

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Name of product: **BB Biotech AG**

Corporate identifier (LEI) – 391200MBZQNPFHIVKO34

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective:** ___%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** ___%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 25% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

The investment strategy takes into account social, environmental as well as governance-related characteristics (ESG) as part of the implementation of its investment objectives, in accordance with the provisions of Article 8 of the EU Disclosure Regulation 2019/2088 (EU SFDR). These mainly include the following elements: Exclusion of serious violations of global norms, value-based exclusions based on revenue thresholds, ESG integration into fundamental company analysis, ESG stewardship through constructive company dialogue (engagement), and exercise of voting rights (proxy voting).

In the following, minimum proportions for investments with sustainable characteristics as well as sustainable investments are defined as part of the asset

allocation. If investments no longer meet the requirements of the respective sustainability policy and thus fall below the minimum proportions, the deficiency must be remedied within three months. Otherwise, the minimum proportions specified below may only be fallen short of temporarily and for an absolutely necessary period if circumstances require this due to exceptionally unfavorable market conditions and such a shortfall is justified with regard to the interests of investors, e.g. in very serious circumstances.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

To measure the achievement of the individual environmental or social characteristics, the "minimum exclusion criteria" specified in the binding elements of the investment strategy are used as sustainability indicators. These are: Weapons (revenue threshold 10%), controversial weapons (revenue threshold 0%), tobacco production (revenue threshold 5%), distribution of tobacco (revenue threshold 20%), thermal coal (revenue threshold 5%), fracking/oil sands (revenue threshold 5%), pornography (revenue threshold 5%), gambling (revenue threshold 5%), palm oil (revenue threshold 5%), serious violations of UN Global Compact, UN Guiding Principles on Business and Human Rights Compliance and standards and rights of the International Labor Organisation.

Furthermore, to qualify as an investment with sustainable characteristics, companies must possess a minimum ESG rating of at least a "BB" currently measured by the MSCI ESG rating methodology on a scale of AAA - CCC. Finally, the Investment Advisor actively exercises its voting rights in the long-term interests of investors and engages in constructive dialogue (engagement) on selected issuers. The company reports on its voting and engagement activities at least once a year.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The goals of sustainable investments are to positively contribute to at least one of the 17 United Nations Sustainable Development Goals (UN SDGs). The MSCI ESG Rating and MSCI UN SDG Alignment Score methodologies allow an investment to qualify as sustainable under the provisions of Article 2(17) of the EU SFDR.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The sustainable investments must not significantly harm (DNSH) any of the 17 United Nations Sustainable Development Goals (UN SDGs). Therefore we currently use the so-called UN SDG Alignment Score methodology provided by MSCI ESG. The

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

scale for the SDG Alignment Score ranges from -10.0 to +10.0. A company that shows a positive contribution to at least one of the 17 UN SDGs (i.e. MSCI ESG UN SDG Net Alignment Score ≥ 2.0) must not show a negative contribution to any other UN SDG (i.e. MSCI ESG UN SDG Net Alignment Score < -2.0). Furthermore, the issuers must exhibit at least an MSCI ESG rating of BB ("Good Governance").

— — — *How have the indicators for adverse impacts on sustainability factors been taken into account?*

The adverse impact indicators are considered within the minimum exclusion criteria (no serious violations of UN Global Compact, UN Guiding Principles on Business and Human Rights Compliance and standards and rights of the International Labor Organisation). This is implicitly accompanied by consideration of PAIs No.4 (investment in fossil fuel companies), No.10 (violations of the UNGC Principles and the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises), and No.14 (engagement in controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons). Furthermore, No.3 (GHG intensity), No.8 (water emissions) and No.9 (hazardous waste) are explicitly considered as separate criteria. PAI No. 1 (GHG emissions) and No. 2 (GHG footprint) are included in the MSCI ESG overall rating with different weightings depending on the industry relevance and are thus implicitly taken into account via the MSCI ESG minimum rating of "BB" per issuer.

— — — *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The OECD Guidelines are taken into account as part of the minimum exclusion criteria (no serious violations of UN Global Compact, UN Guiding Principles on Business and Human Rights Compliance and standards and rights of the International Labor Organisation). In addition to data from MSCI ESG Research, public company data, broker research, the financial press and specific exchanges with companies are also used to assess sustainability.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes, the main adverse impacts of investment decisions on sustainability factors (PAIs) are taken into account in the "minimum exclusion criteria" mentioned in the context of the mandatory elements of the investment strategy and at least for the proportion of the fund assets categorized as "investments with sustainable characteristics" and as "sustainable investments". This is implicitly accompanied by the consideration of PAIs No.4 (investment in fossil fuel companies), No.10 (violations of UNGC principles and of the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises) and No.14 (engagement in controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons)). Furthermore, No.3 (GHG intensity), No.8 (water emissions) and No.9 (hazardous waste) are explicitly considered as separate criteria. PAI No. 1 (GHG emissions) and No. 2 (GHG footprint) are included in the MSCI ESG overall rating with different weightings depending on the industry relevance and are thus implicitly taken into account via the MSCI ESG minimum rating of BB per issuer.

No

What investment strategy does this financial product follow?

The investment objective of the fund is to achieve long-term capital growth. Sustainability features are taken into account as follows: Serious violations of global norms in the areas of the environment, human rights and ethical corporate practices are excluded. This is measured by compliance with the principles and guidelines of the UN Global Compact Compliance, the UN Guiding Principles for Business and Human Rights, and the standards of the International Labor Organization. In contrast to exclusions based on violations of global standards, value-based exclusions are based on social, ethical and moral views. Percentages of sales per business segment are defined, which a company may not exceed in ESG-critical business segments such as conventional weapons, thermal coal or tobacco production. Issuers whose annual sales exceed the defined revenue thresholds are excluded. In addition, the investment advisor follows an "ESG integration approach" in the investment process with the sub-aspects environment, social and good corporate governance. Further information on the application of the sustainability approach can be found at: <https://www.bellevue.ch/ch-en/private/esg/sustainability>



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

Companies that seriously violate principles and standards of UN Global Compact, UN Guiding Principles on Business and Human Rights Compliance and standards and rights of the International Labor Organisation are excluded. In addition, no investments will be made in companies related to controversial weapons. Specifically, investments are made in companies that achieve an ESG rating according to MSCI ESG Rating \geq "BB" and comply with the following minimum exclusions: Weapons (revenue threshold 10%), controversial weapons (revenue

threshold 0%), tobacco production (revenue threshold 5%), distribution of tobacco (revenue threshold 20%), thermal coal (revenue threshold 5%), fracking/oil sands (revenue threshold 5%), pornography (revenue threshold 5%), gambling (revenue threshold 5%), palm oil (revenue threshold 5%)

For the "sustainable investments" partially made in the financial product, the SDG alignment score methodology is applied. At portfolio level, a share of at least 25% is taken into account for companies that have an SDG Alignment Score of at least -2.0 (ensuring DNSH) and, for an SDG objective, at least +2.0 (positive contribution to an objective).

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The (sub-)fund does not undertake to reduce the investment universe by a certain minimum rate.

- **What is the policy to assess good governance practices of the investee companies?**

Irrespective of the company's underlying industry group governance is a fundamental rating component of MSCI ESG. Thus, procedures of good corporate governance are derived on the one hand from an MSCI ESG rating of at least BB and on the other hand from the exclusion of serious violations of UN Global Compact, UN Guiding Principles on Business and Human Rights Compliance and standards and rights of the International Labor Organisation.

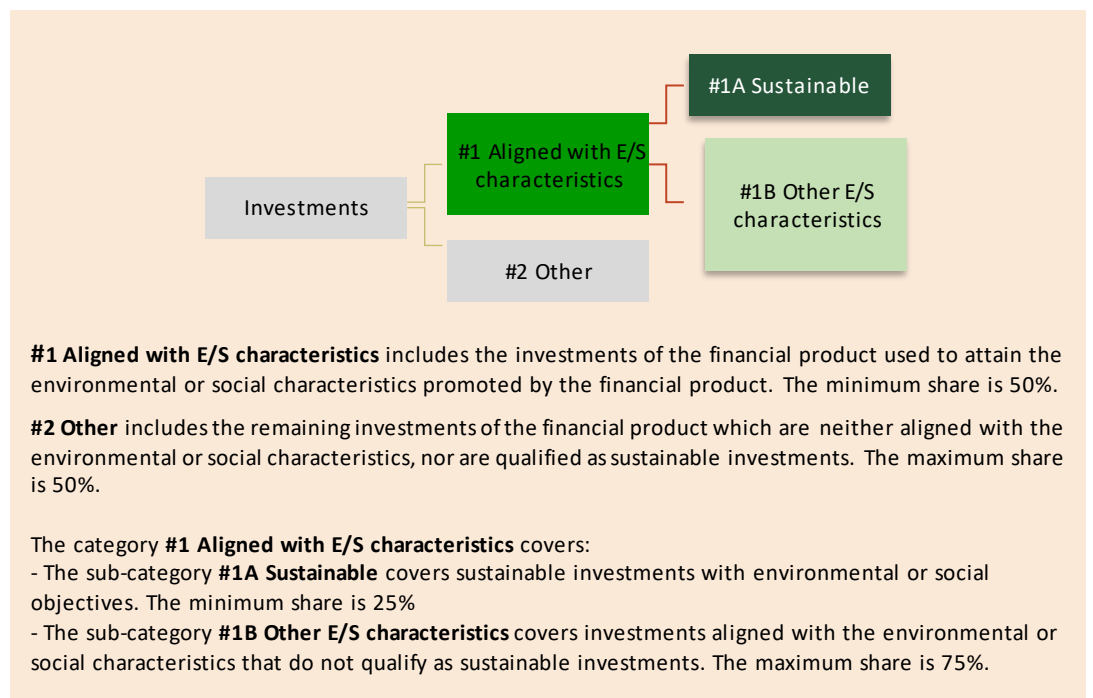


Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

What is the asset allocation planned for this financial product?



Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are

activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

The (sub-)fund may use derivative financial instruments for investment and hedging purposes. Derivatives are not used to achieve the environmental or social characteristics promoted by the financial product. Further information on how to deal with sustainability aspects of derivatives can be found in the EU SFDR Regulatory Product Disclosure documents at <https://www.bellevue.ch/en/private/esg/sustainability/sustainability-portfolio>



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The main objective of this fund is to achieve long-term capital growth by considering E/S characteristics. Therefore, this sub-fund does not currently commit to invest a minimum proportion of its total assets in environmentally sustainable economic activities as defined in Article 3 of the EU Taxonomy Regulation (2020/852). This also concerns information on investments in economic activities that are classified as enabling or transitional activities pursuant to Article 16 or 10(2) of the EU Taxonomy Regulation (2020/852).

[include note for financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852 that invest in environmental economic activities that are not environmentally sustainable economic activities]

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?

Yes:

In fossil gas In nuclear energy

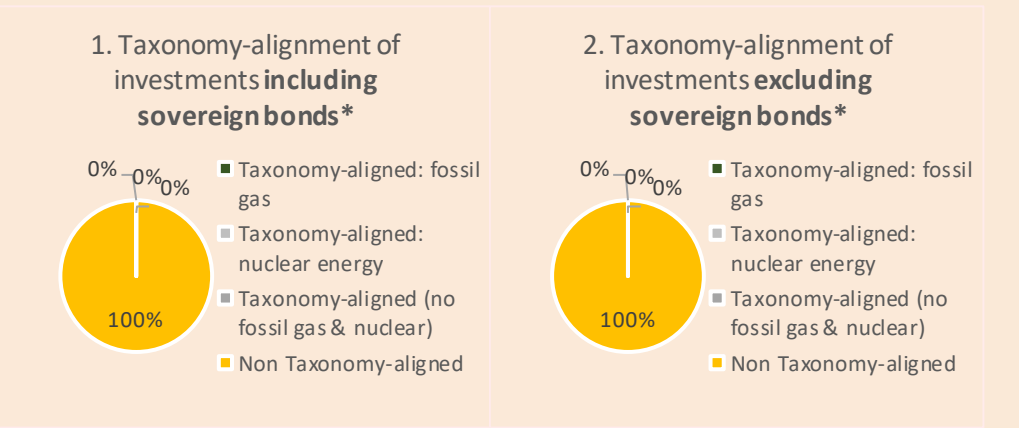
No



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

Taxonomy-aligned:	0%	Taxonomy-aligned:	0%
Other investments:	100%	Other investments:	100%

● **What is the minimum share of investments in transitional and enabling activities?**

transitional activities: 0%

enabling activities: 0%



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Sustainable investments are assessed on the basis of their contributions to the 17 United Nations Sustainable Development Goals (SDGs). The total share of sustainable investments in relation to environmental goals of the fund is at least 1%.



What is the minimum share of socially sustainable investments?

Sustainable investments are assessed on the basis of their contributions to the 17 United Nations Sustainable Development Goals (SDGs). The total share of sustainable investments in relation to social goals of the fund is at least 1%.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Hedging instruments, investments for diversification purposes, investments for which no data are available, or cash for liquidity management.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

NO

- *How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?*

N/A

- *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*

N/A

- *How does the designated index differ from a relevant broad market index?*

N/A

- *Where can the methodology used for the calculation of the designated index be found?*

N/A



Where can I find more product specific information online?

More product-specific information can be found on the website:

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

[include note for financial products where an index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product]

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.