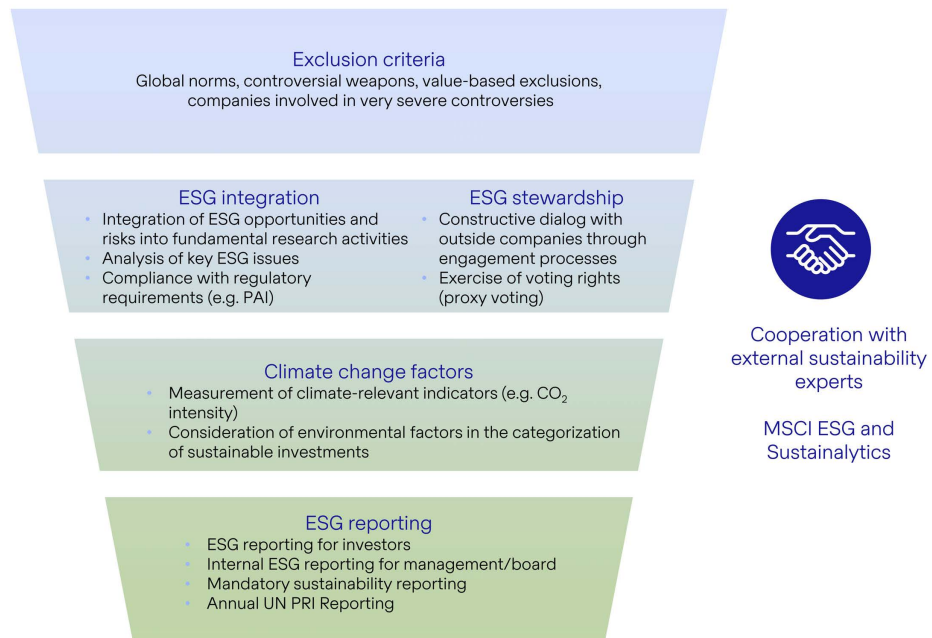
	Material topic 2023	Material topic 2022	Explanation
ESG	Responsible investment	Investing more responsibly / sustainable products	Same content
E	Climate change	CO ₂ emissions	Same content
S	Talent attraction and retention	Employee development and retention Employee engagement	Changed name, includes our strategy for talent attraction, retention, development, safe employment terms and engagement.
	Diversity and inclusion	Diversity and inclusion	Same content
G	Economic performance	Business performance	Same content
	Business Ethics and integrity	Corporate governance and corporate ethics Transparency	This governance topic in 2023 is a merge between several identified topics: Ethics, integrity, transparency, corporate governance, compliance, business resilience, risk management and client data protection.
	-	Digitalization and innovation	These are important topics for us, which are addressed by the IT policy, but are not identified as a material topic in 2023.
	-	IT security	

Responsible investment

GRI 3-3

The materiality assessment above indicates that responsible investment is one of the key issues in the area of sustainability. Bellevue is striving for full and comprehensive integration of ESG criteria at the investment process and investment portfolio levels while remaining compliant with the constantly growing regulatory requirements.

Various sustainability approaches have been embedded into our ESG framework, which we have systematically implemented and are continuously developing.



Source: Bellevue Asset Management AG, as of December 31, 2023

Bellevue’s ESG investment guidelines basically comprise the following elements:

Exclusion criteria based on norms and values

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. To this end, we apply the MSCI ESG controversies methodology and standards. MSCI ESG Controversies is intended to reflect all areas of adverse impact covered by the Organisation for Economic Co-operation and Development’s (OECD) Guidelines for Multinational Enterprises on Responsible Business Conduct. In addition, MSCI ESG Research provides a mapping of ESG controversy cases to the underlying principles of the following global norms: the UN Global Compact (UNGC), the UN General Principles of Business and Human Rights (UNGPs) and the International Labor Organization (ILO) Conventions (both core and broad).

MSCI ESG Research has a dedicated team of analytical staff who identify and assess the severity of controversy cases that involve companies in its coverage universe on an ongoing basis. ESG analytical staff review the reported allegations and apply consistent scoring and a color-coded flag for each controversy case, based on the severity of impact in each case, the alleged role of the company in each case and the status of each case (which is determined by the state of resolutions, if any, between involved stakeholders). MSCI ESG Controversies – evaluation framework:

ENVIRONMENT	SOCIAL			GOVERNANCE
	HUMAN RIGHTS & COMMUNITY IMPACT	LABOR RIGHTS & SUPPLY CHAIN	CUSTOMERS	
Biodiversity & Land Use	Impact on Local Communities	Child Labour	Product Safety & Quality	Bribery & Fraud
Energy & Climate Change	Human Rights Concerns	Collective Bargaining & Unions	Anticompetitive Practices	Controversial Investments
Supply Chain Management	Civil Liberties	Discrimination & Workforce Diversity	Customer Relations	Governance Structures
Water Stress	Other	Labor Management Relations	Marketing & Advertising	Other
Toxic Emissions & Waste		Supply Chain Labor Standards	Privacy & Data Security	
Operational Waste (Non Hazardous)		Health & Safety	Other	
Other		Other		

Source: MSCI ESG Research Inc.

In contrast to exclusions based on violations of global principles and standards, value-based exclusions are based 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%

The revenue thresholds are unchanged from the prior-year period.

Compliance with these revenue thresholds is systematically reviewed, even though in the case of most of Bellevue's investment products – particularly in the healthcare sector – there is no involvement in these business areas. The specified revenue thresholds serve primarily for the practical implementation of the exclusion criteria and are based on empirical values in collaboration 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 maintains an exclusion list, which is monitored and updated on a quarterly basis. Based on this list, just over 900 companies from across our investment universe were excluded from direct investment as at the end of 2023. Compliance with exclusion criteria is monitored monthly by an internal risk management unit.

ESG integration

As a specialist investment boutique with largely autonomous investment desks, the implementation of ESG integration policy is largely the responsibility of the respective portfolio management teams, although certain higher-level ESG activities are also carried out by ESG specialists assigned to the central product management function. 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 subcategory focused on aspects such as whether a company systematically measures and discloses its emissions or carbon intensity or such as monitoring the CO₂ intensities of companies in the context of the average value for the relevant industry. The Social subcategory covers aspects such as product quality, data privacy policies, employee development and gender balance/diversity at management level. Examples of Governance issues are board independence, board compensation and corporate ethics.

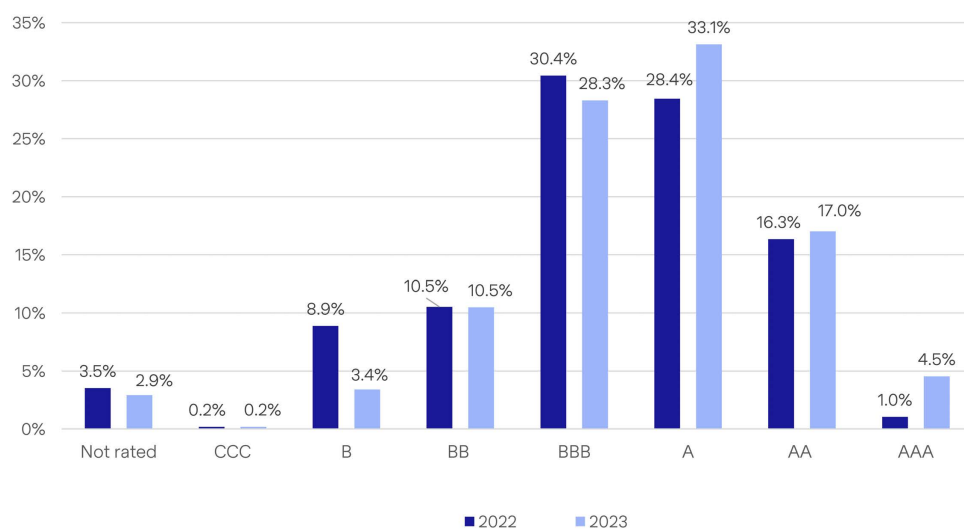
A system of ESG ratings forms the basis by which sustainability criteria are integrated into the asset manager's investment decision process. Every issuer of securities in our investment universe is assigned an ESG rating based on various subscores. These scores are based on data from independent third-party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

on so-called key ESG issues, i.e., on those sustainability aspects where a company excels or performs particularly poorly, as the case may be.

Despite the continuous improvement and adaptation of ESG rating methodologies, aggregated ESG ratings still had to be interpreted with caution and a critical eye during the past year. 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. Also, the given comparison group used to determine ESG ratings within a certain industry may not be entirely applicable. 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.

A breakdown of Bellevue's liquid investment strategies (net invested assets of Bellevue's equity and fixed income strategies excluding cash, Private Equity, Ventures, company pension fund and dedicated derivative strategies) by MSCI ESG rating is given below:

Breakdown of MSCI ESG ratings as of December 31, 2023



Source: Bellevue Asset Management, MSCI ESG Research

At the end of 2023, Bellevue's liquid strategies were again invested primarily in companies with high to very high ESG ratings (MSCI rating of BB or higher). These MSCI ESG ratings reflect sustainability risks and opportunities. Only 3.4% (8.9% in the previous year) of all investments were in so-called ESG laggards (B) and the percentage of investments with the lowest rating of CCC was negligible (0.2%). Only 2.9% of all asset-weighted investments had no rating (compared to 3.5% in the previous year). The breakdown of ESG ratings shown above covers approximately 94% of Bellevue's total assets under management (92% in the previous year).

Following the introduction of the EU Sustainable Finance Disclosure Regulation in March 2021 and the Delegated Regulation (EU) 2021/1253 on MiFID II sustainability preferences (art. 9), Bellevue established the two investment categories of «investments with sustainable

characteristics» and «sustainable investments». In the absence of a uniform European-wide classification system, the two categories are applied in the investment processes of the respective strategies to the best of our knowledge based on current practices and the, in some cases limited, data available, in accordance with clearly defined principles.

Investments with sustainable characteristics (EU SFDR)

Most of Bellevue's investment strategies 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 threshold to investments with sustainable characteristics has been set as a percentage of total invested fund assets.

For strategies with a considerable allocation to small and mid-cap investments and/or significant emerging market exposure where ESG research coverage is low, the minimum allocation threshold to «investments with sustainable characteristics» is 50%. Strategies that are less affected by these factors must adhere to a higher minimum allocation of 75% to «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-de/all/esg/nachhaltigkeit/nachhaltigkeit-auf-portfolioebene>

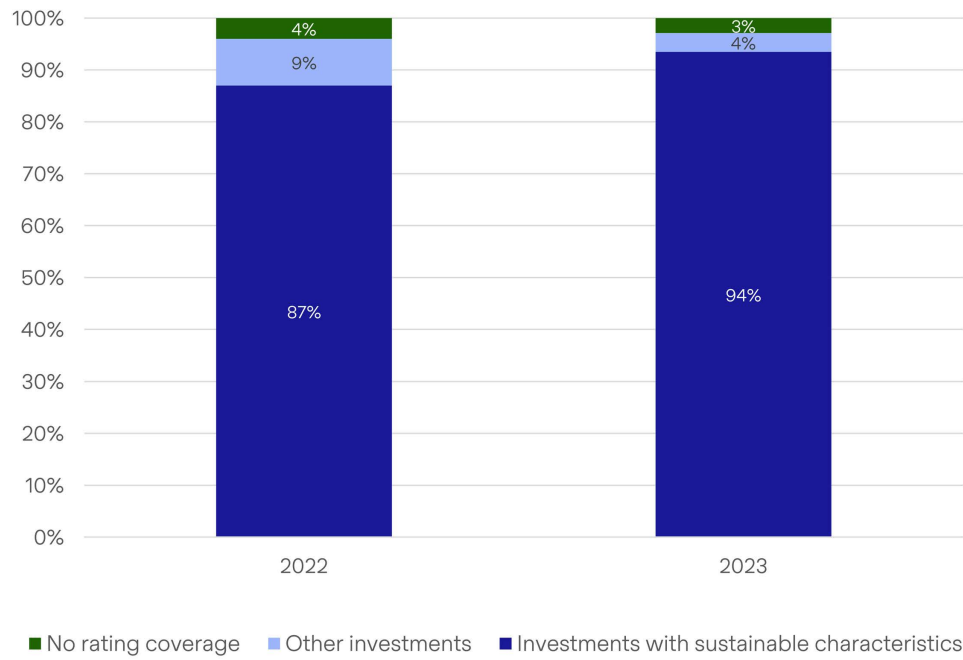
Sustainable investments (MiFID II and EU SFDR)

In addition to taking into account the most important adverse effects on sustainability factors (PAIs) at portfolio level, Bellevue has defined minimum allocations to sustainable investments for every investment strategy pursuant to Article 2 (17) of the Disclosure Regulation 2019/2088. This defines a «sustainable investment» as an investment in an economic activity that contributes to the achievement of an environmental and/or social objective and do no significant harm with respect to such objectives. Furthermore, the investee companies must follow good governance practices.

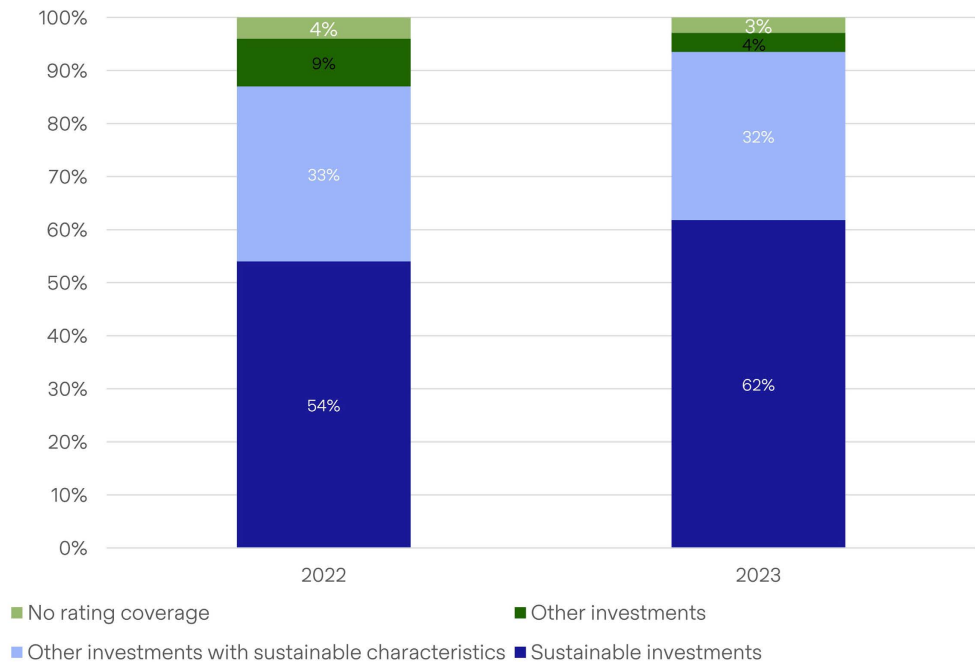
Investments are included under the «sustainable investment» allocation if, firstly, they have a positive alignment with at least one of the 17 UN Sustainable Development Goals and, secondly, if they meet the aforementioned sustainability characteristics and, thirdly, if they have no significant adverse impact on sustainability factors. The MSCI ESG methodology is also used to measure contributions towards the UN SDGs (see section on «Alignment with UN SDGs»). Minimum thresholds of 25% and 50% were defined for the sustainable investment category. Here as well, the existing ESG-related research coverage and the specific investment focus (e.g. small and mid caps) play an important role.

Based on the above definitions and the methodologies applied, approximately 94% (87% in the previous year) of the liquid net invested assets at Bellevue as of December 31, 2023, qualified as «investments with sustainable characteristics» and 62% (54% in the previous year) as «sustainable investments» in the context of the EU SFDR:

Investment products with sustainable characteristics (based on EU SFDR)



Sustainable investment (based on EU SFDR)



Once again, we would like to point out that an industry-wide comparison of these percentage proportions is not meaningful due to the current lack of harmonization of the

applicable classification screens and evaluation methodologies within the meaning of the EU SFDR.

Principal adverse impacts on sustainability factors (PAI)

Bellevue takes into account the principal adverse impact (PAI) of its investment decisions on sustainability factors in its investment processes and portfolio management activities. PAI indicators can be considered both explicitly and implicitly. In explicit consideration, thresholds are determined for each PAI criterion, defining when a specific PAI criterion has a «principal adverse impact» on a sustainability factor («supercritical»). If an issuer is assessed as having a «principal adverse impact», it cannot be categorized as a sustainable investment, no matter if the issuer makes a positive contribution to one of the UN's 17 Sustainable Development Goals.

In implicit consideration, aspects of the relevant PAI indicators are incorporated into the ESG ratings methodology developed by MSCI ESG, resulting in indirect consideration of PAI performance by defining minimum rating scores that are used to calculate the share of sustainable investments or of investments with sustainable characteristics for each investment fund.

Within the framework of a PAI analysis, sustainability factors such as carbon intensity, programs to reduce carbon emissions, water- and waste-related controversies, or gender mix at board level, for example, are explicitly taken into account.

The consideration of adverse impacts on sustainability is subject to data availability. The required data is not always available in sufficient quantity and quality for every entity in which Bellevue invests. As a result, the list of PAI indicators taken into account is continuously reviewed based on data availability and data quality.

As of December 31, 2023, 7.7% of weighted-average portfolio assets had a significantly negative PAI indicator, which resulted in a corresponding reduction in the share of «sustainable investments».

ESG stewardship

As a responsible long-term investor, Bellevue supports all measures and proposals 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 through their own investments have a stake in the success of Bellevue clients.

This commitment to active investment management also highlights the importance of engagement as a key element of our ESG framework. Portfolio managers are engaged in an active and constructive dialog with the executives and other relevant representatives 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 investee 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 investee 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. The engagement guidelines were elaborated in more detail in 2023. For example, we defined which topics are prioritized in our engagement approach. These are listed below:

Broad topics:

- Violations of international norms
- Human rights violations
- Climate change
- Serious controversies
- Business ethics
- Labor rights
- Corporate governance
- Transparency

Specific topics:

- Access to medicines
- Data protection and privacy
- Product quality and safety
- Employee satisfaction
- Human capital
- Public health
- Gender diversity

Instruments for escalation strategies were also determined. If an investee company is not making the progress we would like to see, the responsible investment manager has a range of measures at their disposal and is free to pursue the engagement action they believe is the most appropriate. Escalation measures include:

- Engagement with higher levels of management, including the non-executive directors
- Voting against management proposals at general shareholder meetings
- Collaborative engagement efforts

If no visible or measurable progress is made after 36 months of engagement, a strategic reassessment of the situation can result in:

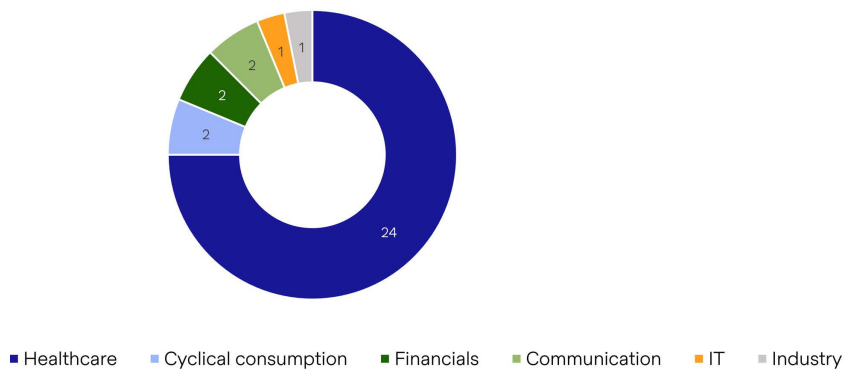
- A «quarantine» of the investment, meaning it can no longer be increased
- A sale of the investment

Since a sale of the investment significantly reduces the potential for meaningful conversations and our influence on the company in question, we view this action as a very last resort.

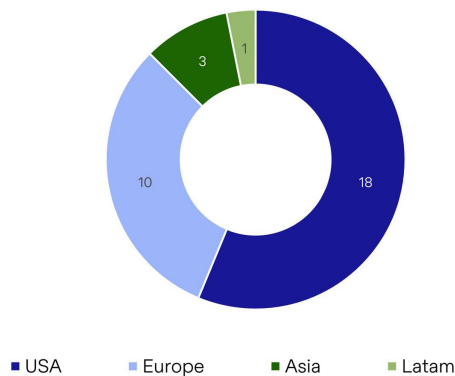
Formal records of our engagement activities have been kept since 2022 and in the meantime 15 engagements have been concluded and 10 of the engagement outcomes were successful in full or in part. Our ESG engagement did not produce the desired results at 5 investee companies. One company was subsequently taken over and the positions in 3 other companies were closed.

Regarding the latter, for example, we had engaged with a small-cap US healthcare company that had gone public only a few years earlier on ESG matters over a period of 10 months. Various suggestions for improving corporate governance scores (management compensation and other areas) were made during the course of a constructive dialog. Collaborative engagement with a like-minded group of shareholders was also considered. Since our discussions with the company’s management were not fruitful either and we saw no grounds to expect an improvement in the company’s corporate governance in the foreseeable future, we decided to exit this position. We are confident that we made the right decision because the company’s MSCI ESG rating has not improved in the meantime. During the 2023 fiscal year, 20 new ESG engagements were initiated, and our portfolio management teams were involved in a total of 32 engagement processes. These pertained to the three pillars of sustainability – environmental, social and governance. As a substantial share of all investments are in companies within the US healthcare sector, most of the engagement activities also took place in that sector.

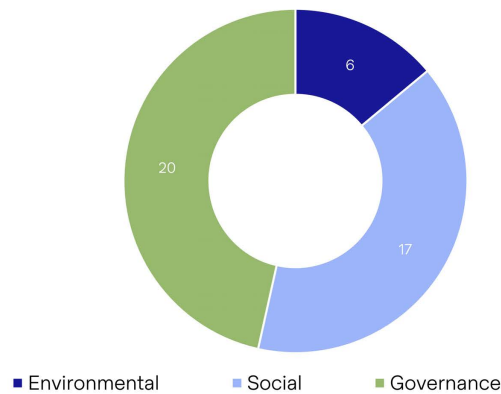
Breakdown of ESG engagements by sector in 2023



Breakdown of ESG engagements by region in 2023



Breakdown of ESG engagements by ESG criteria (multiple answers possible) in 2023



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

Engagement Case: Example – Company from the Biopharma small-cap sector (USA)

Virtually every listed company is now aware of the high relevance of sustainability as part of its strategic agenda. Despite this increased awareness, organizations differ in their capacity to devote financial and human resources to sustainability issues. Again in 2023, some small caps lagged behind larger competitors on these issues.

Details of the engagement

With an MSCI ESG rating of B («laggard»), the company described here had a below-average sustainability rating at the initiation of our ESG engagement. The company lags behind competitors particularly in the area of talent retention. Given the organization's reliance on highly qualified staff, difficulties in recruiting and retaining staff could pose challenges. Performance-related incentives or programs are essential in this industry in particular.

During a conference call with three company representatives (including Investor Relations & Human Resources), the responsible portfolio manager assessed priority and progress on sustainability, primarily focusing on the human capital issues criticized by MSCI ESG. The company says it has a bonus program to which all employees are entitled. The program rewards milestone achievements such as FDA approvals and contributes significantly to employee retention. Furthermore, all employees are granted shares as part of a stock option plan, allocated based on target achievement. Additionally, the company scores higher on employee satisfaction compared to the corresponding US peer group. We were told during the meeting about plans to raise visibility with relevant stakeholders (rating agencies, shareholders, etc.) and publish a sustainability report.

Outcome

We are monitoring further developments and taking potential progress into account in our investment decision. We anticipate that increased visibility would improve the ESG rating, which would be expected to have an overall positive impact on the organization.

Engagement case: Example – Husqvarna (Sweden)

The Swedish group is the world's leading supplier of innovative products and solutions for forestry, park and garden maintenance, marketed under the global Husqvarna and Gardena brands. With an MSCI ESG rating of AA, Husqvarna has been an ESG leader for many years and is an international pioneer in sustainability management.

Details of the engagement

The Husqvarna Group reports annually on the progress of sustainability integration under the name «Sustainovate». The program's sustainability targets are geared towards the year 2025. Our conversations with Husqvarna focused on: 1) the feasibility of the Sustainovate program 2) the progress made towards achieving their ambitious goals and 3) the importance of further enhancing the ESG rating, not just for a potential re-rating of stock valuation but for overall business development.

We had the opportunity to discuss the development of the Sustainovate program together with the Head of Investor Relations. It was highly gratifying to see that the company is well on the way to achieving its ambitious sustainability goals. With a 32% reduction in carbon across the entire value chain by 2022, Husqvarna is well on track to reach the targeted 35% reduction by 2025. That said, we emphasized the importance of publishing new sustainability targets soon. The current objectives are set for 2025, and we believe that shareholders and rating agencies would appreciate the company establishing a new set of ambitious sustainability targets (e.g., for 2027 or 2030) in 2024. This contributes to reinforcing the «best-in-class» reputation within the ESG landscape and further elevating the organization's already commendable AA rating towards the coveted AAA rating.

Outcome

Husqvarna has not yet commented on specific new sustainability targets. The current focus is on achieving the Sustainovate 2025 program targets. We hope for new objectives upon the release of the sustainability report for the fiscal year 2023 and will remain in contact with Husqvarna in this regard.

Proxy voting

Bellevue also protects the long-term interests of its investors by making active use of its voting rights at the general shareholder meetings of investee companies through proxy voting.

International Shareholder Services (ISS) provides us with proxy advisory services. ISS has many years of experience in proxy advisory and sets the bar with its voting policies. However, there is no obligation to vote in the same way as ISS recommends. Bellevue may vote against the recommendations of third-party organizations if it deems that their voting recommendations are not in the best interests of investors. Bellevue Asset Management AG actively exercises its voting rights as a rule.

Voting rights can be exercised in person by attending a general meeting; electronically via online voting platforms or through an appointed representative or representatives / proxy voting firms.

Overview of voting activities in 2023

In 2023, our portfolio managers and analysts participated in 572 general meetings (2022: 583) and cast votes on 909 (898) of a total of 934 (910) possible proposals, which represents a participation rate of 97.3% (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 our voting activity is given in the following tables:

Meeting overview

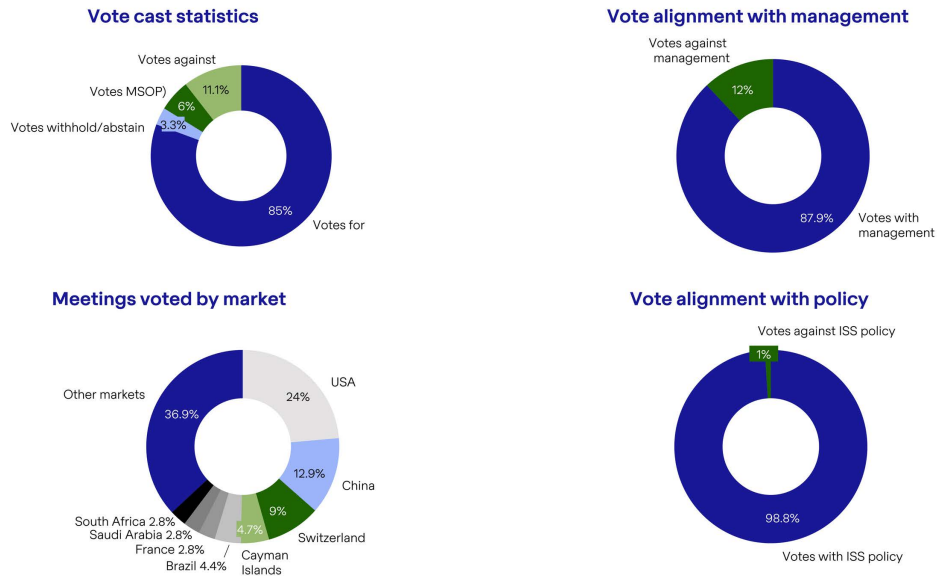
Category	2023		2022	
	Number	Percentage	Number	Percentage
Number of votable meetings	589		593	
Number of meetings voted	572	97.1%	583	98.3%
Number of meetings with at least 1 vote against, withhold or abstain	313	53.1%	313	52.8%

Ballot overview

Category	2023		2022	
	Number	Percentage	Number	Percentage
Number of votable ballots	934		910	
Number of ballots voted	909	97.3%	898	98.7%

Proposal overview

Category	2023		2022	
	Number	Percentage	Number	Percentage
Number of votable items	7475		7069	
Number of items voted	7127	96.6%	6938	98.2%
Number of votes FOR	6060	85.0%	5612	80.9%
Number of votes AGAINST	799	11.1%	693	10.0%
Number of votes ABSTAIN	137	1.9%	79	1.1%
Number of votes WITHHOLD	98	1.4%	125	1.8%
Number of votes on MSOP	425	6.0%	458	6.6%
Number of votes with policy	7059	99.1%	6810	98.2%
Number of votes against policy	88	1.2%	168	2.4%
Number of votes with management	6294	88.3%	6060	87.4%
Number of votes against management	867	12.2%	918	13.2%
Number of votes on shareholder proposals	147	2.1%	120	1.7%

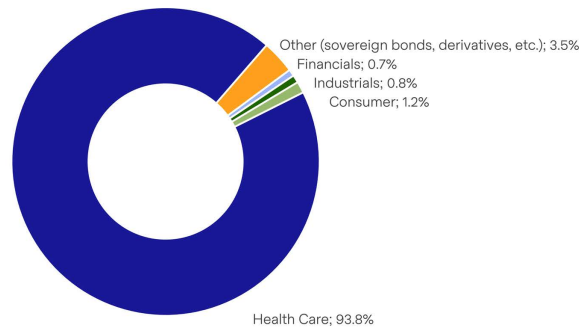


Climate-change factors – CO₂ emissions at portfolio level

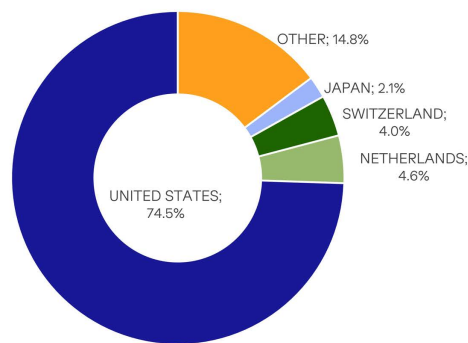
The following environmental and climate-related portfolio evaluations refer exclusively to our investment strategies for listed securities (approx. 96% of total assets under management); private equity investments (approx. 3%) and derivatives-based strategies (approx. 1%) cannot be systematically assessed at the present time due to the lack of data and/or of viable methodological approaches.

In order to categorize financed carbon emissions, we have broken down invested assets by investment sector and investment region, as depicted below:

AuM by sector



AuM by country



As a highly specialized provider of healthcare investment solutions, approx. 94% of our investments are in the healthcare sector, 4% are in the manufacturing, consumer, tech, communications, and financial sectors, and only 2% are in the energy, commodities, utilities and real estate sectors. Three-quarters of the invested positions are domiciled in the US, European positions account for 4% of total investments and 7% is domiciled in Asia and emerging markets.

With respect to the TCFD, as of December 31, 2023, financed CO₂ emissions – i.e., the CO₂ emissions at the investment portfolio level – were systematically calculated for the first time. Using the PCAF method (Partnership for Carbon Accounting Financials, see box below for methodology), the respective Scope 1, Scope 2 and (largely estimated) Scope 3 emissions per portfolio position were recorded as of the reporting date using MSCI ESG data. The table below lists the calculated financed Scope 1, 2 and 3 emissions (absolute amount in million metric tons of CO₂e) at portfolio level as of December 31, 2023, as well as the respective data quality score (Data Quality Score according to PCAF)³:

Financed GHG Emissions (t CO ₂ e)	Scope 1 & 2 ¹⁾	Scope 3 ²⁾	Data Coverage in %	PCAF Data Quality Score ³⁾ Scope 1 & 2	PCAF Data Quality Score ³⁾ Scope 3
BB Biotech AG	4 872.65	64 415.44	97%	3	4
Bellevue African Opportunities	4 458.90	14 711.90	75%	2	2
Bellevue AI Health	11.83	341.94	97%	2	2
Bellevue Asia Pacific Healthcare	1 175.40	7 496.60	99%	2	3
Bellevue Biotech (CH)	139.40	1 526.60	89%	3	3
Bellevue Digital Health	934.10	26 936.00	99%	3	4
Bellevue Diversified Healthcare	68.70	1 571.70	97%	2	2
Bellevue Emerging Markets Healthcare	377.40	2 117.20	95%	2	3
Bellevue Entrepreneur Europe Small	1 581.00	24 818.50	95%	2	3
Bellevue Entrepreneur Europe Swiss Small & Mid	698.50	16 004.60	90%	2	3
Bellevue Entrepreneur Switzerland (CH)	893.30	19 471.00	90%	2	3
Bellevue Global Income	2 184.90	5 232.00	44%	2	2
Bellevue Global Macro	8 856.20	21 343.10	37%	2	3
Bellevue Healthcare Strategy (CH)	1 164.40	18 844.70	98%	2	3
Bellevue Healthcare Strategy	1 507.10	24 075.00	99%	2	3
WS Bellevue Healthcare Fund OEIC	77.27	1 142.70	91%	3	4
Bellevue Healthcare Trust	2 891.80	41 283.00	96%	3	4
Bellevue Medtech & Services (CH)	216.30	8 751.30	100%	2	3
Bellevue Medtech & Services	5 287.00	170 384.00	100%	2	3
Bellevue Obesity Solutions	143.60	3 418.20	94%	2	3
Bellevue Option Premium	n/a	n/a	n/a	n/a	n/a
Bellevue Sustainable Entrepreneur Europe	814.30	11 397.00	95%	2	2
Bellevue Sustainable Healthcare	1 230.30	13 509.80	98%	2	3
StarCapital Dynamic Bond	4 725.60	23 424.00	65%	2	2
StarCapital Multi Income	6 500.00	36 643.00	65%	2	3
StarCapital Strategy 1	259.40	2 510.40	68%	2	2
Bellevue Institutional Mandates	743.30	15 514.00	95%	2	3
Private Equity	n/a	n/a	n/a	n/a	n/a
Total	51 812.65	576 883.68			

¹⁾ Aggregate GHG emissions financed for Scope 1 and 2 (on the basis of EVIC). Based on reported emissions data when available. Otherwise estimated. Units: t CO₂e. Calculated using MSCI ESG data inputs and methodology.

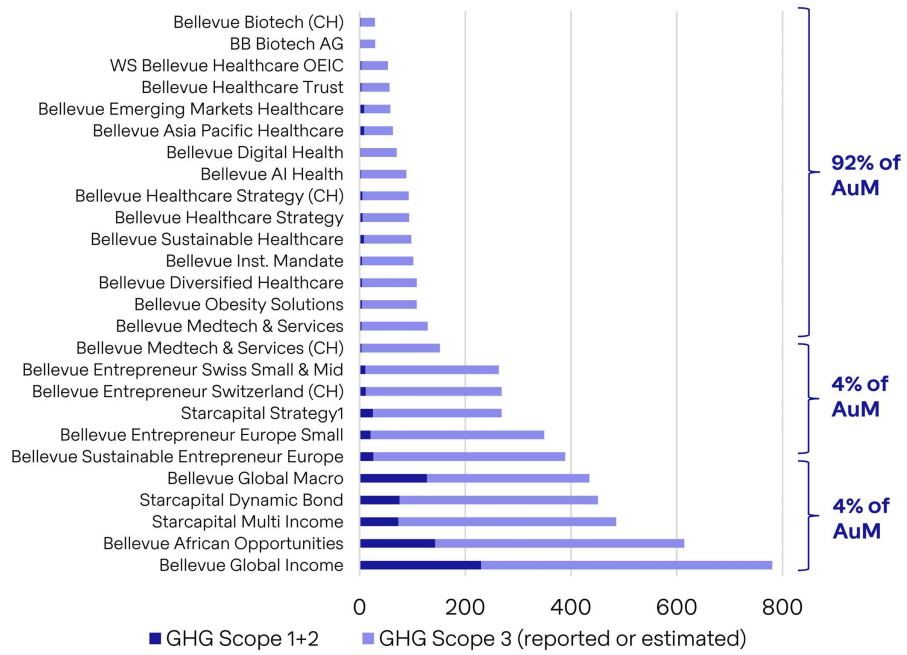
²⁾ Aggregate GHG emissions financed for Scope 3 (on the basis of EVIC). Based on reported emissions data when available. Otherwise estimated. Units: t CO₂e. Calculated using MSCI ESG data inputs and methodology.

³⁾ PCAF Data Quality Score: Standardized measure for determining the data quality of the financed emissions; score 1 = highest quality/certain (reported and verified emissions of issuer in line with the GHG protocol); score 5 = lowest quality/uncertain (calculated based on emissions factors for the sector per unit of revenue). Calculated using MSCI ESG data inputs and methodology.

IMPORTANT NOTE: The given CO₂ emissions must only be understood as abstract absolute amounts that will rise or fall as portfolio assets (AUM) increase or decline. Changes in portfolio assets, for example through subscriptions or redemptions of fund shares by investors, will have a significant impact on reported CO₂ emissions. As such, this data is NOT suitable for comparative purposes, i.e., these figures cannot be used for historical or comparative contextual analysis, nor as KPI/target values.

In contrast, the CO₂ footprint, i.e. the ratio of financed emissions (GHG Scope 1 and 2 and GHG Scope 3) to total invested assets, is more meaningful:

Financed emissions – CO₂ footprint (in t CO₂/mn CHF invested)



Source: Bellevue Asset Management AG, MSCI ESG Research

In addition to the financed emissions, the asset-weighted sum of aggregate CO₂ intensity, i.e. total portfolio carbon emissions in metric tons per million USD of turnover (WACI Scope 1, 2, 3), has been calculated for each strategy:

CO ₂ intensity	WACI Scope 1, 2 & 3 ¹⁾	Data Coverage in %	Est. EU Taxonomy Alignment ²⁾
BB Biotech AG	374.93	97%	0.0%
Bellevue African Opportunities	1 195.60	75%	1.0%
Bellevue AI Health	367.55	97%	0.9%
Bellevue Asia Pacific Healthcare	381.40	99%	0.0%
Bellevue Biotech (CH)	292.50	89%	0.0%
Bellevue Digital Health	824.90	99%	0.5%
Bellevue Diversified Healthcare	365.60	97%	0.1%
Bellevue Emerging Markets Healthcare	296.30	95%	0.0%
Bellevue Entrepreneur Europe Small	679.70	95%	11.1%
Bellevue Entrepreneur Swiss Small & Mid	542.40	90%	1.3%
Bellevue Entrepreneur Switzerland (CH)	546.90	90%	1.4%
Bellevue Global Income	985.30	51%	3.5%
Bellevue Global Macro	577.30	41%	1.4%
Bellevue Healthcare Strategy (CH)	384.70	98%	0.0%
Bellevue Healthcare Strategy	385.30	99%	0.0%
Bellevue Healthcare Fund OEIC	451.80	91%	0.0%
Bellevue Healthcare Trust	468.30	96%	0.0%
Bellevue Medtech & Services (CH)	533.60	100%	0.0%
Bellevue Medtech & Services	810.41	100%	0.0%
Bellevue Obesity Solutions	430.50	94%	0.1%
Bellevue Option Premium	n/a	n/a	n/a
Bellevue Sustainable Entrepreneur Europe	698.80	95%	8.8%
Bellevue Sustainable Healthcare	374.40	98%	0.0%
StarCapital Dynamic Bond	705.80	77%	5.9%
StarCapital Multi Income	736.40	72%	4.7%
StarCapital Strategy 1	585.82	75%	3.3%
Bellevue Institutional Mandates	370.80	95%	0.1%
Private Equity	n/a	n/a	n/a
Asset weighted average	528.31		

¹⁾ GHG emissions in tons per million dollars of turnover for Scope 1, 2 and 3 emissions. Based on reported emissions data, if available, otherwise estimated emissions; units: metric tons of CO₂e / 1 million of revenues in the portfolio base currency. Calculated using MSCI ESG data inputs and methodology.

²⁾ Estimated EU Taxonomy Alignment: Estimated maximum percent of weighted-average investee turnover that makes a substantial contribution to one or more of the EU Taxonomy's climate or environmental objectives without having a significant adverse impact on the other objectives and that is also in compliance with minimum human and labor rights. Calculated using MSCI ESG data inputs and methodology.

The Bellevue African Opportunities Fund and the Bellevue Global Income Fund are Bellevue's most carbon-intensive investment funds. Both invest in energy and mining companies, two industries with the highest amounts of CO₂ emissions. Healthcare funds, in contrast, have lower if not the lowest CO₂ intensities. Examples here are the Bellevue Biotech (CH), Bellevue Sustainable Healthcare and Bellevue Healthcare Strategy funds as well as BB Biotech AG. The Bellevue Emerging Markets Healthcare Fund also has a very low carbon of 292 t CO₂/USD 1 mn turnover, which reflects the high weighting of healthcare services providers on the one hand and the in some case still moderate estimates of Scope 3 emissions on the other. The diversified healthcare strategies are therefore all within the range of the MSCI World Healthcare Index, which had a CO₂ intensity of 361.9 t CO₂/USD 1 mn turnover as of December 31, 2023.

By comparison, the Entrepreneur funds, the Bellevue Global Macro Fund and the StarCapital funds invest in a wide range of industries, including the energy and manufacturing industries, and therefore have higher average intensities than the healthcare strategies.

With 528.3 t CO₂/USD 1 mn turnover for all measurable Bellevue investment strategies (approx. 94% of Bellevue's total AUM), the CO₂ intensity or WACI Scope 1, 2, 3, is approximately 42% below the calculated carbon intensity of the index-weighted constituents of the MSCI AC World Index (905.9 t CO₂/USD 1 mn turnover).

With reference to the alignment of Bellevue's investment strategies with the EU Taxonomy's climate and environmental objectives, the Bellevue Entrepreneur Europe Small Fund and the Bellevue Sustainable Entrepreneur Europe Fund have the highest taxonomy alignment scores at around 11% and 9%, respectively, of weighted-average company revenue. The StarCapital Dynamic Bond Fund (6%) and the StarCapital Multi Income Fund (just under 5%) also make moderate contributions to the environmental objectives of the EU Commission. Based on the total assets under management of Bellevue, the share of weighted-average turnover that meets at least one of the EU Taxonomy environmental and climate objectives is around 0.4%. This is mainly due to the fact that 94% of our investments are in the healthcare sector, which, by its very nature, cannot make a substantial contribution to any of the 6 environmental objectives of the EU Taxonomy (the weighted-average turnover within our EU Taxonomy-aligned healthcare investments is 0.04%; of the almost 300 healthcare investees, a mere 8 meet the applicable Taxonomy requirements to substantially contribute to at least one of the EU Taxonomy's environmental objectives and their level of alignment is very low).

We therefore again emphasize that our investment strategies seek to provide long-term capital growth by investing in companies with positive sustainable characteristics. None of our investment strategies has specified a minimum proportion of portfolio investment in environmentally sustainable economic activities as defined in Article 3 of the EU Taxonomy Regulation (2020/852). The EU Taxonomy-aligned turnover data above is for informational purposes only.

PCAF methodology (Partnership for Carbon Accounting Financials):

The financed emissions of a loan or an investment in a company are determined by multiplying the attribution factor by the emissions of the borrower or investee. Total funded emissions of a portfolio of listed equities and corporate bonds are calculated as follows:

$$Financed\ emissions = \sum_c Attribution\ factor_c \times Company\ emissions_c$$

(with $c = borrower\ or\ investee\ company$)

The attribution factor represents the proportional share of a given company, i.e., the outstanding amount divided by EVIC for listed equity or the outstanding amount divided by total equity and debt for traded bonds to private companies:

For listed companies:

$$\text{Financed emissions} = \sum_c \frac{\text{Outstanding amount}_c}{\text{Enterprise Value Including Cash}_c} \times \text{Company emissions}_c$$

For bonds to private companies:

$$\text{Financed emissions} = \sum_c \frac{\text{Outstanding amount}_c}{\text{Total equity} + \text{debt}_c} \times \text{Company emissions}_c$$

The financed emissions from listed equity and corporate bonds can be calculated in different ways depending on the availability of financial and emissions data specific to the borrower and investee: Overall, PCAF distinguishes three different options to calculate the financed emissions from listed equity and corporate bonds depending on the emissions data used: Option 1: Reported emissions (verified/unverified); Option 2: emissions are estimated based on data collected from the borrower or investee company; Option 3: emissions are estimated based on sector-specific average emissions per economic activity.

The definitions of the PCAF data quality scores for listed equities and corporate bonds are as follows:

Data quality	Options for estimating the financed emissions	When to use each option	
Score 1	Option 1: Reported emissions	1a	Outstanding amount in the company and EVIC are known. Verified emissions of the company are available.
		1b	Outstanding amount in the company and EVIC are known. Unverified emissions of the company are available.
Score 2	Option 2: Physical activity-based emissions	2a	Outstanding amount in the company and EVIC are known. Reported company emissions are not known. Emissions are calculated using primary physical activity data of the company's energy consumption and emission factors specific to that primary data. Relevant process emissions are added.
Score 3		2b	Outstanding amount in the company and EVIC are known. Reported company emissions are not known. Emissions are calculated using primary physical activity data of the company's production and emission factors specific to that primary data.
Score 4	Option 3: Economic activity-based emissions	3a	Outstanding amount in the company, EVIC, and the company's revenue are known. Emission factors for the sector per unit of revenue are known (e.g., tCO ₂ e per euro or dollar of asset in a sector) are known.
Score 5		3b	Outstanding amount in the company is known. Emission factors for the sector per unit of asset (e.g., tCO ₂ e per euro or dollar of asset in a sector) are known.
		3c	Outstanding amount in the company is known. Emission factors for the sector per unit of revenue (e.g., tCO ₂ e per euro or dollar of asset in a sector) and asset turnover ratios for the sector are known.

Score 1 = highest data quality; Score 5 = lowest data quality

Source: Financed Emissions, The Global GHG Accounting & Reporting Standard, PCAF Partnership for Carbon Accounting Financials, December 2022

As mentioned in the section on ESG integration/PAI indicators above, carbon emissions data is used to determine sustainability scores, either implicitly based on the MSCI ESG rating, which is relevant for calculating the proportional share of investments that promote sustainable characteristics, or explicitly based on the reported carbon intensity of each issuer. The reported figure is checked to see if the carbon intensity threshold exceeds 70 t CO₂/USD mn revenue (i.e., is higher than the «low» range used in MSCI ESG methodology). If yes, it is compared against the relevant industry average. If the reported value of the issuer is found to exceed 50% of the given sector average, the issuer cannot be categorized as a «sustainable investment», even if it makes a positive contribution to one or more of the 17 UN SDGs.

Using this methodology, there were a total of 8 issuers (or 0.1% of total assets under management) in all of Bellevue's portfolios as of the end of 2023 whose CO₂ intensity scores were categorized as non-sustainable.

In addition, according to MSCI ESG Research, 30 issuers or 0.4% of total assets under management, were lacking carbon emission reduction measures.

Greenhouse gas emissions and the CO₂ footprint are also fundamental components of a company's MSCI ESG rating and are thus indirectly included in the assessment and weighting of sustainable investments.

With regard to investments in companies in high-carbon industries (oil, gas, coal), these investments accounted for 0.19% of total assets under management at year-end (0.22% in the previous year).

Comeback for infrastructure investments – sustainable investment opportunities

Renewable energy, energy security, electrification, and deglobalization are some of the biggest challenges the world faces today and they can only be met through massive government as well as private-sector investment programs, which have already been initiated in various developed countries. From an investor's perspective, the dynamics and the scale of these developments offer a wide range of investment opportunities, and that is also true to Swiss and other European companies. For Bellevue as a fundamentally oriented stockpicker, the global transformation of infrastructure is a key factor in the positioning of Bellevue's Entrepreneur Funds. Whether it be compressor systems from Switzerland, green storage solutions for renewable energy from Finland or offshore winds from Norway – the opportunities are vast and compelling from an environmental-sustainable standpoint as well as from a business standpoint.

KPIs of responsible investments

	Target	2023	2022
ESG Coverage as % of AuM at year-end	>90%	97.1%	96.5%
Investments with sustainable characteristics as % of AuM at year-end	>75%	94.0%	87.1%
Sustainable investments as % of AuM at year-end	>25%	61.0%	54.3%
Reduction in the sustainability rate due to supercritical PAI values	–	7.7%	n/a
Number of processed engagements in the calendar year	–	32	22
Exercise of voting rights in % of the proposals eligible for voting	>90%	97.0%	98.0%
Asset-weighted GHG intensity (WACI Scope 1, 2, 3) of total assets at the end of the year	–	528.3 t CO _{2c}	n/a
Investments in the carbon sector as % of AuM at year-end	–	0.2%	0.2%

Business ethics and integrity

GRI 3-3

GRI 2-23

GRI 2-24

As a specialty investment manager, our mission is to provide access to attractive and innovative investment opportunities, thereby creating value for investors and shareholders. We commit to doing so in alignment with applicable legal requirements, in particular including counterterrorism and anti-corruption efforts.

Reputation and trust are the cornerstones of our business success as a specialty investment manager. Reputation and trust amongst stakeholders must be earned over the long haul. For a financial group with regulated asset management operations in Switzerland, Germany and the UK, compliance with all relevant laws and regulations, including best practice guidelines, is vital from both a regulatory and a business perspective.

We have built a solid reputation based on a history of transparency and respect towards our stakeholders. Integrity is part of our DNA, and our stakeholders expect it in everything we do. We place great importance on accountability and ethics in our business practices to maintain our good reputation. We adhere to the highest ethical and corporate governance standards, to which every Bellevue employee is contractually obligated. Infringements can lead to disciplinary measures. The existing whistleblower hotline gives internal and external stakeholders the opportunity to identify potential cases.

As an international financial services group headquartered in Switzerland and listed on the SIX Swiss Exchange, we meet the requirements of the Directive on Information Relating to Corporate Governance of the SIX Swiss Exchange as well as all of the national and local requirements wherever we do business.

Bellevue is committed to respecting, protecting and promoting the human rights enshrined in the Swiss Federal Constitution and the European Convention on Human Rights in all its activities.

Training everyone on our staff on relevant compliance topics (including anti-corruption) is an important part of adhering to our compliance requirements. New employees receive compliance training when they join the company. In addition, specific in-person training sessions are held periodically.

We communicate our corporate governance approach to our shareholders, potential investors and the public through our Corporate Governance Report and this Sustainability Report. The following important directives and regulations can also be downloaded from our website:

Rules/Policies	Short description	Last changes	Responsible for content	Implementation
Code of conduct	As a FINMA-regulated manager of collective assets, Bellevue endeavours to comply with all regulatory requirements. In doing so, it adheres to the principles and rules of conduct of the Asset Management Association Switzerland "AMAS".	01/01/2022	For Information purposes to the Executive Committee. Issued by the AMAS	n/a
Compliance policy	Bellevue endeavours to comply with all regulatory requirements at all times and to implement them accordingly. It has an exemplary control and compliance culture, with individual employees leading by example and complying with all applicable laws, regulations and directives at all times	12/13/2021	Legal und Compliance	Executive Committee
Best execution policy	The directive covers the execution principles and the best execution approach in accordance with local regulatory requirements, the Federal Act on Financial Services (FinSA) and Markets in Financial Instruments Directive 2014/65/EU (MIFID II).	11/13/23	Legal und Compliance	Executive Committee
Conflict of interest policy	Bellevue takes the necessary precautions to identify and avoid conflicts of interest in its business activities and to protect investors from disadvantages. The aim is to ensure its reputation as an honest and fair manager of collective assets, to fulfil regulatory requirements and to maintain the trust of clients and business partners.	10/10/2020	Legal und Compliance	Executive Committee
Proxy voting policy	As a responsible and long-term investor, Bellevue supports all measures and initiatives that increase the value of the company in the interests of shareholders and investors in the long term. Management proposals to the AGM are scrutinised with regard to the long-term interests of shareholders as well as environmental and social aspects. Proposals that BAM considers to be contrary to these interests may be rejected in the interests of investors.	06/14/2021	Legal und Compliance	Executive Committee
ESG policy	The directive provides a binding framework for portfolio managers with regard to ethical, responsible and sustainable corporate practices.	06/15/2023	Legal und Compliance	Executive Committee
Whistleblowing policy	Bellevue endeavours to comply with all regulatory requirements at all times and to implement them accordingly. To support this purpose, Bellevue expects its employees to speak up if they know of or suspect behaviour or incidents that violate laws, regulations or internal instructions.	07/14/2022	Legal und Compliance	Executive Committee

Bellevue has a directives system in place, and we disclose these directives to the public. These are reviewed semi-annually with the head of sales and supplemented as necessary or as requested by clients (in RFPs). All regulations and directives are scrutinized annually and adapted if necessary. Regulations are submitted to executive management and are subject to approval by Bellevue's Board of Directors. Directives are approved by executive management case by case. Certification through an online tool provided by ComplySci is issued to employees annually, requiring each individual to understand and adhere to the content at all times. Violations of regulations and directives may have employment law consequences and possibly entail claims for damages.

New employees are informed about regulations and directives upon joining the organization and must confirm their understanding and compliance within one month.

Bellevue recognizes the importance of having and consistently upholding a robust human rights framework, both for Bellevue itself and the investee companies in its investment portfolios. Investments undergo systematic assessment for sustainability risks and human rights violations, with MSCI's ESG data and ratings used for reference. In the event of issues, discussions are initiated with portfolio companies, and investments may be subject to review. Bellevue upholds human rights in its employment policies and practices. Bellevue does not invest in entities responsible for serious environmental damage or human rights violations, or in those subject to targeted sanctions. Due diligence is conducted before making any investment decisions. A Human Rights Directive is scheduled for development and publication in 2024.

Bellevue pledges to prevent incidents related to corporate ethics and integrity as far as possible. In addition, these aspects will be considered in management performance evaluations.

Activities carried out in 2023 to achieve set goals included the following:

- Data protection and market conduct training for all employees
- Team-specific training is mandatory in certain areas (e.g., ESG for all; cross-border for the sales team).
- Annual certification of compliance with all regulations and directives by all employees
- New employees undergo 1-to-1 training, including an explanation of the directives system, followed by confirmation of understanding and compliance.
- Annual reviews of all regulations and directives are conducted, and adjustments are made in-year in response to any changes.

Despite the absence of incidents or major violations in 2023 and 2022, vigilance remains high in this area because potential incidents can have serious consequences.

Anti-corruption

GRI 205-1

GRI 205-2

GRI 205-3

Bellevue is committed to complying with internationally recognized standards, with anti-corruption being a crucial part of our compliance requirements. Effective compliance is the basis for long-term business success and therefore a linchpin of our operations. Bellevue implements comprehensive measures to ensure consistent compliance with laws and regulatory requirements. As part of a Group-wide risk analysis and using appropriate compliance processes, all subsidiaries and business units are checked at least annually for compliance with the law.

A major focus of our risk analysis is identifying risks related to money laundering or funding terrorism, with the aim of avoiding business relationships susceptible to these and other such risks. Additionally, Bellevue avoids establishing relationships with politically exposed persons (PEPs). Any PEP relationships established by way of exception are closely monitored. Compliance adherence is reported to management monthly. Significant cases are presented to Bellevue's Audit and Risk Committee.

In addition to compliance, our Group-wide risk management also covers fraud and cyber risks, encompassing all our locations in the reporting year and the previous year.

The Anti-Money Laundering Unit is part of the Compliance Office. New employees are told about the compliance obligations applicable to them and how they are implemented in day-to-day operations. The Compliance Office keeps employees informed about new rules and their consequences. All Bellevue employees, including the Board of Directors, are regularly required to complete e-learning modules in the area of cyber security, including anti-corruption and data privacy.

There were no cases of corruption or suspicious activity reports to the Money Laundering Reporting Office Switzerland («MROS») in the 2023 and 2022 fiscal years. Despite no incidents being recorded in either fiscal year, this is still a pivotal issue as a potential incident can have serious consequences.

Corporate Governance

GRI 2-9

GRI 2-10

GRI 2-11

GRI 2-17

GRI 2-18

Bellevue Group AG acknowledges that robust corporate governance practices and a clear management structure with clearly defined roles and responsibilities are critical to the company's long-term success. The corporate governance practices of Bellevue Group AG comply with the rules and regulations of SIX Swiss Exchange. We disclose transparent information about our governance practices. This enables our stakeholders to analyze qualitative aspects of the company and supports investors in their investment decisions.

Corporate Governance Directive: As a listed company, we disclose transparent information on corporate governance matters in our annual report in accordance with the Directive on Information relating to Corporate Governance (DCG).

Compensation: A compensation report that is audited by independent auditors contains information on compensation paid to members of the Board of Directors and the Group Executive Board.

Competence: The four-member Board of Directors is an international and interdisciplinary body of experts with profound knowledge in various subjects. A clearly defined, balanced separation of roles and responsibilities between the Board of Directors and the Group Executive Board is an important element of corporate governance. All country-specific legal requirements are adhered to. The issue of sustainability is addressed at every regular meeting.

Please consult the Corporate Governance section for further information on the leadership structure, the composition, the nomination and selection process for the highest governance body, the chair of the highest governance body, the aggregate knowledge of the highest governance body, and the measurement and evaluation of the performance of the highest governance body.

Compliance with laws and regulations

GRI 2-16

GRI 2-25

GRI 2-26

GRI 2-27

Responsibilities for compliance with laws and regulations are clearly assigned at Bellevue. Our employees are informed about their individual duties and responsibilities and receive regular training on legal requirements at least once a year to ensure they possess the knowledge they need to act correctly. There were no significant breaches of laws or regulations in the reporting year or the previous year and no fines were paid or non-monetary sanctions imposed on Bellevue.

If there are critical concerns or cases of suspected violations of legal or regulatory provisions, internal guidelines or ethical standards, employees and third parties have the opportunity to report these incidents anonymously via the external Bellevue whistleblowing platform. Employees can access the whistleblowing tool straight from the start menu of their PCs. Third parties can access it directly via the Bellevue website (using the link in the Whistleblowing Directive). If an incident is reported, the HR department will be notified. The HR department, CFO and/or Head of Compliance agree on how to proceed and which governing body should be involved, depending on the severity. Bellevue investigates every incident brought to its attention. In the last two fiscal years, no incidents were reported by internal employees or third parties via the whistleblowing platform.

If Bellevue receives a customer complaint in writing or by telephone, Compliance ensures that it is dealt with appropriately. Compliance responds to and documents complaints in writing within three working days of receipt. In addition, a «complaints register» log is maintained for all complaints, recording the type and reason for the complaint, date of receipt of the complaint, and complainant's name. If any irregularity is discovered, the necessary steps and optimizations are initiated to prevent a recurrence. If a complaint cannot be resolved to the satisfaction of the complainant, the customer is referred to Bellevue's ombudsman's office, FINOS. Information about the ombudsman's office is provided in the «Legal information» section of the Bellevue website. The Compliance Department always informs the Group Executive Board. The Board of Directors is notified if necessary. The «Complaints» directive is not made public but can be provided at any time at a client's request.

Conflicts of interest

GRI 2-15

Bellevue commits to the transparent disclosure of potential or existing conflicts of interest to ensure that reporting and decision-making are objective and responsible. We have established mechanisms to identify potential conflicts of interest. All employees and members of the Board of Directors are obligated to report conflicts of interest as soon as they become aware of them. This includes personal interests, financial interests, family relationships or other relevant connections that could cause a conflict of interest. Bellevue has issued a «Conflicts of Interest Directive» outlining the company's guidelines for managing conflicts of interest, with the aim of protecting Bellevue's reputation as an honest and fair manager of collective assets and pension fund assets, complying with regulatory requirements and maintaining the trust of clients and business partners. Transactions with related entities or individuals are disclosed in Annex 9 to the consolidated financial statements.

Client data confidentiality

GRI 418-1

The trust our clients place in us is the basis for long-term and successful collaboration and a valuable asset that we prize and prioritize at Bellevue. Protection of client identifying data and compliance with all applicable legal provisions are therefore paramount in our organization. Any privacy breach could have major implications for our business, reputation and client relationships.

We mitigate this threat with the following measures:

- **Policy:** Our privacy policy can be accessed via the following [link](#), last updated 01.10.2023
- **Training:** Our employees receive regular training on cybersecurity and the importance of protecting client data. All new employees must successfully complete privacy training within three months. Everyone on staff has been trained or retrained within the last two years.
- **Technology:** We use state-of-the-art security technology and procedures to ensure integrity and confidentiality.
- **Risk assessment:** We conduct regular, at least annual, risk assessments to identify and proactively address potential vulnerabilities. We identified no losses of client data in fiscal years 2023 and 2022, and no sanctions were imposed by any authorities for breaches of client privacy or client data losses.
- **Compliance:** Adherence to legal provisions governing protection of client data (including the various data protection regulations and laws) is imposed and monitored by the cross-functional Legal & Compliance and IT departments. Checks conducted in 2023 revealed no significant vulnerabilities in terms of privacy breaches.

Consult our website for more details on how we collect and process personal data.

ESG reporting

Bellevue Asset Management AG became a signatory to the United Nations Principles for Responsible Investment (UN PRI) on August 19, 2019. PRI reporting is the world's largest responsible investment reporting project. It was developed with investors for investors. Reporting on our sustainability efforts and our goal progress is one of the UN's six Principles for Responsible Investment (PRI) and such disclosures are a high priority.

We fulfill our ESG reporting responsibilities as follows in the interests of our stakeholders:

Investment fund fact sheets

Monthly updates are published for the various investment funds containing information on key ESG data, in addition to information on portfolio activity and performance. As of the year under review, we have also published ESG-specific fact sheets for our investment funds. These contain information on ESG research coverage, ESG rating ranges, ESG rating trend, CO₂ intensity, and contributions to the UN Sustainable Development Goals at the portfolio level of each fund. The ESG fact sheets are published on a quarterly basis and have been well received by our clients.

ESG Factsheet
 December 2023

Fund facts

- Legal entity: Luxembourg UCITS V SICAV
- Investment manager: Bellevue Asset Management AG
- Benchmarks: MSCI World Healthcare NR
- ESG data source: MSCI ESG Research
- Sustainability benchmark: NR
- EU SFDR 2019/2088: Article 8
- DelVO 2021/2021 / MiFID II
- Sustainable investments as defined in Article 2(17) SFDR: Consideration Principal Adverse Impact (PAI)

MSCI ESG Rating **A**

MSCI ESG rating distribution (portfolio)

Rating	Percentage
Cash	0.0%
Not rated	0.0%
CCC	0.0%
B	0.0%
BB	0.0%
BBB	0.0%
A	10.7%
AA	32.8%
AAA	87.3%

CO₂ intensity (T CO₂/USD m sales)

Very High | High | Moderate | Low | Very low

ESG research coverage

ESG Rating	99.0%
ESG Carbon Data	98.0%
ESG Net Alignment Scores (SDG)	98.0%
UN Global Compact	98.0%
UNPRI (Human Rights)	98.0%
I.O Set of Standards	99.0%

Top 10 positions

Name	In %	Country	Subsector	MSCI ESG Rating	CO ₂ Intensity (T CO ₂ /m USD sales)	CO ₂ Intensity level
Biomarin Pharmaceuticals	3.7%	United States	Biotechnology	BBB	23.4	Low
Intuitive Surgical	3.6%	United States	Medtech	A	4.2	Very low
Vertex Pharmaceuticals	3.5%	United States	Biotechnology	A	2.6	Very low
Meck & Co.	3.5%	United States	Pharma	A	10.0	Low
Humana	3.4%	United States	Services	A	1.3	Very low
Eli Lilly	3.4%	United States	Pharma	A	20.7	Low
Evetec	3.3%	Germany	Services	AA	43.7	Low
Elevance Health	3.2%	United States	Services	AA	0.6	Very low
Boston Scientific	3.1%	United States	Medtech	BBB	9.8	Very low
Cigna	3.1%	United States	Services	AA	0.6	Very low

Proportion of sustainable investments

Asset allocation in accordance with EU SFDR 2020/858 RTS Level 2 - net invested fund assets are classified as sustainable investments that promote environmental or social characteristics (in compliance with global standards, value-based exclusions, minimum MSCI ESG rating of BB or that contribute to at least one of the UN SDGs, while not adhering to the principle 'do no significant harm' and to good governance (see graph). The proportion of investments that pursue a sustainable objective is calculated based on the threshold approach. In this method, if a company is positively aligned with a UN SDG (net score and/or no 'misalignment' across all other goals (net score < 0) and below target approach) we will consider it as a sustainable investment that contributes to an environmental or social objective.

Quota sustainable characteristics

Investments with sustainable characteristics (BBB): 100%

Quota sustainable investments

Sustainable investments (art. 2 / Jan. 17' EU SFDR) 64.0%

Other investments with sustainable characteristics 22.8%

Other investments 12.8%

Cash, forwards, etc. 0.0%

Positive contributions of the sustainable investments to the UN SDGs

The UN SDGs that receive a positive target contribution from the proportion of sustainable investments are highlighted in color.

Value based exclusions

Criteria	Revenue tolerance	Number of companies involved (within tolerance)	Aggr. weight of companies involved (within tolerance) in %
Conventional weapons	0.0%	0	0.0%
Controversial weapons	0.0%	0	0.0%
Uranium mining	0.0%	0	0.0%
Nuclear power	0.0%	0	0.0%
Thermal coal	0.0%	0	0.0%
Fracking / oil sands	0.0%	0	0.0%
Production of tobacco	0.0%	0	0.0%
Sale of tobacco	30.0%	0	0.0%
Adult entertainment	0.0%	0	0.0%
Gambling	0.0%	0	0.0%
Palm oil	0.0%	0	0.0%
Use of embryonic stem cells	0.0%	0	0.0%
Animal testing and welfare	10.0%	0	0.0%
Animal testing (for non-medical purposes)	10.0%	0	0.0%
Pharmaceuticals	0.0%	0	0.0%
Genetic engineering	0.0%	0	0.0%
Pesticides	0.0%	0	0.0%

Bellevue website

On our website www.bellevue.ch we have created a sustainability section that details our ESG approach at both the corporate and portfolio level. Progress toward our ESG goals and other news concerning our sustainability efforts are updated on a continual basis. Information about the latest regulatory requirements (EU SFDR / MiFID II sustainability preferences) is also available in this section.

UN Principles for Responsible Investment (PRI) reporting

The UN PRI reporting must be completed every year. This reporting ensures accountability and transparency regarding the responsible investment activities of the UN PRI signatories and supports dialog among and within the signatories' organizations as well as with their clients and other stakeholders. The latest report can be viewed on our website or directly on the UN's PRI website.

Internal ESG reporting

ESG reporting on every investment strategy is presented to executive management and the Board of Directors on at least a quarterly basis for review and the aforementioned bodies may formulate specific measures based on the information reported.

Economic performance

GRI 3-3

GRI 201-1

GRI 201-2

GRI 201-3

GRI 201-4

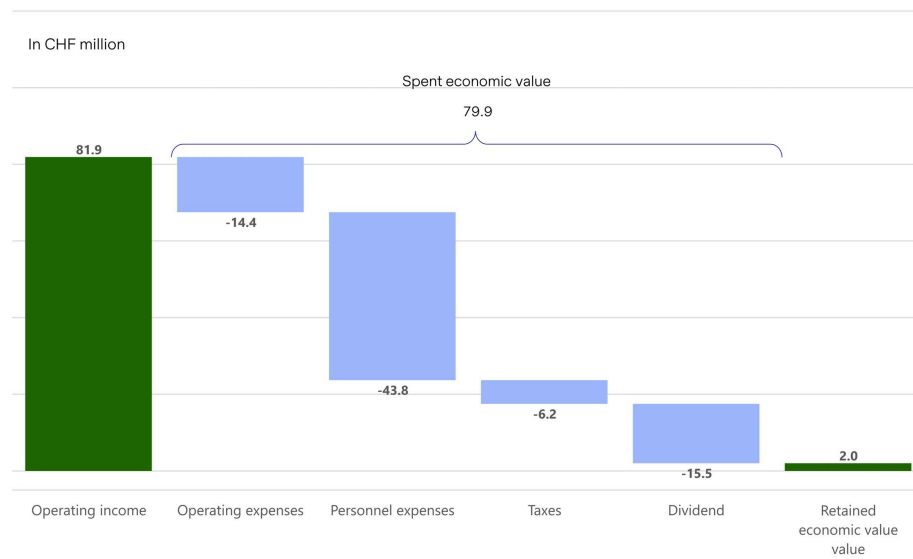
As a pure-play, specialized asset manager with a particular focus on the healthcare sector and other promising growth strategies, Bellevue pledges value creation for customers and shareholders. Our entrepreneurial business model is straightforward, clear and highly scalable. Our financial profile is robust and low-risk.

Financial solidity and long-term profitability are the qualities underpinning Bellevue's reputation as a reliable and value-adding partner for all its stakeholders.

The organization's sound economic performance enables Bellevue to invest in infrastructure and employee development, provide long-term profitability for shareholders, and be a responsible corporate citizen that gives back to the community through tax payments and support for charitable causes, culture, and sports.

Overall responsibility for economic performance lies with the Board of Directors and the Group Executive Board. Long-term goals and performance records are available in the [Business Report](#) and [Consolidated financial statements](#) sections of our website.

The economic value directly generated and distributed for 2023 is made up as follows:



Bellevue creates sustainable value for its clients, the supply chain, and other stakeholder groups. The company contributes significantly to the state (taxes), employees (compensation and social insurance contributions), shareholders (dividends), and suppliers and service providers (purchased goods and services). A portion of the generated value is retained in the company for future investments.

Further details on pension expense and liabilities are provided in [appendix 3.8](#) of the consolidated financial statements. For information on the financial implications of climate change for the company, please refer to the [TCFD section](#). Bellevue did not receive any financial support from the public sector in the fiscal years 2023 and 2022.

Employee development and retention

GRI 3-3

For a service company like Bellevue, employees are the most critical asset for long-term success. High employee engagement and strong identification with the company underpin our success. We foster a strong entrepreneurial culture with flat hierarchies, high self-responsibility, and flexibility in terms of working hours, workload and work location. The historically low voluntary turnover rate and high average length of service are testimony to strong employee identification with the company.

The value Bellevue creates for clients is inseparable from the expertise, motivation and high identification of Bellevue employees with the company, so we attach great importance to selecting the right kind of talent. The suitability of a candidate is typically evaluated in a process involving multiple selection stages and assessments, with special consideration given to soft skills such as teamwork and compatibility with company values, in addition to professional expertise. From an employee perspective, the manageable size of the company and resultant ease in establishing personal connections is a major success factor. Discrimination by criteria such as age, background and gender is not acceptable.

Our goals:

- Bellevue aims for a voluntary turnover rate of under 10%
- Bellevue also aims for an employee survey response rate above 80%

In fiscal 2023, the voluntary turnover rate rose to over 10%. The increase was driven by various factors, including long-term employees seeking new challenges elsewhere and strategic decisions prompting some employees to leave Bellevue in 2023. For 2024, we expect the turnover rate to return to levels seen in previous years.

The last employee survey took place in 2022. Findings from the last survey were addressed by measures implemented in 2023 (see «Employee engagement» for further details). The next employee survey is planned for 2025.

Employment

GRI 2-7

GRI 401-1

GRI 401-2

GRI 401-3

The following tables provide an overview of the number and type of employees. The figures refer to the actual number of employees as of December 31 of the respective year.

Total number of employees	2023	2022	2021
Switzerland	72	74	66
- thereof men	51	55	48
- thereof women	21	19	18
Europe	24	26	29
- thereof men	16	18	20
- thereof women	8	8	9
Other	4	4	4
- thereof men	3	3	3
- thereof women	1	1	1
Total	100	104	99
- thereof men	70	76	71
- thereof women	30	28	28

Apart from interns, Bellevue does not employ temporary workers or workers who do not have guaranteed hours.

Split full vs part-time employees	2023		2022		2021	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Switzerland	54	18	57	17	46	20
- thereof men	44	7	48	7	40	8
- thereof women	10	11	9	10	6	12
Europe	21	3	21	5	23	6
- thereof men	15	1	16	2	17	3
- thereof women	6	2	5	3	6	3
Other	4	–	4	–	4	–
- thereof men	3	–	3	–	3	–
- thereof women	1	–	1	–	1	–
Total	79	21	82	22	73	26
- thereof men	62	8	67	9	60	11
- thereof women	17	13	15	13	13	15

Part-time employees at Bellevue enjoy the same social insurance benefits as full-time employees. All permanent employees are given the option to increase their pension contributions. Pension contribution rates can be changed once every calendar year. In fiscal 2023, 8% of employees made use of this opportunity. Since Bellevue is not a party to any

collective bargaining agreements, the terms and conditions of employment for its employees are not affected by such agreements.

In fiscal 2023, a total of 10 employees were hired across all regions.

Number of new hires	2023	2022	2021
Switzerland	6	13	7
- thereof men	3	10	7
- thereof women	3	3	-
Europe	4	2	1
- thereof men	3	2	1
- thereof women	1	-	-
Other	-	-	-
Total	10	15	8
- thereof men	6	12	8
- thereof women	4	3	-
By age groups			
>50	2	1	-
30-50	7	11	7
<30	1	3	1
Total	10	15	8
Recruitment rate ¹⁾	9.8%	14.8%	7.8%
- thereof men	5.9%	11.8%	7.8%
- thereof women	3.9%	3.0%	0.0%

¹⁾ The recruitment rate is calculated as follows: Number of new employees / ((Number of employees at the start of the year + Number of employees at year-end) / 2)

The employee turnover rate at Bellevue is calculated on the basis of voluntary departures and has historically been lower than average for its sector.

	2023	2022	2021
Employee turnover rate	10.8%	3.9%	2.9%
- thereof men	8.8%	2.0%	1.9%
- thereof women	2.0%	1.9%	1.0%
- thereof Switzerland	7.9%	2.9%	2.9%
- thereof Europe	2.9%	1.0%	0.0%
- thereof Other	0.0%	0.0%	0.0%

Bellevue employees are granted paid parental leave in accordance with the laws in the country where they are employed:

	2023	2022	2021
Total number of employees with entitlement	3	5	4
- Male	2	3	2
- Female	1	2	2
Total number of employees who have received	3	5	4
- Male	2	3	2
- Female	1	2	2
Return after parental leave	3	3	3
- Male	2	3	2
- Female	1	–	1
Return and still employed after 12 months	n/a	3	3
- Male	n/a	3	2
- Female	n/a	–	1

Training and education

GRI 404-1

GRI 404-2

GRI 404-3

As a highly specialized investment boutique, Bellevue employs dedicated, reliable, and well-trained staff who stay current and upgrade their skills. The company supports its employees in maximizing their development potential by providing an environment and tools that foster personal and professional growth and continuing education at all levels and in all areas of responsibility. Through regular employee performance and career development reviews (MBO approach), individual profiles are identified and strengthened by targeted measures such as specialist education, leadership and management training, upgrading of skills in various work techniques, internal and/or external IT training, and language courses.

The company distinguishes between two career paths: «executive» and «expert». These are considered to be of equal value and can be pursued complementarily based on personal aptitude. Potential employees suited for an executive career undergo a management development program to prepare them for their future role.

Every employee has a formal, structured annual review to evaluate their progress, discuss individual career development measures and define next steps, with the emphasis on evaluating individual education opportunities. Bellevue covers a significant portion of the costs and, if necessary, provides paid time off for training.

Bellevue does not yet have consolidated data on the average number of training and education hours per employee. A process is being implemented to disclose these figures starting from the 2024 fiscal year.

Training and education was provided as follows in 2023:

- **Cyber security:** All Bellevue employees are required to complete online cyber security courses.
- **Sustainability:** Employees received training on CO₂ emissions, through presentations by external experts (Swiss Climate) and other means.
- **Compliance:** The following internal compliance training courses were organized for employees: Code of Conduct (portfolio managers), Cross Border Sales (Sales Switzerland), new Swiss Data Protection Act (all employees in Switzerland), creation of marketing documents (Sales, Marketing and Product Management) as well as general compliance/ internal directives training (all new employees).
- **External training:** Five employees of the Private Markets unit attended a refresher course to renew their registration as consultants in the Register of Advisors. Two employees have started or completed training to become CFA.
- **Executive career path:** In 2023, 7 people attended a management training program consisting of various modules and individual coaching inputs.

Employee engagement

In 2022, Bellevue carried out a group-wide employee survey for the first time. This was done in cooperation with iCommit, an independent research firm. The aim was to measure employee satisfaction and any attendant need for improvement. The results were discussed by the Group Executive Board, then at team level with employees. Specific action points

were defined jointly with the employees so that improvements can then be brought about. The following topics were addressed in 2023:

Employee information channels

In order to address employees' increased need for internal information updates, a total of 4 quarterly employee information events were held in 2023. Besides the latest operating results, information is given about specific products, new developments, the projects being developed and pursued by individual teams and so on. The presentations are prepared in collaboration with the directly involved employees, which gives them an opportunity to present their specific tasks and related challenges in their own words.

Employee development

Due to Bellevue's flat organizational hierarchy, employee development activities focus more on advancement as an expert and less on the executive career path. In addition to the annual review, employees have opportunities during the year to suggest and pursue suitable training and education initiatives (see «Training and education» for further details).

Collaboration between executive management teams

Due to its historically and geographically diverse structure, Bellevue operates with multiple executive management teams. A level of merging and consolidation has now taken place, and interaction has been stepped up through regular meetings.

For further information on the 2022 employee survey, please consult the 2022 sustainability report.

Employee bonus programs

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 the company.

The compensation system for Bellevue employees is conceived to motivate employees at all operating units to strive for excellence. This is «entrepreneurial compensation with commitment» – a meritocratic model. It comprises an attractive entrepreneurial profit-sharing bonus as variable compensation. This profit-sharing bonus is directly linked to the operational financial performance of Bellevue Group. In addition, part of this variable profit-sharing bonus is paid out in the form of blocked shares and stakes in the products we manage (we believe in «eating our own cooking»). This approach promotes a long-term high-performance culture. Further information is disclosed in the annual compensation report.

Furthermore, Bellevue periodically offers an employee share ownership program. The Board of Directors approves a voluntary employee stock ownership plan on an annual basis under which employees are entitled to purchase shares of Bellevue Group at a discount to the market price.

Diversity and inclusion

GRI 3-3

GRI 405-1

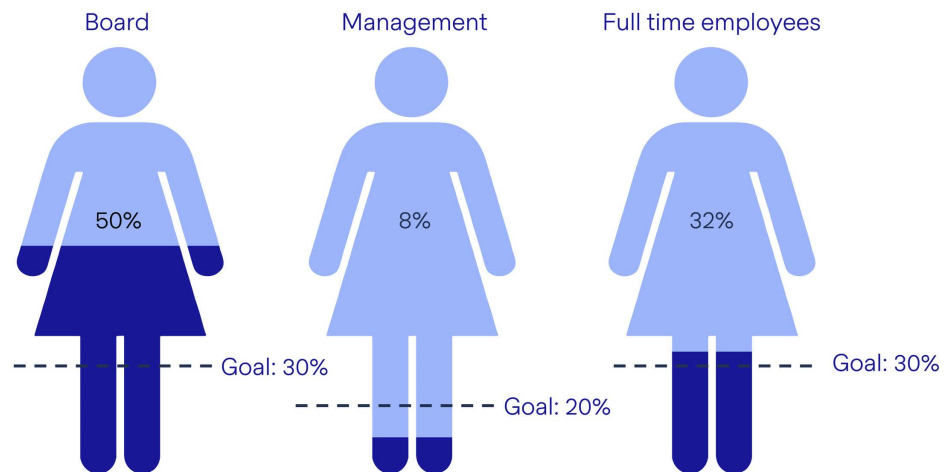
GRI 405-2

GRI 406-1

Bellevue provides equal employment and advancement opportunities to all individuals regardless of age, race, gender, sexual orientation, disabilities, religion or other characteristics, as laid down in its 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. This, in turn, enhances the company's 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 (every 2 years) for unjustified differences and adjusted if necessary.

Both genders should be represented on the Group Executive Board and on the Board of Directors. 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.



The diversity and equity highlights of 2023 are as follows:

- With the election of Barbara Angehrn Pavik as a new member of the board, the female proportion of the Board of Directors rose to 50%.
- In August, an analysis was carried out using the Swiss government's standard salary analysis tool («Logib»). No gender pay gap was identified.
- To date, no complaints or reports of discrimination have been submitted through the aforementioned whistleblowing or internal reporting system.

The following tables provide a breakdown of diversity by employee category. The figures refer to the actual number of employees as of December 31 of the respective year.

Diversity – Board of Directors	2023	2022	2021
Male	50%	75%	75%
Female	50%	25%	25%
>50 years	75%	100%	100%
30 - 50 years	25%	–	–

Diversity – management	2023	2022	2021
Male	92%	93%	93%
Female	8%	7%	7%
>50 years	70%	57%	57%
30 - 50 years	30%	43%	43%

Diversity – permanent employees	2023	2022	2021
Male	68%	70%	68%
Female	32%	30%	32%
>50 years	35%	31%	30%
30 - 50 years	63%	62%	65%
<30 years	2%	7%	5%

Climate change

GRI 3-3

Bellevue recognizes that climate change, if left unchecked, will have negative effects on the environment, on society and on the world economy. We actively support the transition to a low-carbon and climate-resilient economy and are committed to making a positive contribution to climate change mitigation. Bellevue has integrated sustainability and climate-related aspects into the risk management processes that govern its business operations and assesses the actual and potential impacts of climate-related risks and opportunities on its business activities and financial planning. These risks and potential impacts are reported to the Board of Directors on an annual basis.

Since Bellevue does not operate in a carbon-intensive industry, the impact of climate change on its business activities is rather small. Climate change does, however, have a major impact on investment product regulations and transparency requirements, and Bellevue must meet these requirements in order to continue offering attractive products going forward. Please refer to the material topic of «Responsible investment» for further information.

The Bellevue has set the following goals with respect to climate change mitigation:

- 30% reduction in carbon emissions per FTE by 2030 (Baseline year: 2020 adjusted for COVID-19 effects on commuting/remote work/business travel)
- Reduction of carbon emissions from business travel and commuting
- Net zero by 2050 in compliance with applicable law

Business travel and commuting travel are the two main sources of our carbon emissions. The emissions data for 2019 adjusted for the impact of COVID-19 was used as the baseline for the carbon reduction goal. In the initial phase of the «post-COVID period», the annual reduction targets were exceeded by a significant margin. 2023 was the first year in which travel activity increased again. Nevertheless, Bellevue is still on target to achieve the targeted reduction per FTE by 2030. In order to raise employee awareness of carbon emissions, a training course taught by a climate expert was organized in 2023.

Bellevue has published a section with information regarding the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in its ESG report for the first time. It provides an overview of Bellevue's efforts to address climate change and how it is managing physical risks and the risks and opportunities arising from the transition to a low-carbon and climate-resilient economy.

Emissions

GRI 305-1

GRI 305-2

GRI 305-3

GRI 305-4

GRI 305-5

GRI 305-6

GRI 305-7

Bellevue has produced a greenhouse gas inventory since 2021. This is calculated in accordance with the requirements of the ISO 14064-1 standard and the accounting principles of the GHG Protocol. All figures comprise all «Kyoto greenhouse gases» (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃) and are reported as units of CO₂e (CO₂ equivalent). Bellevue does not burn biomass to produce electricity and/or heat.

The normalized GHG inventory data for 2020 is used as a reference to assess the effectiveness of the measures implemented within the scope of our climate policy and to track improvements in the company's carbon balance. Due to the far-reaching impact of the COVID-19 pandemic, the 2020 carbon balance was not chosen as the baseline carbon balance, instead the data from the commuting and business travel categories was normalized. Under commuting travel, the assumed share of teleworking was 0%. Under business air travel, it was assumed that the number of kilometers flown in the various travel classes is a linear function of air travel costs. The number of kilometers flown was extrapolated based on average air travel expenses for 2018 and 2019.

At Bellevue, the organizational boundaries are determined by operational control and the assets and activities subject to operational control are included within the system boundaries.

Total emissions (in t CO ₂ e)	Base year ¹⁾	2023	2022	2021
CO ₂ e-emissions scope 1 ²⁾	32	10	21	27
- Heating	27	7	15	23
- Business trips	5	3	6	4
CO ₂ e-emissions scope 2 ³⁾	44	23	20	28
- Electricity	26	15	12	16
- Heating	18	8	8	12
CO ₂ e-emissions scope 3 ⁴⁾	725	575	576	193
- Energy supply	20	10	14	15
- Business trips	499	468	396	98
- Commuting	186	90	152	57
- IT equipment	14	2	7	18
- Other	6	5	7	5
Total CO₂e-emissions	801	608	617	248
CO₂e-emissions/full-time position	8.2	6.1	6.2	2.7

¹⁾ Baseline year: 2020 adjusted for COVID-19 effects (on commuting/remote work/business travel)

²⁾ Scope 1: Direct greenhouse gas emissions

³⁾ Scope 2: Indirect greenhouse gas emissions from externally sourced energy

⁴⁾ Scope 3: Energy supply (emissions arising from the use of energy not covered by Scope 1 or 2): Business travel (external vehicles), commuting, IT equipment, paper, print jobs, waste, water

Bellevue does not emit significant amounts of ozone-depleting substances, nitrogen oxides (NOx), sulfur oxides (SOx) or any other air pollutants.

As it is active in the financial sector, its Scope 1 and Scope 2 emissions are rather low. Areas of focus are heating, electricity and business travel with company cars. Most of its CO₂ emissions relate to Scope 3 emissions and are mainly attributed to business travel and commuting. In 2020 and 2021, action to prevent the spread of the coronavirus led to a sharp reduction in business air travel (air travel) and commuting travel. From 2022 on, CO₂ emissions in these two areas has increased significantly, but are still below pre-pandemic levels.

Bellevue has been working with Swiss Climate since 2020 to calculate its carbon CO₂ emissions and to develop measures to reduce them. Up to and included 2023, Bellevue has received the highest level of certification from Swiss Climate (a pioneer with exemplary, holistic carbon management solutions). By purchasing carbon credits in an amount equivalent to our annual greenhouse gas emissions, we support projects that reduce or remove the same quantity of emissions released into the atmosphere. We have decided to offset our carbon emissions through a project focused on «climate protection and sustainable forest management in Switzerland». 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.

Since the first publication of its greenhouse gas inventory, Bellevue has striven to reduce its greenhouse gas emissions. Currently available data does not allow it to measure the direct impact of its efforts. These efforts can only be analyzed on an aggregate basis per category. The reductions achieved in the individual categories compared to the baseline year can be summarized as follows:

- **Business travel**
Total distance traveled by air has been reduced by 15% (or 210 014 km). This led to a decline in emissions of 36 t CO₂. Motor vehicle travel increased by 14% (or 5 324 km) over the same period. This led to an increase in emissions of 1 t CO₂e. Travel by public transport increased by 208% (84 509 km). Consequently the share of sustainable business travel has increased from 3% to 10%.
- **Commuting travel**
Commuting emissions were reduced by 52% (or 97 t CO₂e) due to the widespread use of teleworking arrangements. The share of sustainable commuting travel was increased from 49% to 71%, which is well above the Swiss average.
- **Electricity**
Bellevue's transition to 100% renewable electricity has reduced electricity emissions by 44% (14 t CO₂e). 78% of the electricity consumed now comes from clean energy sources.

Mobility

All of our offices are easily accessible by public transit. Employees are requested to use public transit to commute to work. We actively encourage this by offering financial incentives. Employees must pay to use a parking space at company locations. Showers and changing rooms are available at company headquarters, which makes commuting to work by bicycle an attractive alternative. With the relocation of company headquarters from Küsnacht to Zurich City in 2025, access to public transportation will become even more attractive. We expect this will lead to a significant reduction in commuting emissions.

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 instead of 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.

Key climate-relevant memberships

GRI 2-28

Bellevue is a member of various organizations and a signatory of various investor initiatives as part of its active engagement to promote sustainability for the benefit of the planet. The following memberships and collaborations are climate-relevant:

- Signatory of the United Nations Principles for Responsible Investment (UN PRI) (08-2019)
- Member of Swiss Sustainable Finance (11-2022)
- Certification by Swiss Climate (from December 2021)



Signatory of:



Sustainable Development Goals (SDGS)

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 the Agenda 2030. Bellevue takes its responsibilities seriously and its sustainability management and core business are aligned as closely as possible with the SDGs.

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 the training and development for all employees and promotes lifelong learning. For further information, please consult the section on [Employee development and retention](#).

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

Bellevue fosters a culture of gender equality and promotes a balanced mix of gender and age across all hierarchical levels and functions of the company. For further information, please refer to the section on [Diversity and inclusion](#).

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, has established competitive pay policies with equal pay for women and men, and is committed to training and education for its employees. For further details, please refer to the sections on [Economic performance](#), [Employee development and retention](#) and [Diversity and equity](#).

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 by purchasing carbon offsets equal to the annual greenhouse gas emissions. Further information can be found in the section on [Climate change](#).

Climate-related Financial Disclosures (TCFD)

About this Chapter

This chapter describes Bellevue's progress towards implementing our climate change commitment in accordance with the Swiss regulation and global best practice standards. It serves as a summary and overview on our endeavours in advancing how we manage climate-related risks and opportunities. Bellevue recognizes that climate change poses a significant risk to society, nature, our business, our customers and partners. Our goal is to support the economy-wide transition to net zero with our ongoing climate engagement at corporate as well as at the level of our investment portfolio. A transition to a net zero future yields not only environmental but also long-term financial benefits for all our stakeholders including our clients, shareholders, employees and society in general.

This chapter has been prepared in accordance with the Swiss Federal Council's adopted ordinance on mandatory climate disclosures for large Swiss companies and thus, the binding implementation of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). As a medium-sized enterprise, Bellevue is not obliged by the Ordinance on Climate Disclosures to publish a TCFD report. Nevertheless, as a responsible investor committed to the goals of the Paris Agreement, we have sought to incorporate the requirements laid out in the articles of the Ordinance on Climate Disclosures, the recommendations of the TCFD (2017), the cross-sectoral and sector-specific guidance outlined in the TCFD Implementation Guidance (2021) and, where possible and appropriate, the «Guidance on Metrics, Targets, and Transition Plans» (2021).

¹⁾ See communication by Federal Council on bringing the ordinance on mandatory climate disclosures for large companies into force as of 1 January 2024.

²⁾ Final Report – Recommendations of the Task Force on Climate-related Financial Disclosures, June 2017.

³⁾ Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures, October 2021.

⁴⁾ TCFD Guidance on Metrics, Targets, and Transition Plans, October 2021.

Governance

A) DESCRIBE THE BOARD'S OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

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 (BoD).

The BoD has ultimate responsibility for sustainability (including climate- and ESG-related matters). It approves the Group's sustainability and climate strategy and plan. The BoD is informed and decides upon climate-related matters, such as goals and targets (including performance objectives), strategy, internal organisation, major plans of action, monitoring implementation and performance, risk management, and associated major capital expenditures (including acquisitions, and divestitures).

As the highest authority for strategic issues, the BoD is informed quarterly by the Group Executive Board and/or the ESG Working Group (management function) about measures and

progress in the areas of sustainability and climate and is involved in the decision-making process.

The Audit & Risk Committee (ARC) oversees risk management activities for the company, including those associated with climate. It examines whether all systems created to monitor compliance with legal provisions are appropriate and whether they are being applied properly, and guides and monitors Bellevue's risk policy and profile, which covers climate-related risks amongst other topics. Other Board-level committees further integrate ESG including climate-related considerations into their agendas and mandates. The ARC reports to the BoD and makes recommendations to the same via the Group Executive Board. The ARC is regularly informed by Risk Management (management function), including on climate- and ESG-related risks.

Reference

Annual Report: [ESG - Sustainability strategy](#)

Annual Report: [Corporate Governance - Internal organization](#)

Internal documents: Sustainability guidelines, Sustainability organization regulations

B) DESCRIBE MANAGEMENT'S ROLE IN ASSESSING AND MANAGING RISKS AND OPPORTUNITIES

The Group Executive Board is the highest management body in matters of sustainability and is responsible for the sustainability strategy, including climate. Within the Group Executive Board, sustainability is headed by the Group CFO, in collaboration with the CFO of Bellevue Asset Management AG. To this end, the Group Executive Board defines climate-related operational objectives and approves the implementation plans. The Group Executive Board is responsible for managing risks and ensures that the risk assessment process is conducted in an encompassing manner. It is also responsible for the enactment of the relevant directives for risk assessment, risk management and risk control and the adequacy of the internal control system. This assessment is driven by a yearly strategic risk review. The Group CFO (at the same time CRO) is responsible for any risk control activities and leads the compliance department.

The ESG Working Group is responsible for coordinating and managing the measures at Group level. It monitors the latest developments on the sustainability and climate 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 Group Executive Board ensures that the defined focal points of the Group-wide sustainability strategy are integrated and implemented in the divisions. The ESG Working Group also ensures that the Group Executive Board is involved as a steering body, reports on progress and liaises with key stakeholder groups at Group level.

The organization of the ESG Working Group is based on the Bellevue Group organization and is made up of sustainability officers from the various departments and teams. The ESG Working Group is led by a co-management team. This consists of one corporate and a product representative. The sustainability managers of the departments/teams ensure that the Group-wide sustainability and climate strategy is implemented through corresponding measures and initiatives, considering local regulatory requirements. It also initiates and supports relevant ESG training courses together with the ESG managers of the departments/teams.

The management of the ESG Working Group reports to the Group Executive Board on a quarterly basis. This in turn reports to the Board of Directors on a quarterly basis. In the event of urgent matters, the Group Executive Board should be informed immediately by the chairperson of the ESG Working Group.

The portfolio management team is responsible for implementing the investment strategy, with a focus on sustainability and climate themes as well as overarching principles and policies. It is also responsible of calculating and managing the financed emissions of our portfolio.

Reference

Annual Report: [ESG - Sustainability strategy](#)

Internal documents: Sustainability guidelines, Sustainability organization regulations

Strategy

A) DESCRIBE THE CLIMATE-RELATED RISKS AND OPPORTUNITIES THE ORGANIZATION HAS IDENTIFIED OVER THE SHORT, MEDIUM, AND LONG TERM

Bellevue places great emphasis on environmental and climate protection. We consider the wide-ranging impact of climate change on its own business, shareholders, customers, and partners. We endorse and are 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, thermal coal), maintain an active dialog with companies or other stakeholders regarding their climate strategy, and exercise our voting rights. We have worked to embed climate-related considerations into our group-wide sustainability strategy. To accelerate the pace of our own climate action and the support for our customers in an orderly transition to net zero, we have identified the relevant climate-related opportunities for our business model and assessed associated risks over short, medium, and long term.

We have applied the TCFD recommendations to identify climate-related physical and transition risks and opportunities that may not only influence our overall reputational standing but also our market, operations and regulatory exposure or financial outcomes. The identification of the relevant risks and opportunities was performed by an interdisciplinary group of executives from management, the heads of relevant departments (sustainability, strategy, finance, controlling, communication) and selected subject-matter experts. The process was mediated and supported by an external consulting company (Swiss Climate).

Our major priorities for future climate-related opportunities are anchored in the following streams:

- **Clean operations:** We are committed to reduce the carbon footprint from our own operations to support the goals of the international and Swiss community that aim to attain net zero greenhouse gas emissions by 2050. We have set clear targets to reduce our operational emissions and assess our direct and indirect emission from Scope 1, Scope 2 and operational Scope 3 categories (mainly: business trips, employee commuting, IT equipment, paper and printing, waste and water) as well as Scope 3 financed emissions. The decarbonization targets are outlined in the section Metrics & Targets c). We outline our measures to reduce the carbon footprint and communicate on our short-, medium- and long-term climate targets transparently. For example, at Bellevue's headquarters in Küsnacht, the building as well as the premises of our data centres 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. 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.

- **Low Carbon Investment Portfolios:** Bellevue invests mainly in healthcare industries, thus we contribute to the well-being of millions of people throughout the world. We also contribute to improving the medical research and technological improvement in the healthcare sector. When investing, we take special care to select firms, which have limited impact on the environment and that have a clear climate transition plan in place. For example, the first calculation of the carbon intensity of our financed emissions at portfolio level in 2023 revealed that Bellevue is not heavily invested in climate-sensitive sectors. Using the WACI (Weighted Average Carbon Intensity) methodology, we were able to analyze our different funds and we have determined the funds that were more carbon intensive than others. We aim to increase the proportion of low carbon investments over time. This allows us to manage the future carbon intensity of the portfolio in a direction that reduces the carbon intensity (see section on Metrics & Targets). We are committed to adhering to internationally recognized norms and systematically exclude from the managed investment portfolios any companies that seriously harm the environment and climate. No investments may be made in companies that are implicated in serious environmental issues. Compliance with the principles and guidelines of the UN Global Compact and the UN Principles for Responsible Investment (UN PRI) serve as an indicator in such cases. ESG factors, including climate-related 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. Within the scope of our ESG integration approach, strict exclusion criteria are applied and climate-related 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. In 2023, a dedicated focus on climate-related metrics in our ESG integration process to measure and manage carbon intensity has been established. For example, the environment sub-category focused on aspects such as whether a company systematically measures its carbon footprint and discloses the related data. A system of ESG ratings forms the basis by which sustainability and climate-related 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. Bellevue believes in the importance 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 does not apply a «best-in-class» approach for the reasons mentioned above, unless otherwise dictated by a specific investment strategy.
- **ESG Stewardship:** Bellevue acts as a responsible long-term investor on behalf of its clients. We believe that the enduring influence of climate risk can be impacting businesses and economies worldwide. While the impact may vary across sectors and geographical locations, we consider this transition a significant investment factor with the potential to

significantly affect numerous companies. To that end, we consider ESG Stewardship a fundamental tool to effectively investing in and promoting sustainable enterprises. Sustainable financial investments and services not only help reduce investment risks, but also positively support desired economic, societal and environmental changes. Bellevue integrates ESG Stewardship into its investment processes to promote a more sustainable and value-enhancing economy, and also to help increase the long-term return for our clients, adjusted for sustainability and climate risks. For example, in 2022, Bellevue established a proprietary tool in which ESG engagement activities are systematically recorded and subsequent developments documented over time. During the financial year 2023, Bellevue lead a total of 32 ESG engagements (22 in 2022), out of which 6 were related to climate and/or environmental issues. Bellevue is firmly committed to the UN Principles for Responsible Investment (UN PRI) and continuously adapts its ESG investment guidelines to reflect the latest findings, including on climate-related aspects. For the near future (see section on Metrics & Targets), Bellevue's ambition is to be compliant with the Swiss Stewardship Code, drawn up by the Asset Management Association Switzerland and Swiss Sustainable Finance, which provides recommendation and guidance for integrating stewardship into investment processes. The Code includes nine stewardship principles – governance, stewardship policies, voting, engagement, escalation, monitoring of investee entities, delegation of stewardship activities, conflicts of interest, transparency and reporting – and describes the most important elements for effective and successful implementation.

While changes associated with a transition to a lower-carbon economy presents substantial opportunities to Bellevue, they also create significant climate-related risks for the organization. We have identified the following major climate-related risks for our business model:

- **Strategy risk:** Strategy risk(s) arises due to climate-related market developments such as increasingly changing behaviour of current and future customers concerning climate-friendly investments. Relating thereto are potential untapped strategic opportunities (see climate-related opportunities) if realized by competitors, which may lead to losses in market share or lower revenues from transition savvy clients. This risk is mostly related to our sustainable product/investment offerings, such as a lack of climate-friendly ESG investment solutions and related loss of clients/market share.
TCFD risk category: Transition risk – Market
- **Reputation risk:** Bellevue is exposed to reputation risk related to climate change due to increased stakeholder concerns, e.g. through rating agency channels (e.g. S&P ESG Rating), clients or shareholders. The reputation risk is tied to changing customer or community perceptions of Bellevue's relative contribution to or detraction from the transition to a low-carbon economy. The risk is thus directly related to Bellevue's current and future climate engagement and measures to realize its transition plan, such as the relative speed and magnitude of Bellevue's transition in comparison to peers and other market participants (or rather the transition of Bellevue's AuMs).
TCFD risk categories: Transition risk – multiple (Policy and Legal, Reputation)
- **ESG (Compliance) Risk:** A compliance risk may emerge for Bellevue if existing and emerging regulatory requirements are not met by the Company. Bellevue has identified two types of climate-related compliance risks:
 - Type 1: Policy actions that attempt to constrain actions that contribute to the adverse effects of climate change or policy actions that seek to promote adaptation to climate change.
 - Type 2: Legal risk in the form of litigation in case of «non-adherence» with law/regulation or if climate-related litigation claims are being brought forward.
 Direct consequences may be additional compliance efforts for internal processes and reporting (increased internal cost), and potential litigation cost.
TCFD risk category: Transition risk – Policy and Legal
- **Market risk:** Climate-born market risk may adversely affect the performance of Bellevue's investment portfolio and strategies (including default of a company in the investment

portfolio). Market volatility or capital market fluctuations may occur due to technological progress (e.g. due to the substitution of lower emissions services/goods) and/or market-side developments (e.g. due to changes in customer demand/preferences).

TCFD risk categories: Transition risk – multiple (Technology, Market)

- **Counterparty (credit) risk:** Counterparty default risk due to climate change for relevant financial institutions such as banks, brokers, custodians is considered rather low (e.g. due to technological progress, changes to policy, legal and market-side developments).

TCFD risk category: Transition risk – Market

- **Physical risk:** Physical risks resulting from climate change mainly materializes in the investment portfolio, for example due to acute or chronic physical risk for a specific company in our portfolio. We consider immediate physical risks to be rather low for Bellevue.

TCFD risk category: Physical risk – Acute, Chronic

An important aspect for organizations to consider is the time horizon for assessing climate-related risks and opportunities. While some of those risks or opportunities may materialize in the short term, others may be of higher relevance in the long-term. Bellevue thus carefully considered the relevant time horizons that are used to evaluate any impact from climate-related issues in alignment with our transition plan. We have defined time horizons consistent with the one mentioned in the Explanatory Report to the Ordinance on Climate Disclosures issued by the Swiss Federal Council on November 23, 2022:

- Short term is 1 – 5 years
- Medium term is 6 – 15 years
- Long term is 16 – 30 years

The above-mentioned time horizons were determined based on considerations on our business activities, existing targets and goals, existing law, emerging Swiss and EU regulations, current market developments and the national and international climate agenda.

In the sections that follow, we provide an overview on the impact of climate-related risks and opportunities for the above mentioned short-, medium- and long-term horizons.

Reference

Annual Report: [ESG - Sustainability strategy](#)

Internal documents: Sustainability guidelines, Sustainability organization regulations

B) DESCRIBE THE IMPACT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES ON THE ORGANIZATION'S BUSINESSES, STRATEGY, AND FINANCIAL PLANNING

The impacts of climate change on Bellevue are driven by the identified climate-related opportunities and risks. Bellevue has assessed the impact of the relevant risks and opportunities on the organization in terms of:

- **Likelihood (Low/Medium/High):** The probability that the climate-related risk might materialize or the climate-related opportunity can be realized in the given time horizon
- **Impact (Low/Medium/High):** Qualitative assessment of the impact on Bellevue in the defined time horizon
- **Time horizon (Short term/Medium term/Long term):** The time horizon in which the impact will occur (earliest possible), in accordance with the relevant time horizons for Bellevue

The results of the assessment are described below:

	Impacts	Probability	Time horizon
Top opportunities			
Clean operations	Low	High	Short term
Low Carbon Investment Portfolios	High	High	Short term
ESG Stewardship	Medium	Medium	Medium term
Top risks			
Strategy risk	High	Medium	Medium term
Reputation risk	High	Medium	Medium term
ESG (Compliance) Risk	Medium	Medium	Short term
Market risk	High	High	Medium term
Counterparty (credit) risk	Low	Low	Medium term
Physical risk	Low	Low	Medium term

The impact assessment was performed by an interdisciplinary group of executives from management, heads of relevant departments (sustainability, strategy, finance, controlling, communication) and selected subject-matter experts. The analysis in terms of impact and likelihood also serves as an indication on our prioritization for future climate-related initiatives, action plans and the relative importance of each stream during the respective time horizon.

Overall, the impact assessment indicates that implementing Low Carbon Investment Portfolios is considered the most material climate-related opportunity for Bellevue in terms of impact. We also consider ESG Stewardship as medium impact opportunity. While the impact for further measures to establish Clean Operations is considered rather low, the likelihood is considered high. The latter also applies for implementing Low Carbon Investment Portfolios.

For climate-related risks, market risks associated with our societies' climate transition are considered most material, both in terms of impact and likelihood. Climate-related risks considered high in terms of impact and medium in terms of likelihood are strategy risks related to climate-related market developments and our ability to offer sustainable product/ investment solutions, as well as reputation risks related to Bellevue's current and future climate engagement and measures to realize its transition plan. Further, climate-related risks considered medium in terms of impact and likelihood are ESG (compliance) risks related to Bellevue's compliance to existing and emerging regulatory requirements. Counterparty (credit) risks as well as physical risks are considered low both in terms of impact and likelihood.

Generally, the fact that all opportunities and risks are expected to materialize or are to be realized in the short to medium term indicates our commitment to our ongoing and future climate engagement. However, climate-related risks with high impact are rather to be expected to materialize in the medium term. This is mainly driven by current market expectations and regulatory developments.

See further details on the process to assess climate-related risks and opportunities outlined in the section Risk Management.

C) DESCRIBE THE RESILIENCE OF THE ORGANIZATION'S STRATEGY, TAKING INTO CONSIDERATION DIFFERENT CLIMATE-RELATED SCENARIOS, INCLUDING A 2°C OR LOWER SCENARIO

We are convinced that our strategy is directly affected by climate-related risks and opportunities. It is for this reason that we have established a transition plan that serves as a blueprint for our own business in the transition to a low-carbon economy. It is our assumption that such a transition occurs in an orderly fashion that is consistent with a 2°C or lower scenario. Targets and measures taken by Bellevue are consistent with this assumption.

Our encompassing identification and impact assessment of climate-related opportunities described under Strategy a)/b) of this report was guided by questions such as:

- How do we believe is our strategy affected by climate-related risks and opportunities?
- Which strategic changes need to be addressed such that these opportunities can be realized, or the risks can be managed?
- What is the impact and relevance of these climate-related issues for our company and business model?
- What is the associated time horizon?

Currently, multiple elements contribute to the resiliency of our climate strategy:

- The top climate-related opportunity (Low Carbon Investment Portfolios) is directly related to Bellevue's investment focus in the healthcare sector. When investing, we take special care to select firms, which have limited impact on the environment and that have a clear climate transition plan in place in line with the Paris Agreement. According to the carbon intensity of our financed emissions at the portfolio level in 2023, Bellevue is not heavily invested in climate-sensitive sectors.
- Bellevue measures its carbon footprint and has set ambitious targets to reduce its emissions over short, medium and long term. The ambitious targets are backed by effective measures to decarbonize our direct and indirect emissions (see section on Metrics & Targets).
- We continuously integrate climate-related risks as a risk driver in our existing risk management framework and the associated processes.
- Diversity in geographic areas in terms of investments and clients, which mitigates both physical and transition risks.

While we have not yet performed a climate-related scenario analysis to assess the resiliency of our strategic considerations under different scenarios, we plan to perform such an assessment in the upcoming years. Any additional regulatory requirements by the Swiss Financial Market Supervisory Authority (FINMA) will be considered in the development of such an analysis.

Risk Management

A) DESCRIBE THE ORGANIZATION'S PROCESSES FOR IDENTIFYING AND ASSESSING CLIMATE-RELATED RISKS

B) DESCRIBE THE ORGANIZATION'S PROCESSES FOR MANAGING CLIMATE-RELATED RISKS

C) DESCRIBE HOW PROCESSES FOR IDENTIFYING, ASSESSING AND MANAGING CLIMATE-RELATED RISKS ARE INTEGRATED INTO THE ORGANIZATION'S OVERALL RISK

Our climate-related risk management framework

In accordance with FINMA's understanding on climate risk management, we consider climate risk as a risk driver to other «classical» financial sector risk categories. Climate-related risks – in the form of physical risks and transition risks – are thus not considered a separate risk category but are rather managed as part of the existing risk management framework. Transition risks driven by technology, policy and legal, market or reputational concerns or chronic and acute physical risks in accordance with the TCFD categorization are managed through the existing processes for managing financial and non-financial risks. The mapping of climate-related risks against our traditional risk categories is disclosed in the section Strategy a).

The existing risk governance is outlined in the section Governance and applies to climate-related risks. As part of the existing risk policy and our framework for risk management and risk control, we have established processes for:

- Risk identification and assessment;
- Risk management and control; and
- Risk reporting and disclosure.

To ensure that climate-related risks are identified, assessed and managed, they are integrated as part of the Group-wide risk policy and in the above-mentioned processes for risk management and risk control.

Risk identification and assessment

We identified the relevant climate-related risks for Bellevue and assessed their impact as part of the encompassing analysis outlined in section Strategy a)/b). The analysis was performed by an interdisciplinary group with the participation of executives from management, the heads of relevant departments (sustainability, strategy, finance, controlling, communication) and selected subject-matter experts. The identification of relevant risks for Bellevue was performed in accordance with the TCFD recommendations and was based on guidance by regulatory bodies, best practice, peers and professional judgement by the relevant stakeholders within the company. The encompassing analysis also included a qualitative assessment for all relevant climate-related risks of Bellevue with regards to impact, likelihood and the associated time horizons. The results of this assessment are outlined in section Strategy b).

Bellevue has risk identification and assessment processes in place that are performed by risk management at Group level but also at the individual operating unit level on a regular basis. To ensure that the initial assessment of climate-related risks outlined above is institutionalized, we are planning to integrate the encompassing analysis as part of the existing risk- and/or business-specific processes (e.g. annual Risk Assessment).

In addition to this overarching process, the assessment of relevant climate-related risks is further performed as follows (see further details under Metrics & Targets):

- Strategy risks: Our ESG Working Group is assessing the transition risk related to climate-related market developments and our ability to offer sustainable product/investment solutions, and informs our Group Executive Board and the BoD on a regular basis. A quantitative and qualitative metric are in place to ensure that our proportion of AuM linked to carbon-related assets is assessed.
- Climate-related reputation risks are periodically assessed by the Group Executive Board. The Group Executive Board directly manages and supervises those risks, recognizing their significance for Bellevue and the difficulty to quantify them.
- Climate-related compliance risks are overseen by the ARC and managed by Compliance where an active monitoring on existing and emerging laws and regulation related to climate change (e.g. Climate and Innovation Act, EU regulation, regulatory requirements or communications by the FINMA, etc.) is implemented.
- Climate-related market risks are periodically assessed by the Group Executive Board and are measured and monitored as part of the existing risk management processes. A quantitative measure is in place to monitor the Weighted Average Carbon Intensity (WACI) of all funds over time.

Risk management and control

We are convinced that the limitation of climate-related risks is crucial to ensure that the understanding of the level and type of those risks that is accepted in pursuit of our strategy is aligned. Bellevue has processes in place that allow the company to mitigate, transfer, accept and control risks, including climate-related risks:

- Definition and monitoring of risk appetite / limits / tolerances (incl. escalation procedure in case of breach). Limitation of climate-related risks serve as a crucial decision-making tool for the BoD and the Group Executive Board. Our risk appetite and tolerance limit framework is approved by the BoD and integrated in our risk policy. For example, the BoD approved a quantitative tolerance to limit the reduction path for GHG emissions for our defined climate reduction targets to assess Bellevue's progress in the transition towards a net zero economy.
- Climate-related ESG criteria integration in investment processes: When investing, we take special care to select firms, which have limited impact on the environment and that have a clear climate transition plan in place. ESG factors, including climate-related factors, are systematically 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. It includes climate change factors to be considered to measure climate-relevant indicators (e.g. carbon intensity) and plans as well as intentions to reduce carbon emissions at portfolio level. Additionally, while considering principal adverse impact on sustainability criteria (PAI) analysis, if a security exhibits an absolute CO₂-Intensity in the range of «mid» to «very high» (according to MSCI ESG) and if its intensity exceeds the industry average by more than 50%, the security cannot be classified as a sustainable investment which then impacts our sustainable investment quota (most investment products under EU SFDR article 8 require a minimum quota of sustainable investments). Moreover, this can culminate in an ESG engagement. Furthermore, in the frame of our TCFD implementation process, we have identified Low Carbon Investment Portfolios as one key climate-related opportunity, for which we will further elaborate strategic priorities and actions as well as related risk management criteria in the short term (next 1 – 5 years) (see chapter on Strategy).
- Mitigation through ESG stewardship with investees: Our portfolio managers are engaged in an active and constructive dialog with the executives and other relevant stakeholders of portfolio companies on ESG issues. Climate change is amongst our key priorities of engagement in terms of ESG considerations. If there are any indications of a significant controversy related to ESG issues, including climate-related, 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. 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. In addition, Furthermore, we seek compliance with the Swiss Stewardship Code and its 9 principles (governance, stewardship policies, voting, engagement, escalation, monitoring of investee entities, delegation of stewardship activities, conflicts of interest, transparency and reporting) in order to effectively manage our climate-related risks.

Risk reporting and disclosure

The relevant climate-related risks are continuously monitored and reported as part of the existing risk governance structures (see also section Governance), notably the following:

- The BoD, assisted by the ARC, is ultimately responsible for the management of climate-related risks as part of Bellevue's risk management framework and sustainability mandate.
- The ARC oversees risk management activities for the company, including those associated with climate, on a regular basis.
- The Group Executive Board is responsible for managing risks and ensures that the risk assessment process is conducted in an encompassing manner. It is also responsible for the enactment of the relevant directives for risk assessment, risk management and risk control and the adequacy of the internal control system. This assessment is driven by a yearly strategic risk review.
- The CFO (at the same time CRO) is responsible for any risk control activities and leads the compliance department.

Reporting provided to any of those bodies covers the specific climate-related risks and includes, if appropriate, respective assessments of these risks (e.g. metrics) and the climate-related risk tolerance.

Bellevue fulfils its responsibilities in relation to ESG and climate reporting via the following channels:

- Monthly factsheets on individual strategies, with information on portfolio positioning and performance as well as summarized ESG and climate data (CO₂-intensity Scope 1 and 2). In 2023, we expanded our reporting by making dedicated sustainability fact sheets available to our investors sharing a quarterly update.
- Our website www.bellevue.ch includes a dedicated page focused on sustainability at both corporate and portfolio level. Advances and news on sustainability matters are posted on a continuous basis, including information regarding the regulatory requirements (EU SFDR/MiFID II sustainability preferences).
- Annual UN PRI Report to provide accountability and transparency regarding our responsible investment activities.
- Annual Report including a dedicated section on ESG, including our TCFD disclosure.

References

Internal documents: Risk Management Framework, Risk Management and Risk Control Directive

Metrics and Targets

A) DISCLOSE THE METRICS USED BY THE ORGANIZATION TO ASSESS CLIMATE-RELATED RISKS AND OPPORTUNITIES IN LINE WITH ITS STRATEGY AND RISK MANAGEMENT PROCESS

Based on the recommendations by TCFD, and our sustainability and risk strategy, we measure and monitor metrics that allow us to assess the climate-related risks and opportunities identified under section Strategy a). The following metrics are considered relevant for Bellevue to further accelerate the transition of our business model towards a net zero economy:

GHG emissions

- Measure, monitor and manage the absolute carbon emissions based on our carbon footprint for Scope 1, Scope 2 and operational Scope 3 (Scope 3.1–3.14) in accordance with the GHG Protocol.
- Measure, monitor and manage the financed emissions associated with the investment portfolio in accordance with the PCAF Standard, and based on MSCI ESG data.

Short to long term targets have been defined for this metric (see Metrics & Targets c) to assess and monitor our ongoing measures to reduce our carbon footprint as well as our exposure to climate-sensitive sectors. These metrics and associated targets are crucial to monitor our key climate-related opportunities such as Clean Operations and Low Carbon Emissions Portfolio.

Exclusion criteria

- Apply thresholds for the percentage of overall revenues that can be generated from morally or ethically controversial business areas, in particular carbon-intensive such as fracking/oil sands or thermal coal. Exclude companies that exceed the generally accepted annual revenue thresholds in their specific business areas.

The metric and associated targets is important to monitor our key climate-related opportunity on Low Carbon Emissions Portfolio.

ESG integration

- Assess ESG ratings as basis by which climate-related criteria are integrated into asset manager's investment decision process.
- Detailed documentation of investments in «ESG laggards».
- Periodic PAI # 3 (carbon intensity) analysis with quantitative implementation into our sustainable investments quota.
- Bellevue does not apply a «best-in-class» approach for the reasons mentioned below, unless otherwise dictated by a specific investment strategy.

ESG stewardship

- Qualitative description of our ESG Stewardship engagement processes over time by systematically recording and documenting subsequent developments with our established proprietary ESG engagement tool.
- Qualitative assessment of compliance to the 9 principles of the Swiss Stewardship Code (governance, stewardship policies, voting, engagement, escalation, monitoring of investee entities, delegation of stewardship activities, conflicts of interest, transparency and reporting).
- Note: Climate-related voting is currently not in scope for Bellevue.

Transition risk

- Strategy risk: Scanning of sustainable finance journals to get an understanding of the ESG trends, and report on the findings (qualitative metric). Tolerance limit: When a specific

topic is reported more than 5 times from different sources, then report to Management. Control frequency: semi-annually.

- Strategy risk: Assess the proportion of AuM linked to carbon-related assets as share of carbon-intensive AuM (classified as unsustainable) of total AuM. Tolerance limit: A carbon-intensive AuM is considered unsustainable if the absolute intensity of an emitter exceeds 70 t CO₂ / USD 1 mn turnover (i.e. higher than «low» value according to the MSCI ESG methodology), and if this value of the emitter exceeds 50% of the relevant industry average. Control frequency: quarterly. Based on this methodology, a total of 8 emitters (or 0.1% of AuM) whose carbon intensity was classified as unsustainable were identified in the portfolio under management as at the end of 2023.
- Reputation risk: Assess the transition of Bellevue's AuMs, peers and other market participants towards a low-carbon economy by scanning ESG ratings (e.g. S&P) and review Bellevue's transition plan considering peers' commitments and the evolution of market players (e.g. commitments to SBTi or NZAM). Tolerance limit: When a specific climate-related issue (e.g. a specific firm or sub-sector is impacted by a scandal) is reported more than 5 times from different sources, then report to Management. Control frequency: semi-annually.
- Reputation risk: Assess the total exposure to climate-sensitive sectors (in mn USD). Bellevue identifies climate-sensitive assets through industry-identifying attributes. As defined by the TCFD, Bellevue includes the following non-financial sectors addressed by the TCFD: fossil fuel extraction, carbon-based power generation, transportation (air, sea, rail, and auto manufacture), metals production and mining, manufacturing industries, real estate development, chemicals, petrochemicals, and pharmaceuticals, building and construction materials and activities, forestry, agriculture, fishing, food and beverage production, as well as trading companies that may trade any of the above (e.g., oil trading or agricultural commodity trading companies). This metric is agnostic of risk rating, and therefore may include exposures of companies that may be already transitioning or adapting their business models to climate risks. According to the European Union's definition, the NACE («nomenclature statistique des activités économiques dans la Communauté européenne») sectors A - H and L are classified as «high climate impact sectors». As of December 31, 2023, 59.6% of assets under management are allocated to these sectors according to the EU nomenclature.
- ESG (compliance) risk: Assess the future development of climate-related legislation and regulation (Switzerland, EU, US), relevant market developments, and the national and international climate agenda. Tolerance limit: When new regulations or market best practices arise, the Management should be informed and decide on actions to be taken. Control frequency: annually.
- Market risk: Monitor and assess the Weighted Average Carbon Intensity (WACI Scope 1, 2, 3) of all AuM (in t CO₂e / USD 1 mn turnover). Currently no specific tolerance limit defined, but comparison with the index-weighted positions of the MSCI AC World Index. Control frequency: annually. In 2023, the carbon intensity (WACI Scope 1, 2, 3) of our measurable investment strategies (approx. 94% of all AuM) was 528.3 t CO₂e / USD 1 mn turnover, which is 42% below the index-weighted positions of the MSCI AC World Index (905.9 t CO₂e / \$M USD turnover).
- Counterparty (credit) risk: Monitor and assess the likelihood of possible default from counterparties due to climate-related impacts. Tolerance limit: If there are signs, then report to Management. Control frequency: annually.

Internal carbon pricing

Bellevue does not apply an internal carbon price mainly due to the following reasons:

- We are not directly exposed to the EU or Swiss emission trading system (EU ETS).
- We are not subject to a complex organization and/or business model, which requires an elaborated carbon price system.
- The existing metrics outlined above are considered sufficient to incentivise and drive business decisions to facilitate a transition to a net zero economy.

While such a carbon price mechanism is helpful for larger organizations to incentivize the business and mobilise resources by allocating the effective cost of carbon, such an instrument does not add any additional benefit to the existing metrics and targets at Bellevue. The necessity to implement an internal carbon price (e.g. on business travel) is and further will be assessed on a regular basis.

Reference

Annual Report: [ESG - Climate change](#), [ESG - Responsible investments](#)

B) DISCLOSE SCOPE 1, SCOPE 2, AND, IF APPROPRIATE, SCOPE 3 GREENHOUSE GAS (GHG) EMISSIONS, AND THE RELATED RISKS

Our measurement and disclosure of the GHG emissions for Scope 1, Scope 2 and operational Scope 3, as well as the financed emissions of our portfolio are included in the Annual Report under the chapter ESG.

Reference

Annual Report: [ESG - Climate change](#), [ESG - Responsible investments](#)

C) DESCRIBE THE TARGETS USED BY THE ORGANIZATION TO MANAGE CLIMATE-RELATED RISKS AND OPPORTUNITIES AND PERFORMANCE AGAINST TARGETS

We have established short term, medium term and a long term target to ensure that we uphold our commitment to facilitate the transition to a net zero economy. The targets are aligned with our relevant time horizons on the short- medium- and long-term.

The following targets are in place:

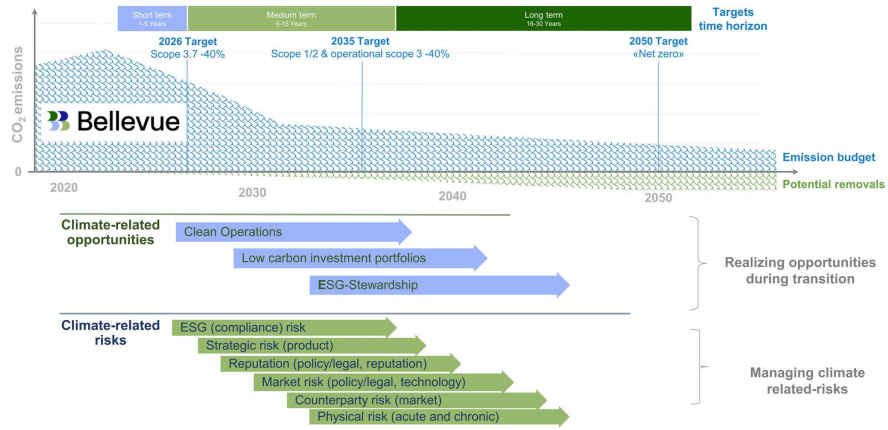
- Short term target for 2026 to reduce the absolute carbon emissions from commuting Scope 3.7) by 40% (basis year 2019).
- Medium term target for 2030 to reduce the absolute carbon emissions from Scope 1, Scope 2 and operational Scope 3 (scope 3.1.–3.14) per employee (FTE) by 30% (basis year 2019).
- Medium term target for 2035 to reduce the absolute carbon emissions from Scope 1, Scope 2 and operational Scope 3 (Scope 3.1.–3.14) by 40% (basis year 2019).
- Net zero target in 2050 that includes Scope 1, Scope 2 and operational Scope 3 (Scope 3.1.–3.14) emissions (basis year 2019), as well as a reduction of the Scope 3.15 emissions (financed emissions) by 90%.

A detailed decarbonization plan with concrete reduction measures will be developed in 2024, based on the transition plan outlined in this TCFD reporting.

Reference

Annual Report: [ESG - Sustainability strategy](#)

Bellevue's transition plan



GRI

GRI-Index

GRI content index	
Statement of use	Bellevue Group AG, Kusnacht/Switzerland has reported in accordance with GRI Standards for the period from 01/01/2023 to 12/31/2023.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location in Annual Report	Requirement(s) omitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-1 Organizational details	Business report - Business model and strategy Corporate Governance - Group structure and shareholders			
	2-2 Entities included in the organization's sustainability reporting	This sustainability report covers of all consolidated entities of Bellevue Group. Information to the scope of consolidation can be found in Note 6 «Major subsidiaries» to the consolidated financial statements.			
	2-3 Reporting period, frequency and contact point	GRI 1 and About us - Contact This report is prepared on an annual basis.			
	2-4 Restatements of information	There were no corrections or adjustments to information published as part of the sustainability report. The Sustainability Report for 2023 was prepared in full for the first time in accordance with the requirements of the Global Reporting Initiative (GRI). Accordingly, additional information was disclosed compared to the previous year.			
	2-5 External assurance	This sustainability report was not audited.			
	2-6 Activities, value chain and other business relationships	Business report - Business model and strategy About us: Organization & profile			
	2-7 Employees	Talent attraction and retention			
	2-8 Workers who are not employees	N/A	Yes	Not applicable	Not taken into account. Only occurs with consultants and project managers who are employed in other companies.
	2-9 Governance structure and composition	Corporate Governance - Board of Directors			
	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			

2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability governance			
2-13 Delegation of responsibility for managing impacts	Sustainability governance			
2-14 Role of the highest governance body in sustainability reporting	Sustainability governance			
2-15 Conflicts of interest	Conflicts of interest			
2-16 Communication of critical concerns	Compliance with laws and regulations			
2-17 Collective knowledge of the highest governance body	Corporate Governance - Board of Directors			
2-18 Evaluation of the performance of the highest governance body	Corporate Governance - Internal organization			
2-19 Remuneration policies	Remuneration report - Compensation policy			
2-20 Process to determine remuneration	Remuneration report - Determination of compensation			
2-21 Annual total compensation ratio	N/A	Yes	Confidentiality constraints	This information is not disclosed for reasons of confidentiality. Information on the remuneration of the members of the Board of Directors, the remuneration of the members of the Group Executive Management, the highest total remuneration for the financial year and our remuneration system is disclosed in the remuneration report.
2-22 Statement on sustainable development strategy	Sustainability strategy			
2-23 Policy commitments	Business ethics and integrity			
2-24 Embedding policy commitments	Business ethics and integrity			
2-25 Processes to remediate negative impacts	Compliance with laws and regulations			
2-26 Mechanisms for seeking advice and raising concerns	Compliance with laws and regulations			
2-27 Compliance with laws and regulations	Compliance with laws and regulations			
2-28 Membership associations	Important climate related memberships			
2-29 Approach to stakeholder engagement	Stakeholder engagement Material topics identified			

	2-30 Collective bargaining agreements	N/A	Yes	Not applicable	As Bellevue has no collective bargaining agreements and the working and employment conditions of our employees are not influenced by collective bargaining agreements, the requirements of GRI Standard 2-30 with regard to collective bargaining agreements are not applicable.
GRI 3: Material Topics 2021	3-1 Process to determine material topics	<u>Material topics identified</u>			
	3-2 List of material topics	<u>Material topics identified</u>			
	3-3 Management of material topics	See various chapters of material topics identified			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	<u>Economic performance</u>			
	201-2 Financial implications and other risks and opportunities due to climate change	<u>Economic performance</u>			
	201-3 Defined benefit plan obligations and other retirement plans	<u>Economic performance</u>			
	201-4 Financial assistance received from government	<u>Economic performance</u>			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	<u>Anti-corruption</u>			
	205-2 Communication and training about anti-corruption policies and procedures	<u>Anti-corruption</u>			
	205-3 Confirmed incidents of corruption and actions taken	<u>Anti-corruption</u>			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	<u>Emissions</u>			
	305-2 Energy indirect (Scope 2) GHG emissions	<u>Emissions</u>			
	305-3 Other indirect (Scope 3) GHG emissions	<u>Emissions</u>			
	305-4 GHG emissions intensity	<u>Emissions</u>			
	305-5 Reduction of GHG emissions	<u>Emissions</u>			
	305-6 Emissions of ozone-depleting substances (ODS)	<u>Emissions</u>			

	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant	<u>Emissions</u>			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	<u>Employment</u>			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	<u>Employment</u>			
	401-3 Parental leave	<u>Employment</u>			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	<u>Training and education</u>			
	404-2 Programs for upgrading employee skills and transition assistance programs	<u>Training and education</u>			
	404-3 Percentage of employees receiving regular performance and career development reviews	<u>Training and education</u>			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	<u>Diversity and inclusion</u>			
	405-2 Ratio of basic salary and remuneration of women to men	<u>Diversity and inclusion</u>			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	<u>Diversity and inclusion</u>			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	<u>Protection of customer data</u>			