Bellevue
Excellence in Specialty Investments

Compliance policy

Introduction

Bellevue Asset Management AG is a FINMA-regulated manager of collective assets pursuant to Art. 24 FinIA. Bellevue strives to comply with all regulatory requirements at all times and to implement them accordingly. Bellevue Asset Management AG lives an exemplary control and compliance culture, with individual employees setting a good example and complying with all applicable laws, regulations and directives at all times. New or existing practices are critically scrutinized, and in the event of non-compliance with standards, action is taken and the matter is reported to the responsible supervisor or the Compliance Office. In addition, the Three Lines of Defence model is consistently adhered to.

1 SCOPE AND PURPOSE

1.1 Scope

This Directive applies to all employees of Bellevue Asset Management AG («BAM»), including its subsidiaries. It is based on the Risk Policy Regulations.

Any additional local particularities or regulatory requirements of individual subsidiaries are governed separately and apply in addition to this Directive.

1.2 Purpose

This Directive governs the responsibilities of all employees in connection with adherence to all relevant regulations (compliance).

It also governs the responsibilities and powers of the Compliance Office as an operational control function.

2 PRINCIPLES

2.1 Personal responsibility

Each individual is responsible for knowing and complying with the applicable rules. Anyone who is unsure which rules apply shall contact their line manager or the Compliance Office.

2.2 Compliance culture

If errors occur or misconduct by an employee is identified, this is addressed openly, discussed with the line manager and/or the Compliance Office and subsequently remedied.

If an employee believes that another employee or a line manager has made an error, they shall contact the Compliance Office.

3 ORGANISATION AND RESPONSIBILITIES

3.1 Managers

Managers at all levels (*«1st line of defense»*) ensure that employees have or acquire the necessary knowledge and verify compliance with the rules as part of their management activities (management controls). Management controls must be documented in writing.

3.2 Compliance Office

As an independent control body (*«2nd line of defense»*), the Compliance Office supports and advises the Executive Board and employees in enforcing and monitoring all activities aimed at ensuring compliance with laws, directives, industry standards and codes of professional conduct, and at avoiding reputational damage.

The Head Legal & Compliance is a member of the Executive Board and reports on compliance matters directly to the Executive Board and – in relevant cases – to the Board of Directors.

4 FUNCTION AND MANDATE OF COMPLIANCE

4.1 General mandate

The Compliance Office supports the Executive Board and the Board of Directors in developing and implementing risk-appropriate strategies, internal directives and workflows, and in choosing the orders and measures to be taken following the identification of serious compliance breaches, through the following activities:

- Advising the Executive Board and employees
- Monitoring in accordance with the Compliance Control Programme
- Training in accordance with the training concept
- Monitoring of legal and regulatory requirements
- Compliance with and updating of the directives framework

4.2 Proposals to the Executive Board

The Compliance Office submits the following to the Executive Board for approval by the Board of Directors:

- an annual overview and assessment of all relevant compliance risks (Risk Assessment), including the effectiveness of the Compliance Control Programme and the corresponding risk monitoring methods and systems. The annual Compliance Risk Assessment expressly covers the risks of breaches of the Embargo Act and the applicable sanctions ordinances. In particular, it takes into account client and control structures, geographical links, products and services, as well as the adequacy and effectiveness of the screening procedures, internal controls and service providers engaged. Material changes trigger an update during the year.
- an annual activity report
- an annual activity plan for managing the identified compliance risks; this contains the findings of the last activity report, the annual objectives and the risk-based main activities

4.3 Compliance Control Programme

The Compliance Office prepares and implements a Compliance Control Programme (which also includes sanctions controls) that is based on the control concept (pursuant to section 5) and takes into account the specific risks identified in the Risk Assessment.

It may perform or arrange further controls at its own discretion.

4.4 Anti-Money Laundering Unit

The Anti-Money Laundering Unit is part of the Compliance Office. The Compliance Office assesses reporting obligations to SECO under sanctions law independently of any duty or right to report to MROS. A decision not to file a report with MROS does not constitute clearance under sanctions law. Internal consultations must not delay the timely fulfilment of statutory reporting obligations.

In the event of a well-founded suspicion of money laundering or a suspicion of terrorist financing pursuant to Art. 9 AMLA, or of a simple suspicion (pursuant to Art. 305ter para. 2 SCC), the Compliance Office, in accordance with the designated process and after consultation with the CFO & CEO, shall immediately file a suspicious activity report with the Money Laundering Reporting Office Switzerland (MROS).

No-AML Reports:

If internal investigations show that an initial suspicion of money laundering, terrorist financing or other relevant compliance risks cannot be substantiated, the Compliance Office prepares a so-called «No-AML Report».

The No-AML Report documents in particular:

- the facts and the trigger for the investigations;
- the investigative steps taken;
- the documents and information sources consulted;
- the risk assessment;
- the reasons why no report is filed with MROS.

The No-AML Report is prepared and approved by the Compliance Office. The Head Legal & Compliance decides on closing the case and ensures appropriate archiving of the documents.

Prohibition of information

In connection with investigations under the AMLA and any report to MROS, BAM employees are subject to the statutory prohibition of information pursuant to Art. 10a AMLA.

In particular, affected clients, beneficial owners or third parties must not be informed of ongoing internal investigations or of a filed or intended report to MROS, unless a statutory exception applies.

Enquiries from clients or third parties in this connection must be forwarded to the Compliance Office without delay.

4.5 Legal cases

The Compliance Office is responsible for handling legal cases and proposes to the Executive Board which external lawyers are to be engaged in the company's own matters.

Handling of legal cases includes in particular all contacts with Swiss and foreign lawyers and the handling of proceedings in connection with:

- Civil, criminal, administrative and supervisory proceedings
- Debt enforcement proceedings
- Trademark proceedings
- Client complaints that go beyond routine client enquiries

The Compliance Office ensures that the Group Executive Board of Bellevue Group AG is adequately informed of relevant legal cases.

4.6 Requests from authorities

The Compliance Office is responsible for handling requests from Swiss and foreign authorities.

The direct transmission of non-public information to foreign authorities is only permitted within the conditions set out in Art. 42c FINMASA and specified in FINMA Circular 2017/6.

The Compliance Office decides, in consultation with the Executive Board and, where necessary, with the involvement of external legal specialists, on the admissibility of transmitting information abroad. If information is transmitted, the foreign authority or body must be made aware of the principles of confidentiality and speciality. In addition, the rights of clients and third parties must be strictly safeguarded, and in particular business secrecy, data protection provisions and rights arising from employment relationships must be observed.

The Compliance Office notifies FINMA of an intended direct transmission of information if the information itself is of such material significance that it would trigger a reporting obligation to the Swiss supervisory authority irrespective of any transmission (Art. 29 para. 2 FINMASA), or if the transmission as such is of material significance. Information may not be transmitted before FINMA has responded.

5 CONTROL CONCEPT

In the Risk Assessment and the activity plan, the Compliance Office focuses in particular on the following risks:

- Combating money laundering and terrorist financing
- Sanctions controls (controls of list currency, coverage of persons, hit handling, ongoing monitoring)
- Investment regulations and investment suitability & appropriateness
- Tax obligations (e.g. FATCA, AEOI)
- Cross-border activities
- Duties of care, loyalty and information
- Market conduct rules, including the handling of confidential, price-sensitive information
- Trading and settlement: business conflicts of interest, information barriers and insider offences

- Personal conflicts of interest, including employee transactions, gifts, travel, entertainment, personal mandates
- External asset managers and service/product providers, including remuneration rules
- New products and services
- ESG risks (e.g. BAM exclusion list, carbon footprint)

6 TRAINING

6.1 Training and training responsibility

Employees receive training on the key compliance risks, on sanctions and on regulatory changes. The Compliance Office is responsible for training.

6.2 Target group and frequency

The Compliance Office determines the topics, the group of persons to be trained and the frequency of the training sessions. New employees must be informed of the compliance obligations relevant to them and of how these are implemented in day-to-day operations («Briefing»).

Employees are informed in good time of new rules and their consequences.

6.3 Documentation

The Compliance Office is responsible for maintaining the training documentation. It consists of a list stating the topic and date of the training and the participants. Alternatively, proof of attendance may be documented in the «ComplySci» tool. The Compliance Office may order further documentation.

7 REPORTING

7.1 Reporting to the Executive Board

The Compliance Office reports to the Executive Board as follows:

- Ad hoc: without delay on material events and developments
- Annually: Risk Assessment and activity report
  - Material changes in the assessment of compliance risk (unless a change has already arisen during the year).
- As a rule monthly, in writing, on the following topics:
  - Adherence to the Compliance Action Plan, projects
  - Results of internal and external audits affecting areas of compliance; measures to be taken incl. deadlines
  - Development of new products and/or services with the involvement of Compliance
  - Overview of new or revised laws and other regulations that have a material impact on the organisation and business activities of the Group companies, and their implementation (procedure and timetable)
  - Directives framework
  - Compliance-relevant incidents
  - Material sanctions hits, freezes, reports and control deficiencies

7.2 Reporting to the Board of Directors

Compliance reports to the Board of Directors as follows:

- Ad hoc: events of particular significance must be brought to the attention of the Board of Directors without delay, unless this has already been done by the Executive Board
- Annually: risk situation and activity report, including the annual Compliance Risk Assessment

The Executive Board reports to the Board of Directors, as a rule at the ordinary Board of Directors meetings, as follows:

- Ad hoc: events of particular significance must be brought to the attention of the Board of Directors without delay
- Key elements of compliance reporting

7.3 Reporting to the Audit & Risk Committee and Internal Audit of Bellevue Group AG

At their request, the Compliance Office may submit the following reports to the Audit Committee and Internal Audit of Bellevue Group AG:

- Ad hoc: events of particular significance and the proposed measures
- Annually: activity report, including the annual Compliance Risk Assessment
- Annually: activity plan

At its request, the Compliance Office supports Internal Audit of Bellevue Group AG in control activities concerning BAM.

8 DISCIPLINARY MEASURES AND SANCTIONS

Breaches of this Directive are dealt with in accordance with the provisions of the Staff Regulation.