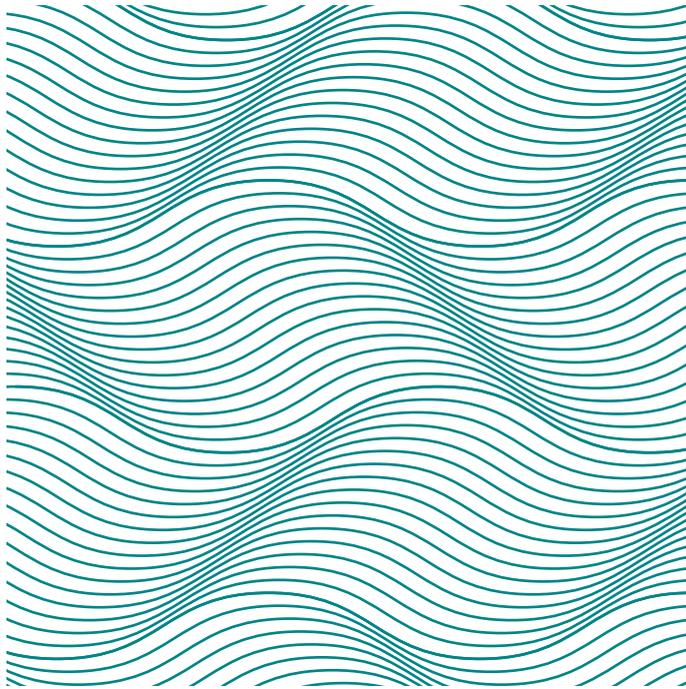


---

PICTET ASSET MANAGEMENT

## A RESPONSIBLE VISION



MARKETING MATERIAL

## **A Responsible Vision**

*This document is part of four brochures that highlight Pictet's efforts in environmental, social and governance (ESG) issues. The brochures focus on investments for institutionals, philanthropy, wealth management, as well as corporate and environmental initiatives.*

## **A Prix Pictet portfolio**

*This brochure highlights Pictet Asset Management's actions on ESG issues. The pictures are the work of Daniel Beltrá, a Seattle-based, multiple award-winning photographer. He was nominated in the category "Power" of the 2012 edition of the Prix Pictet.*

*The Prix Pictet is the world's leading award for photography and sustainability. Launched in 2008, the award aims to draw global attention to these issues. There have been eight cycles of the award until today – each of which has highlighted a particular facet of sustainability. The photographers are nominated by a worldwide network of experts.*

## **The photographer**

*Daniel Beltrá was born in 1964 in Madrid, Spain. His passion for conservation is evident in images of our environment that are evocatively poignant. In 2011 he received the Wildlife Photographer of the Year Award for his work on the Gulf Oil Spill. Daniel's work has been published by the most prominent international publications, including The New Yorker, Time, Newsweek, The New York Times, Le Monde, and El País. Images courtesy of Catherine Edelman Gallery.*

## **Pictet Asset Management**

Pictet Asset Management is an independent asset manager, overseeing USD 284 billion (as at 31 December 2021) of assets for our clients. We provide specialist investment services through segregated accounts and investment funds to some of the world's largest pension funds, financial institutions, sovereign wealth funds, intermediaries and their clients. Our strategic capabilities are thematic, emerging markets, alternatives and multi asset.

# I. WHAT RESPONSIBILITY MEANS TO US

Responsibility goes hand-in-hand with a long-term, partnership approach. To us, it means having a sense of responsibility and integrity not only towards the present generation but also to future generations – and to the real economy and the wider world.

We believe in responsible capitalism and take a holistic view that considers the complex interactions between economy, society and the environment.

We are convinced that Environmental, Social and Governance (ESG) considerations can help us make better long-term investment decisions for our clients.

We are committed to integrating material ESG criteria into our investment processes and ownership practices with a view to enhancing returns and/or mitigating risks over the long term.

We embed ESG in our risk management and reporting documents to maintain high standards of transparency and accountability.





*“The oil-stained, blue waters of the Gulf of Mexico swirl in my mind’s eye like a grotesque painting. I worked off the coast of Louisiana during the spill, where approximately 4.9 million barrels of oil were released into the Gulf waters in early 2010. The resulting photographs were taken from three thousand feet above, giving perspective to the environmental devastation below.”*

*Daniel Beltrá  
Oil Spill 6  
Gulf of Mexico, United States  
17 June 2010*

“We take a responsible approach as it helps us make better investment decisions for our clients and we think it is the right thing to do.”

---

**SÉBASTIEN EISINGER**

Managing Partner, Pictet Group  
Co-CEO, Pictet Asset Management

## II. OUR APPROACH TO RESPONSIBLE INVESTMENT

At Pictet Asset Management, responsible investment is driven by five main pillars, which help us ensure sustainable development is taken into account in our long-term strategy. We do not delegate responsible investing to a separate team of ESG experts. Instead we take the, arguably more challenging, route of embedding a mindset of responsible investing into the DNA of all our investment teams.

A firm-wide integration of responsible investing is our goal. To achieve this, we focus on hiring and retaining the right investment professionals, offering them specialist training to keep abreast of a rapidly evolving environment and access to the appropriate tools and support from a dedicated ESG team.

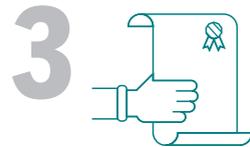
### FIVE MAIN PILLARS



**1**  
ESG integration into investment processes and risk management



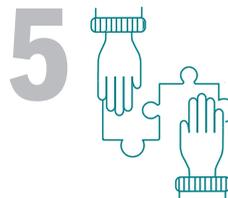
**2**  
Responsible products and solutions



**3**  
Active ownership



**4**  
Client disclosure



**5**  
Research & thought-leadership

# 1. ESG INTEGRATION INTO INVESTMENT PROCESSES AND RISK MANAGEMENT

Integration of ESG factors and sustainability risks has become the norm in our investment processes. Across research, investment decisions and risk management, we include environmental, social and governance factors when evaluating both corporate and sovereign issuers.

---

## EXAMPLES

### ENVIRONMENTAL



Physical risks of climate change  
Transition risks of climate change  
Greenhouse gas (GHG) emissions  
Waste and pollution

---

### SOCIAL



Labour standards  
Human rights  
Workplace health and safety  
Diversity

---

### GOVERNANCE



Executive pay  
Bribery & corruption  
Business ethics

## PICTET ESG SCORECARD

We have developed a proprietary ESG Scorecard showing ESG risks and opportunities to inform investment decisions and active ownership activities.

---

### CORPORATE GOVERNANCE

Are companies managed for the long term?

---

### PRODUCTS & SERVICES

How “future-fit/SDG compatible” is their product mix?

---

### OPERATIONAL RISK

How do they run their business?

---

### CONTROVERSIES

Are they walking the talk?

“Responsible investment is about systematically integrating ESG factors from investment decisions to reporting to our clients.”

---

**ERIC BORREMANS**

Head of Environmental, Social & Governance  
Pictet Asset Management

## 2. RESPONSIBLE PRODUCTS AND SOLUTIONS

We have been on this responsible investment journey for more than two decades. From the mid-90s onwards, we launched Socially Responsible Investment strategies that take into account a company's environmental and social impact, as well as its financial prospects.

Since then we have developed a complete range of investment strategies that embed ESG factors across all asset classes.

### HOW ESG FACTORS ARE EMBEDDED IN OUR INVESTMENT STRATEGIES

	ESG APPROACH	EXAMPLES
<b>ESG INTEGRATED (ART. 6<sup>1</sup>)</b>	Integrate material ESG risks and opportunities into investment decisions to complement financial analysis. Portfolios may invest in securities with high sustainability risks.	<b>Equities</b> - Developed Markets, Emerging Markets, Indexation <b>Fixed Income</b> - Developed Markets Credit, Emerging Markets Credit, <b>Multi Asset</b> - Dynamic allocation <b>Alternatives</b> - Equity Market Neutral, Global Credit Hedge Funds
<b>ESG BINDING (ART. 8<sup>1</sup>)</b>	Promote environmental or social characteristics, but do not have sustainability as their primary objective. A tilted or best-in-class approach can be applied.	<b>Equities</b> - Family, Japanese Equity Opportunities, Japanese Equity Selection, Quest Emerging Sustainable, Quest Europe Sustainable <b>Fixed income</b> - Sustainable Emerging Debt, Short-Term Money Market, Global Bonds <b>Multi Asset</b> - Global opportunities
<b>POSITIVE IMPACT (ART. 9<sup>1</sup>)</b>	Aim to deliver a financial return alongside achieving a positive and measurable impact by investing in companies that provide solutions to environmental and/or social problems.	<b>Equities</b> - Biotech, Clean Energy, Global Environmental Opportunities, Global Thematic Opportunities, Health, Human Nutrition, Smart City, Timber, Water <b>Fixed income</b> - Global Sustainable Credit

Source: Pictet Asset Management, February 2022

<sup>1</sup> Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR).

## **ESG AT PICTET ASSET MANAGEMENT TODAY**

We continue to develop investment strategies that provide capital to issuers who aim to have a positive impact on society or the environment. We also support those companies that strive to mitigate the negative externalities of their products, services, operations and supply chain.

For investors willing to go further, our sustainable strategies invest in companies based on their social and environmental impact, as well as their financial prospects.

We also have a range of equity and fixed income strategies that invest in companies helping to solve environmental and social challenges such as water scarcity and climate change. We were the first asset manager to launch thematic equity strategies in the mid-90s, which have since become mainstream global equity solutions.

We apply an additional exclusion policy relating to direct investment in companies and countries that are deemed incompatible with Pictet Asset Management's approach to responsible investment. Please refer to our responsible investment policy on [www.assetmanagement.pictet](http://www.assetmanagement.pictet) for further information.





*“On 20 April 2010, BP’s Deepwater Horizon drilling rig exploded in the Gulf of Mexico, killing eleven crewmen and injuring seventeen, making it the world’s largest marine oil spill. More than 600 miles of coastline were affected and still show lingering signs of oil and dispersant. Layers of crude oil are spread thick on the ocean floor, radiating far from the wellhead site. Scientists have determined that up to 75 per cent of the oil from BP’s disaster remains in the Gulf environment.”*

*Daniel Beltrá  
Oil Spill 1  
Gulf of Mexico, United States  
17 June 2010*



**CLIMATE ACTION 100+,  
A COLLABORATIVE APPROACH  
TO RESPONSIBLE INVESTMENT**

We have committed to working with companies to ensure that they are minimising and disclosing the risks – and maximising the opportunities – presented by climate change. This is why we are involved in the Climate Action 100+ initiative. Launched in 2017 and led by professional investors, this collaborative initiative engages with the largest global greenhouse gas emitters and with other companies that have significant opportunities to drive the clean energy transition and achieve the goals of the 2015 Paris Agreement.

The initiative aims to:

- Implement a solid governance framework which sets down the Board’s accountability and oversight of climate change risk and opportunities.
- Establish actions to reduce greenhouse-gas emissions.
- Provide enhanced corporate disclosure to enable investors to improve investment decision-making.



**615**

investors involved



**65**

trillion dollars of assets  
under management



**167**

companies targeted that represent  
80% of annual global industrial  
greenhouse-gas emissions

## PROXY VOTING

Voting rights are exercised systematically to protect and promote the rights and interests of our clients as shareholders. We do not always support the management of companies and may vote against them from time to time.

For actively managed funds, we aim to vote on 100% of equity holdings. For passive strategies, we aim to vote on 100% of equity holdings for Swiss index strategies, and on average 80% of assets under management for other index strategies.

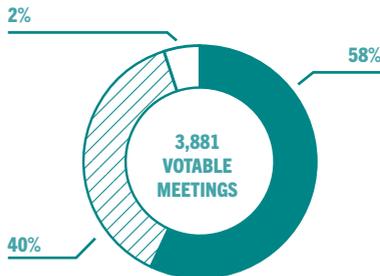
In our Responsible Investment Report, we present key figures and commentary on our proxy voting and ESG engagement activities.

## HOW WE INFLUENCE DECISION PROCESSES

January to December 2021

■ % of meetings voted at □ % of meetings not voted at ☑ % of meetings with at least 1 vote against, withheld or abstained

### BREAKDOWN OF VOTABLE MEETINGS



We voted at 3,795 general assembly meetings, i.e. 98% of company meetings. We voted “for” at 2,233 meetings, we voted “against” (including “abstaining” or “withholding”) at least one resolution at 1,562 meetings, and we did not vote at 86 meetings.

**43,550**

management resolutions

we voted for **90%** we voted against **9%**



**940**

shareholder resolutions

we voted for **54%** we voted against **42%**



“We believe that leveraging  
the power of shareholders  
to trigger positive change  
helps shape a more sustainable  
form of capitalism.”

---

**PHILIPPE DE WECK**

Chief Investment Officer, Equities  
Pictet Asset Management



*“The ‘Spill’ series is a first-hand account of this tragedy, and reveals our society’s obsessive dependence on petroleum. Every day in the United States, we use four times the volume of the oil released into the Gulf.”*

*Daniel Beltrá  
Oil Spill 18  
Gulf of Mexico, United States  
21 May 2010*

## 4. CLIENT DISCLOSURE

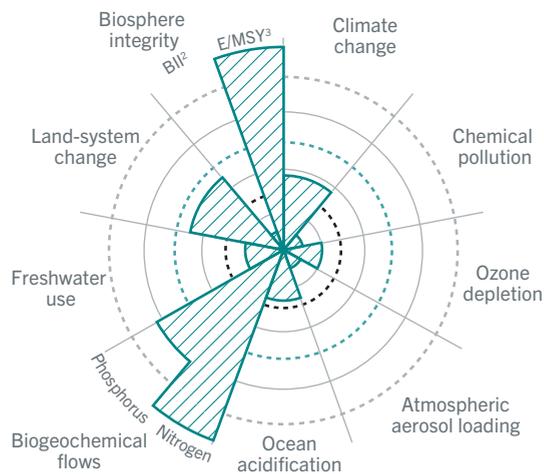
Transparency and providing detailed reporting differentiate true accountability from box-ticking. ESG characteristics are measured at portfolio level and compared with the benchmark.

For selected strategies, our sustainability reports provide additional data on environmental and social impacts. For our global environmental strategy, we use an innovative, rule-based framework to measure the environmental footprint of the portfolio called the Planetary Boundaries. When relevant, we report on our strategies' exposure to the United Nations Sustainable Development Goals.

### PLANETARY BOUNDARIES

Developed by the Stockholm Resilience Centre, Planetary Boundaries are ecological thresholds for nine of the most important environmental dimensions as defined by the group of researchers who created the framework. Transgressing these boundaries would endanger the favourable environmental conditions that have been in place for the last several thousand years.

- ... Safe zone (below boundary)
- ... Increasing risk zone
- ... High-risk zone



<sup>2</sup> Biodiversity Intactness Index (BII). <sup>3</sup> Extinctions per Million Species-Years (E/MSY).

### TYPICAL ESG METRICS

PROXY VOTING ACTIVITY

CARBON FOOTPRINT

GOVERNANCE PROFILE

CONTROVERSY PROFILE

“Where relevant data are available, we report on the ESG characteristics of client portfolios and the outcome of active ownership activities.”

---

**SANDY WOLF**  
Impact & Analytics Manager  
Pictet Asset Management

## 5. RESEARCH AND THOUGHT-LEADERSHIP

We are committed advocates of responsible investing and play an active role in supporting organisations that promote responsible finance and sustainable investments. We also see it as our mission to educate investors about responsible and sustainable investment practices, which is why we use our experience across key environmental and social themes to publish targeted research and help raise awareness and capital for a sustainable transition.

### WHAT WE DO

	WHERE WE STARTED	TODAY
<b>LONG-TERM COMMITMENT</b>	Early signatory of the UN's Principles for Responsible Investment (UNPRI) in 2007	Awarded UNPRI A+ Rating for Strategy & Governance consecutively for four years (2017-2020), the highest possible ranking
<b>INDUSTRY INITIATIVES</b>	Founding member of Swiss Sustainable Finance <sup>4</sup>	Active participants in initiatives to share best practices and encourage corporate disclosure on ESG issues  Actively involved in the Institutional Investors Group on Climate Change  Signed the PRI-Ceres Investor Initiative on Sustainable Forestry and The Mining and Tailings Safety Initiative in 2019
<b>POSITIVE IMPACT STRATEGIES</b>	Pioneer in thematic, environmental or social strategies	Full range of environmental strategies, which now cover the Clean Energy, Timber, Nutrition and Global Environmental Opportunities themes.

<sup>4</sup> Swiss Sustainable Finance (SSF) was founded in 2014 to inform and educate about and promote the growth of sustainable finance in Switzerland. It unites members from financial services providers, investors, universities and business schools, public-sector entities and other interested organisations.

## RESEARCH PARTNERS



**Stockholm Resilience Centre**  
Sustainability Science for Biosphere Stewardship



Pictet AM has not acquired any rights or licence to reproduce the trademarks, logos or images set out in this document except that it holds the rights to use any entity of the Pictet Group trademarks. For illustrative purposes only.

“Responsibility is a mindset.  
It is the way you conduct  
investment research meetings,  
design your investment process, report  
to clients and engage as a firm.  
It is not a tick-the-box exercise.”

---

**LAURENT RAMSEY**

Managing Partner, Pictet Group  
Co-CEO Pictet Asset Management  
Chair of the Group Stewardship  
& Sustainability Board

### III. OUR RESPONSIBILITY AS AN EMPLOYER

For decades, responsibility has been central to our way of thinking. Since the Pictet Group was founded in 1805, our aim has been to ensure the prosperity of our clients and of future generations.



#### HOW WE INVEST OUR BALANCE SHEET

As we have full control over our balance sheet, we have committed to portfolio decarbonisation and investing in activities that help speed up the transition to a low-carbon economy. This includes our corporate treasury as well as seed investments.



#### EMPLOYEE ENGAGEMENT TO FOSTER RESPONSIBILITY

Our employees are our most crucial asset and a key amplifier when it comes to sustainability and responsible behaviour. We continue to engage with our colleagues on sustainability topics and encourage them to be involved in local actions, especially where we have a strong presence.



#### HOW WE MANAGE OUR DIRECT ENVIRONMENTAL IMPACTS

In our own business activities we are taking every step possible to cut our carbon footprint by employing the most advanced building technology, reviewing every aspect of our operations and reducing the environmental impacts of our infrastructure and employee mobility.



#### PHILANTHROPY FOR ENVIRONMENTAL AND SOCIAL BENEFIT

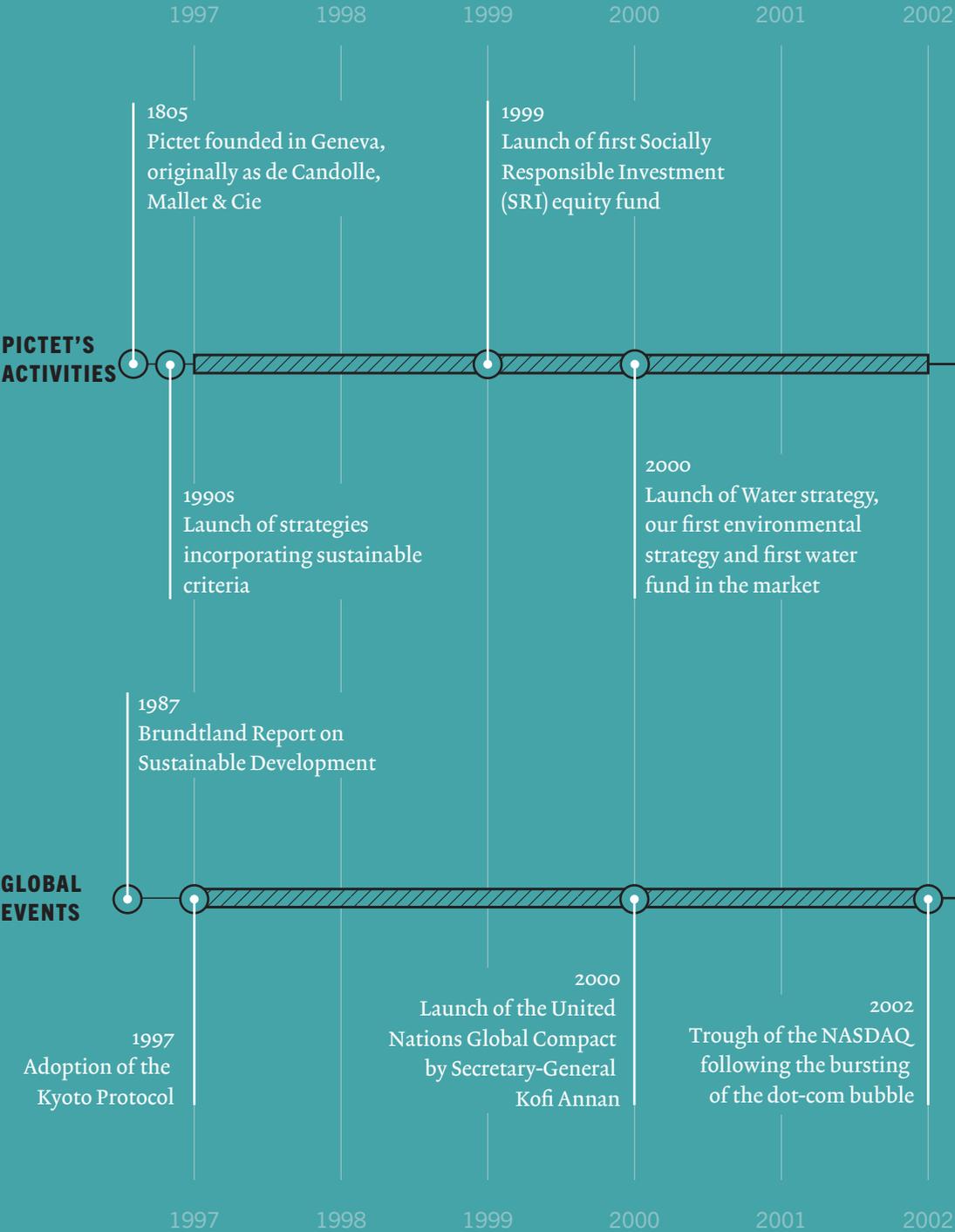
As the ultimate “risk capital”, philanthropy can be a part of tackling some of the world’s most intractable problems. Through our initiatives, we aim to stimulate action on environmental and social issues.

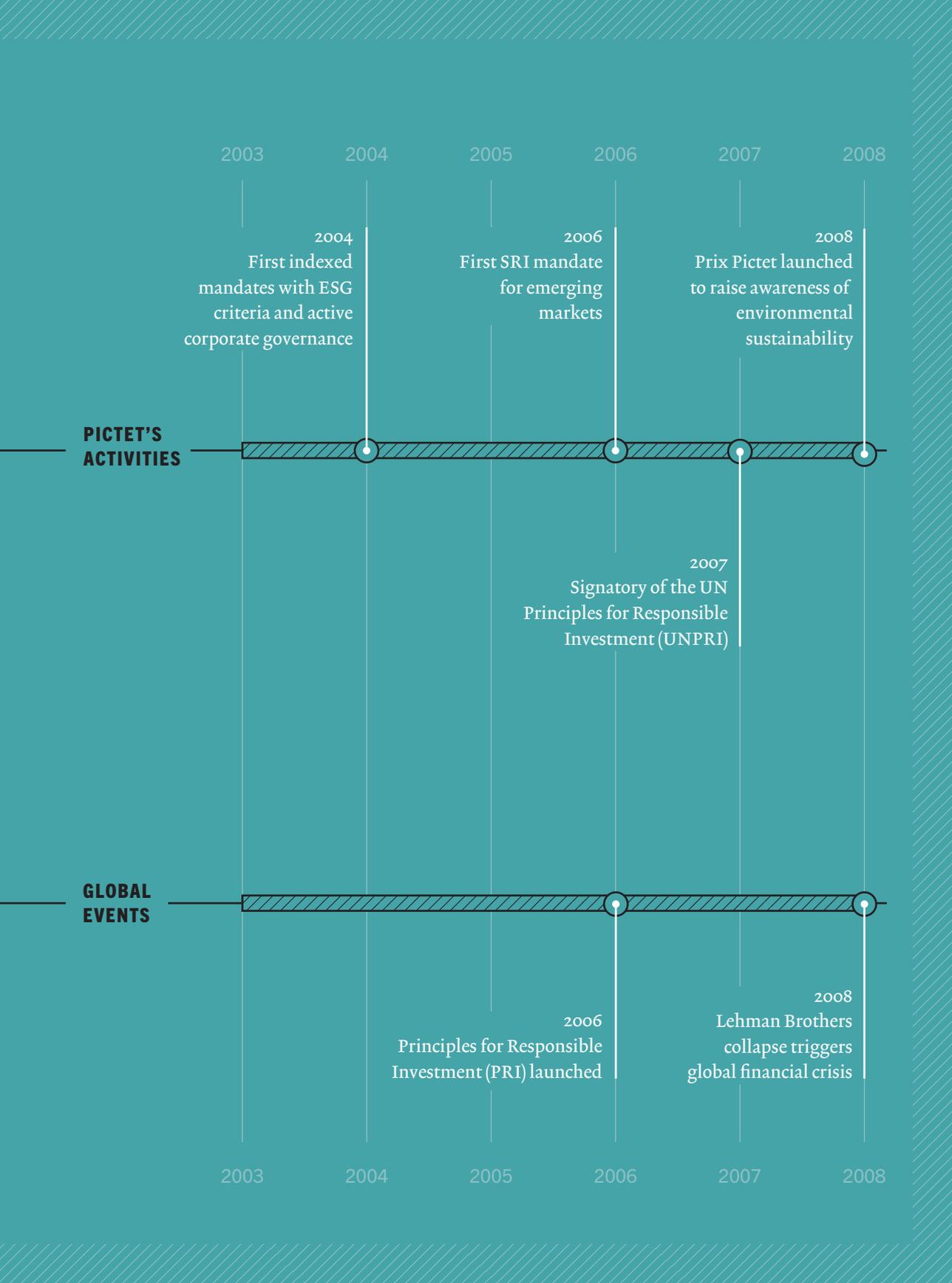


#### ADVOCACY AND PARTNERSHIPS

We strive to encourage all our stakeholders and partners to implement sustainability and responsible investment.

# MILESTONES OF RESPONSIBLE INVESTMENT





2003

2004

2005

2006

2007

2008

2004  
First indexed  
mandates with ESG  
criteria and active  
corporate governance

2006  
First SRI mandate  
for emerging  
markets

2008  
Prix Pictet launched  
to raise awareness of  
environmental  
sustainability

**PICTET'S  
ACTIVITIES**

2007  
Signatory of the UN  
Principles for Responsible  
Investment (UNPRI)

**GLOBAL  
EVENTS**

2006  
Principles for Responsible  
Investment (PRI) launched

2008  
Lehman Brothers  
collapse triggers  
global financial crisis

2003

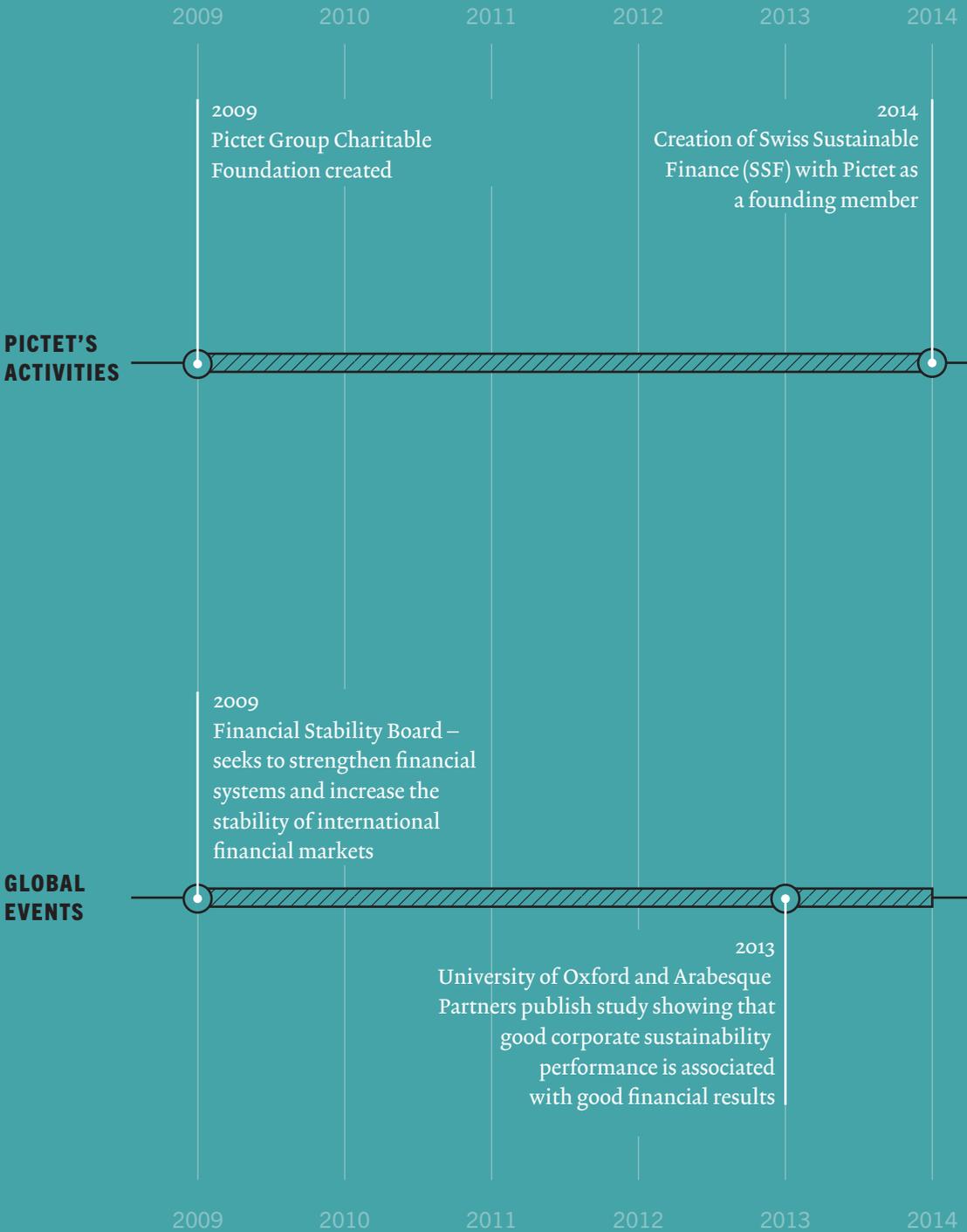
2004

2005

2006

2007

2008



**PICTET'S  
ACTIVITIES**

**GLOBAL  
EVENTS**

2009      2010      2011      2012      2013      2014

2009  
Pictet Group Charitable  
Foundation created

2014  
Creation of Swiss Sustainable  
Finance (SSF) with Pictet as  
a founding member

2009  
Financial Stability Board –  
seeks to strengthen financial  
systems and increase the  
stability of international  
financial markets

2013  
University of Oxford and Arabesque  
Partners publish study showing that  
good corporate sustainability  
performance is associated  
with good financial results

2009      2010      2011      2012      2013      2014



**am.pictet**

*also on*

**LinkedIn**

**Twitter**

**YouTube**

**Disclaimer**

This marketing document is issued by Pictet Asset Management S.A. The information and data presented in this document are not to be considered as an offer or solicitation to buy, sell or subscribe to any securities or financial instruments. Companies, sectors and technologies listed in this document are used for illustration purposes only and may not represent portfolio holdings.

© Copyright 2022 Pictet. Issued in February 2022

**Sources**

All data taken from Pictet Group.  
p. 15 Climate Action 100+  
p. 16 ISS, Pictet Asset Management  
p. 20 Stockholm Resilience Centre  
J. Lokrantz/Azote based on Steffen et al. 2015

