

# Invitation to the 25<sup>th</sup> Annual General Meeting of BB Biotech AG, Schaffhausen

The shareholders of BB Biotech AG are hereby invited to the Annual General Meeting

**on Thursday, March 21, 2019, 3:00 pm**  
**at the Park Casino, Steigstrasse 26, 8200 Schaffhausen**  
**(doors open at 2:30 pm)**

## **WELCOME AND INTRODUCTION**

Dr. Erich Hunziker, Chairman of the Board of Directors

## **SPEECH**

**Sophistication in small molecule research, biotech power in gene therapy**

Prof. Dr. Dr. Klaus Strein, Member of the Board of Directors

## **AGENDA ITEMS AND MOTIONS OF THE BOARD OF DIRECTORS**

### **1. Annual Financial Statements and Consolidated Annual Financial Statements 2018**

The Board of Directors proposes to the Annual General Meeting that the Annual Financial Statements and Consolidated Annual Financial Statements as of December 31, 2018 be approved.

### **2. Appropriation of Retained Earnings**

The Board of Directors proposes to the Annual General Meeting that a dividend of CHF 3.05 gross per outstanding registered share be paid to the shareholders from the disposable retained earnings of CHF 203'359'206. The remaining amount of the retained earnings shall be carried forward to the new account. Calculated on the basis of the total number of 55'400'000 registered shares, the maximum amount proposed for distribution corresponds to CHF 168'970'000. No dividend will be paid on own shares held by BB Biotech AG. The Swiss withholding tax of 35% will be deducted from the gross dividend amount.

### **3. Ratification of the Board of Directors**

The Board of Directors proposes to the Annual General Meeting that the actions of the Board of Directors for the performance of their duties during the financial year 2018 be ratified.

### **4. Elections to the Board of Directors**

The Board of Directors proposes to the Annual General Meeting that the following directors be re-elected for a one-year term of office extending until completion of the next Annual General Meeting:

- Dr. Erich Hunziker as Chairman of the Board of Directors
- Dr. Clive Meanwell as Vice-Chairman of the Board of Directors
- Prof. Dr. Dr. Klaus Strein as Director

In addition to the current Board members, the Board of Directors proposes to the Annual General Meeting that the following person be elected for a one-year term of office extending until completion of the next Annual General Meeting:

- Dr. Thomas von Planta as Director

The elections will be carried out individually.

### **5. Elections to the Compensation Committee**

The Board of Directors proposes to the Annual General Meeting that the following directors be re-elected as members of the Compensation Committee for a one-year term of office extending until completion of the next Annual General Meeting:

- Dr. Clive Meanwell
- Prof. Dr. Dr. Klaus Strein

The elections will be carried out individually.

## 6. Amendment to the Articles of Incorporation

### A. Explanatory note

In order to comply with the Ordinance against excessive compensation, the Articles of Incorporation were amended at the Annual General Meeting in 2014 with respect to, among other things, the shareholder approval of the compensation of the Board of Directors and the types of compensation that may be paid to the members of the Board of Directors. The current Articles of Incorporation state that the Board of Directors may be paid a fixed and variable compensation, and provide for the shareholder approval of fixed and variable compensation.

Since the first binding shareholder approval of the Board compensation at the Annual General Meeting in 2015, and in line with best corporate governance practice, the Board of Directors has always only proposed to receive a fixed compensation. The Board of Directors believes that this practice should be reflected in the Company's Articles of Incorporation. The Board of Directors further proposes that the Board compensation be approved for the respective term of office (and not for the following financial year). This is also in line with best practice and ensures that the compensation period and the term of office correlate. Finally, the Board of Directors proposes that Article 17 paragraph 2 be amended to reflect that no performance metrics and target values need to be set for the members of the Board of Directors.

### B. Motion

The Board of Directors proposes that Article 17 paragraph 2, Article 19 paragraph 1 subsections (i) and (ii) and Article 21 paragraph 1 of the Articles of Incorporation of the Company be amended as follows:

#### *Current wording*

#### *Proposed new wording*

#### **Article 17 paragraph 2**

The Board of Directors shall determine in a regulation for which positions of the Board of Directors and of the executive management the Compensation Committee shall submit proposals for the performance metrics, target values and the compensation, and for which positions it shall itself determine, in accordance with the articles of incorporation and the compensation guidelines established by the Board of Directors, the performance criteria, target values and the compensation.

The Board of Directors shall determine in a regulation for which positions of the Board of Directors and of the executive management the Compensation Committee shall submit proposals for the compensation and, to the extent applicable, the performance metrics and target values, and for which positions it shall itself determine, in accordance with the articles of incorporation and the compensation guidelines established by the Board of Directors, the compensation and, to the extent applicable, the performance criteria and target values.

#### **Article 19 paragraph 1 subsections (i) and (ii)<sup>1</sup>**

The General Meeting shall approve the proposals of the Board of Directors in relation to:

- (i) the maximum aggregate amount of fixed compensation of the Board of Directors for the following financial year;
- (ii) the aggregate amount of variable compensation of the Board of Directors for the past financial year;

The General Meeting shall approve the proposals of the Board of Directors in relation to:

- (i) the maximum aggregate amount of fixed compensation of the Board of Directors for the period until the next Ordinary General Meeting;

#### **Article 21 paragraph 1**

In addition to a fixed compensation, members of the Board of Directors and of the executive management may be paid a variable compensation, depending on the achievement of certain performance criteria.

The compensation of the members of the Board of Directors consists only of fixed compensation elements. In addition to a fixed compensation, members of the executive management may be paid a variable compensation, depending on the achievement of certain performance criteria.

<sup>1</sup> The numbering of the following subsections (iii) and (iv) will be amended to (ii) and (iii), with no substantive amendment.

## 7. Approval of the Board Remuneration

### A. Explanatory note

In line with the proposal to amend Article 19 paragraph 1 subsections (i) and (ii) of the Articles of Incorporation under agenda item 6, the Board of Directors proposes that the maximum aggregate amount of compensation of the Board of Directors be approved for the period from the Annual General Meeting 2019 to the Annual General Meeting 2020. Of the maximum aggregate amount of compensation of CHF 910'000 approved at the Annual General Meeting 2018, CHF 227'500 was used for the Board compensation until this Annual General Meeting. The Board of Directors will not use any of the remaining

CHF 682'500. The compensation of the Board of Directors for the term of office starting at this Annual General Meeting will solely be paid out of the maximum aggregate amount proposed below.

#### **B. Motion**

The Board of Directors proposes to the Annual General Meeting to approve the maximum aggregate amount of fixed compensation of the Board of Directors from the Annual General Meeting 2019 to the Annual General Meeting 2020 in the amount of CHF 1'160'000 (excluding social security contributions and value added tax).

#### **8. Election of the Independent Voting Rights Representative**

The Board of Directors proposes to the Annual General Meeting that Walder Wyss AG, represented by Dr. Mark A. Reutter, attorney-at-law, Seefeldstrasse 123, CH-8034 Zurich, be re-elected as Independent Voting Rights Representative for a one-year term of office extending until completion of the next Annual General Meeting.

#### **9. Election of the Auditors**

The Board of Directors proposes to the Annual General Meeting that PricewaterhouseCoopers AG, Zurich, be re-elected for a one-year term.

### **GENERAL**

#### **Annual Report**

The Annual Report 2018 containing the Annual Financial Statements, the Consolidated Annual Financial Statements and the Auditors' Reports as well as the Remuneration Report 2018 with the Auditors' Report will be available for inspection by the shareholders as from February 28, 2019 at the Company's registered office located at Schwertstrasse 6, CH-8200 Schaffhausen. In addition, the Annual Report and the Remuneration Report are available on the Company's website at [www.bbbiotech.com/annual-report](http://www.bbbiotech.com/annual-report).

#### **Entrance Tickets**

Shareholders who wish to attend the General Meeting either by themselves or by proxy can obtain their entrance tickets and voting records from BB Biotech AG, c/o areg.ch ag, Fabrikstrasse 10, CH-4614 Hägendorf, by March 13, 2019 at the latest. The shareholders and beneficiaries whose names appear in the Share Register on March 13, 2019 at 5:00 pm shall be entitled to attend and vote at the General Meeting.

#### **Granting Proxy Rights**

If you are unable to attend the General Meeting in person, you may appoint a registered shareholder with voting rights or the Independent Voting Rights Representative, Walder Wyss AG, represented by Dr. Mark A. Reutter, attorney-at-law, Seefeldstrasse 123, CH-8034 Zurich, as your proxy. If you do not provide specific voting instructions, you instruct the Independent Voting Rights Representative, as indicated on the proxy card, to vote your shares in accordance with the recommendations of the Board of Directors with regard to the items listed in this invitation. If new agenda items or new proposals with respect to the agenda items set forth in this invitation are put forth before the Annual General Meeting, you instruct the Independent Voting Rights Representative, in the absence of other specific instructions, to vote in accordance with the recommendations of the Board of Directors. The Independent Voting Rights Representative may only exercise voting rights but may not submit any other proposals, election nominations and the like.

Shareholders may cast their votes remotely at [www.netvote.ch/bbbiotech](http://www.netvote.ch/bbbiotech) by issuing electronic authorizations and instructions to the Independent Voting Rights Representative. You will find the login data on the enclosed reply form. Electronic authorizations and instructions as well as any changes of electronically communicated instructions must occur prior to 12:00 noon (CET) on March 18, 2019.

If you wish to receive the invitation to the Annual General Meeting electronically in the future, you can select the option "Select correspondence method" in the instructions system under [www.netvote.ch/bbbiotech](http://www.netvote.ch/bbbiotech). You will find the login data on the enclosed reply form.

**The event will be held in German.**

Schaffhausen, February 27, 2019

BB Biotech AG  
The Board of Directors